



自然美  
natural beauty

NATURAL BEAUTY BIO-TECHNOLOGY LIMITED  
自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)  
Stock Code 股份代號: 157

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"Qi" of Beauty

INTERIM REPORT 2006  
二零零六年中期報告

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Dr. Tsai Yen Yu  
(alias Dr. Tsai Yen Pin) (*Chairman*)  
Mr. Lee Ming Ta  
(alias Mr. Lee Ming Tah)  
Mr. Su Chien Cheng  
Dr. Su Sh Hsyu  
Mr. Yeh Liang Fei  
(*Independent Non-executive Director*)  
Mrs. Chen Shieh Shu Chen  
(*Independent Non-executive Director*)  
Mr. Chen Ching  
(*Independent Non-executive Director*)

### **AUTHORISED REPRESENTATIVES**

Mr. Lee Ming Ta  
(alias Mr. Lee Ming Tah)  
Mr. Su Chien Cheng

### **COMPANY SECRETARY**

Mr. Chan Yan Kwan, Andy CPA, FCCA

### **MEMBERS OF THE AUDIT COMMITTEE**

Mr. Yeh Liang Fei  
Mrs. Chen Shieh Shu Chen  
Mr. Chen Ching

### **MEMBERS OF THE REMUNERATION COMMITTEE**

Mr. Yeh Liang Fei  
Mrs. Chen Shieh Shu Chen  
Mr. Chen Ching

### **REGISTERED OFFICE**

P. O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

17th Floor, Chuang's Tower  
30-32 Connaught Road Central  
Hong Kong

### **AUDITORS**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F One Pacific Place  
88 Queensway  
Hong Kong

### **LEGAL ADVISERS**

Arculli Fong & Ng  
In association with King & Wood (PRC lawyers)  
908 Hutchison House  
Central  
Hong Kong

### **PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Land Bank of Taiwan  
No. 76, Section 2, Tun Hua South Road  
Taipei  
Taiwan

The International Commercial Bank of China  
No. 62, Section 2, Tun Hua South Road  
Taipei  
Taiwan

Agricultural Bank of China  
Shanghai Branch  
3rd Floor, 26 Zhong Shan Dong Yi Road  
Shanghai  
The PRC

Bank of Communications  
Shanghai Branch, Zhabei Sub-branch  
211 Hengtong Road  
Shanghai  
The PRC

### **WEBSITE**

[www.nblife.com](http://www.nblife.com)

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## CHAIRPERSON'S STATEMENT

### 主席報告書

On behalf of the Group, I would like to present the interim results for the six months ended 30 June 2006.

#### PERFORMANCE

During the review period, our PRC operation accounted for 69.5% of the total turnover, remained as the major growth driver. The PRC market achieved 16.0% increase in turnover at HK\$113.7 million (1H 2005: HK\$98.1 million) while its operating profit posted a strong growth of 62.9% to HK\$73.4 million (1H 2005: HK\$45.1 million), offsetting the drop in Taiwan operation. Backed by the strong growth in the PRC coupled with effective cost controls, the Group's net profit for the period increased significantly by 52.3% to HK\$49.4 million (1H 2005: HK\$32.4 million).

Earnings per share for the first half of 2006 increased by 51.2% to HK2.48 cents. The Board of Directors has resolved to declare an interim dividend of HK1.4 cents. Together with the HK0.6 cents of special dividend, total dividend per share amounted to HK2 cents, up by 53.8% relative to HK1.3 cents from the corresponding period in 2005. This high dividend payout ratio of 80.7% (1H 2005: 79.3%) showed the Group's appreciation of the continuous support from our shareholders.

#### OPERATION

##### Brand Revamp Program Started to Reap Benefits

Awarded as the "Top 10 most influential beauty brands" and "Top 10 most influential beauty franchised salons" in China in 2005, Natural Beauty is fast becoming a prominent brand name in the Greater China region. Our brand revamp initiative has covered 1,000 stores in the PRC since April 2005. During the interim period, our effort in PRC has paid off as our average store revenue improved by 10.8% to HK\$72,000 (1H 2005: HK\$65,000). Our profit before taxation as a result of which, increased significantly by 46.7% to HK\$72.8 million (1H 2005: HK\$49.7 million) by lowering our packaging costs, and we are also glad that our product margin in the PRC further improved to 87% as compared from 84% in the first half of 2005. With the commencement of the revamp project in Taiwan since 2006, we believe average store revenue in Taiwan will also see significant improvement when benefits from the store revamp kick in and when the Taiwan economy recovers in due course.

本人謹代表本集團提呈截至二零零六年六月三十日止六個月之中期業績。

#### 表現

於回顧期間，本集團之中國業務佔總營業額 69.5%，繼續為主要的增長動力。中國市場之營業額增加 16.0% 至 113,700,000 港元（二零零五年上半年：98,100,000 港元），而經營溢利則強勁增長 62.9% 至 73,400,000 港元（二零零五年上半年：45,100,000 港元），抵銷了台灣業務之跌幅。在國內增長強勁的支持下，加上成本控制措施奏效，本集團期內純利大幅增加 52.3% 至 49,400,000 港元（二零零五年上半年：32,400,000 港元）。

二零零六年上半年之每股盈利增加 51.2% 至 2.48 港仙。董事會議決宣派中期股利 1.4 港仙。連同特別股利 0.6 港仙，每股股利總額為 2 港仙，較二零零五年同期之 1.3 港仙增加 53.8%。派息率高達 80.7%（二零零五年上半年：79.3%），顯示了本集團對股東持續支持的謝意。

#### 業務

##### 品牌翻新計劃漸見成效

自然美現已建立為大中華地區主要品牌，並於二零零五年於中國獲頒「十大最具影響力化粧品品牌」及「十大最具影響力美容加盟店」。自二零零五年四月起，本集團已於中國 1,000 間店舖進行品牌翻新計劃。於中期期間，本集團於中國市場之努力漸見成果，店舖平均收益增加 10.8% 至 72,000 港元（二零零五年上半年：65,000 港元）。本集團之除稅前溢利亦因包裝成本降低而大幅增加 46.7% 至 72,800,000 港元（二零零五年上半年：49,700,000 港元），而中國市場的產品利潤亦由二零零五年上半年之 84% 進一步增加至 87%，成績令人鼓舞。隨著二零零六年起於台灣展開品牌改革計劃後，本集團相信，當店舖翻新所帶來效益出現及台灣經濟復甦時，台灣店舖平均收益可望大幅改善。

In terms of brand positioning, we have increasingly aligned our brand identity towards a younger market segment of female customers between 18 to 25 years of age. With the strongest purchasing parity amongst other demographic segments, our future product development focus will be geared towards the above market segment.

### **Franchisee Program and Entrustment Strategy to Optimize Resources Allocation**

Product sales in the PRC for the period reported satisfactory growth of 17.6% to achieve a turnover of HK\$108.6 million during the review period.

As our products are distributed primarily through dedicated spas and counters, increasing the number of points-of-sales has been a key growth strategy of the Group. Our franchisee program has been instrumental in rolling out the Group's distribution network to 1,476 spas in the PRC with 61 additions since December 2005, while our dual-track management system and 1,200 hours of compulsory license training in collaboration with the Ministry of Labour has assured that both our service quality is of top-notch and lift up to our customers' expectation.

In addition, our entrustment arrangement for self-owned spas has continued to provide a stable recurrent income from licensing fees and product sales for the Group, while at the same time enabled us to effectively minimize our operating costs as we augmenting our distribution network.

### **New Product Launch to Propel Growth**

During the review period, we have introduced 17 new products into our portfolio. Being the brand owner of its products, the Group has the advantage of having better control over related costs incurred. Hence our product repackaging exercise, in addition to enhancing our brand and product identity, has also optimized our operating efficiency as we have opted for better designs at lower costs. The launch of new synergistic products with high margins not only generated additional sales revenue for the Group but also further enhanced the Group's product margin.

於品牌定位方面，本集團逐漸將其品牌形象推向年齡介乎18至25歲女性客戶之年青市場。由於此年齡層具有最強購買力，本集團日後將重點針對此市場分類作產品開發。

### **利用加盟經營計劃及委託經營策略優化資源分配**

期內中國市場的產品銷售錄得17.6%理想增長，回顧期間營業額達108,600,000港元。

由於本集團產品主要透過專業水療中心及專櫃分銷，增加銷售點因而一直為本集團主要增長策略。本集團之加盟經營計劃成功令其於中國分銷網絡之水療中心增加至1,476間，自二零零五年十二月以來增加61間，而本集團之雙軌加盟商管理機制及與勞動部合作舉辦之1,200小時強制性牌照培訓，確保本集團能提供頂尖優質服務以達致客戶期望。

此外，本集團自資經營水療中心之委託經營安排繼續自許可權費及產品銷售獲得穩定的經常性收入，與此同時，使本集團可於擴闊分銷網絡時有效減低經營成本。

### **推出新產品推動增長**

於回顧期間，本集團產品組合增添17種新產品。作為各項產品的品牌擁有人，本集團得以更佳地控制產品所涉及相關成本。由於本集團以較低成本為產品作優質設計，重新包裝產品不僅令品牌及產品形象提昇，亦擴大了本集團的經營效益。推出高利潤兼具協同效益的新產品，除為本集團帶來額外銷售收益外，亦進一步增加本集團之產品利潤。

## OUTLOOK

We maintain an optimistic outlook on the PRC market as we continue to expect remarkable growth. Continuing to build a strong presence in the PRC, the Group will maintain product sales as our major revenue source, rely on our franchise strategy to roll-out our distribution and point-of-sales coverage, while at the same time generate more income from training services and management fees. Our service income, currently accounting for 5.1% of our turnover, will also be an area with ample room for growth that will also compliment our product distribution strategy.

As our brand revamp in Taiwan has just commenced in 2006, we believe there will be a time-lag before benefits from the new identity will take effect in our Taiwan operation. The Group will continue to enhance the operating efficiency in Taiwan in order for the Group to be ready to take advantage of pending recovery in the Taiwan economy. By leveraging on our effective store revamping program, well-focused franchise strategy and extensive distribution network, Natural Beauty is committed to becoming the leading beauty and spa services and professional product provider in Greater China region.

Our operation outside of the PRC and Taiwan, which are located mostly in Hong Kong and Malaysia, currently account for merely 2.1% of our turnover from product sales alone. While the Group's products have generated positive response from the market so far, we are of the view that newly developed markets, such as Malaysia, could offer substantial growth potential in the long run.

## 前景

本集團對中國市場前景仍然樂觀，並預期市場持續強勁增長。為保持於中國市場的強勢，本集團將繼續透過產品銷售作為主要收入來源，依靠加盟策略，擴展分銷及銷售點網絡，並同時透過提供培訓服務及收取管理費用，賺取更多收入。現時佔本集團營業額5.1%的服務收入具備強大增長潛力，可望與本集團的產品分銷策略起相輔相承之效。

由於本集團於二零零六年方開始台灣的品牌改造計劃，相信新形象需於一段時間後才能令台灣業務受惠。本集團將繼續提高台灣業務的營運效益，以準備於台灣經濟日後復甦時掌握先機。憑藉有效的店舖翻新計劃、針對性的加盟以及龐大分銷網絡，自然美決意成為大中華區美容及水療服務與相關專業產品的主要供應商。

本集團於中國及台灣境外地區的業務大多設於香港及馬來西亞，現時在有關地區的產品銷售僅佔本集團營業額2.1%。由於市場對本集團產品的反應理想，我們相信馬來西亞等新興市場長遠將具備龐大增長潛力。

In addition to opening 200 franchisee stores, we will also expand our distribution channels through hypermarkets, cosmetic drugstores and campus mailer to universities in China. We will improve same store sales through rolling-out our store revamp program in other stores and new packaged products. We will also expand our service income base through expansion of our beauty training business, franchise fee for new franchisees and management fee.

#### **NOTE OF APPRECIATION**

While the Group appreciates the commitment, contributions, and hard work of our employees and management team, and to the Board of Directors for their valuable guidance, we are also grateful for the support of our customers, shareholders, and business partners. Going forward, we will be recruiting several positions at the senior management level in view of the rapid growth of the Group's operation, in order to generate maximum return for our shareholders.

**Dr. Yen Yu Tsai**

*Chairperson*

Hong Kong, 12 September 2006

除開設200間加盟店外，本集團將透過大型綜合超級市場、化粧品店舖及向中國各大院校郵購宣傳廣告形式擴展分銷渠道。本集團將透過翻新其他店舖及更新產品包裝，提高各店舖的銷售額；以及擴充美容培訓服務，引入新加盟商以收取加盟收費及管理費，進一步擴大服務收入基礎。

#### **致謝**

本集團謹此向全體員工及管理層的貢獻、努力、竭誠服務以及董事會的指導衷心致謝，亦對客戶、股東及業務夥伴的支持深表感激。展望將來，為配合本集團業務快速增長，本集團將增聘若干高級管理層職位，以為股東帶來最佳回報。

*主席*

**蔡燕玉博士**

香港，二零零六年九月十二日

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW

### 財務回顧

Turnover by geographical region	按地區劃分之營業額	1H2006		1H2005		Changes	
		二零零六年上半年		二零零五年上半年		變動	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元	%	千港元	%	千港元	%
PRC	中國大陸	113,733	69.5	98,081	60.2	15,652	16.0
Taiwan	台灣	46,467	28.4	61,802	37.9	(15,335)	-24.8
Others	其他地區	3,425	2.1	3,177	1.9	248	7.8
<b>Total</b>	<b>總計</b>	<b>163,625</b>	<b>100.0</b>	<b>163,060</b>	<b>100.0</b>	<b>565</b>	<b>0.3</b>

Average sales per stores	店舖平均銷售額	1H2006		1H2005		Changes	Changes
		Average store*		Average sales per store			
		二零零六年上半年	二零零五年上半年	二零零六年上半年	二零零五年上半年		
		店舖平均數目*	店舖平均數目*	店舖平均銷售額	店舖平均銷售額	變動	變動
				HK\$	HK\$	HK\$	%
				港元	港元	港元	%
PRC	中國大陸	1,569.0	1,516.5	72,000	65,000	7,000	10.8
Taiwan	台灣	531.5	531.0	87,000	116,000	(29,000)	-25.0
<b>Group total **</b>	<b>集團總計**</b>	<b>2,100.5</b>	<b>2,047.5</b>	<b>76,000</b>	<b>78,000</b>	<b>(2,000)</b>	<b>-2.6</b>

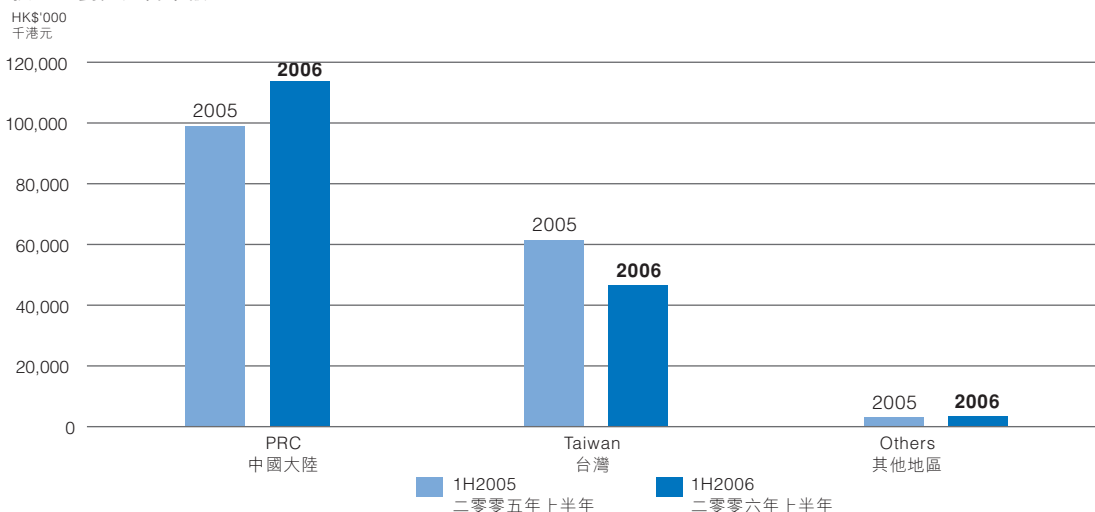
\* Average store number is calculated by (opening period total + closing period total)/2

\* 平均店舖數目按(期初店舖總數+期末店舖總數)/2計算。

\*\* Group total does not include Hong Kong and Malaysia turnover and store count.

\*\* 集團總計並無計入香港及馬來西亞營業額及店舖數目。

### Turnover by geographical region 按地區劃分之營業額





Turnover slightly increased by 0.3% to HK\$163.6 million for the six months ended 30 June 2006, compared to HK\$163.1 million for the same period last year. Despite the drop in sales in Taiwan due to economic recession and political instability, the robust sales growth in the PRC market offset the decrease in turnover from the Taiwan market. As a result, the Group's average sales per store slightly decreased by 2.6% from HK\$78,000 for the six months ended 30 June 2005 to HK\$76,000 for the same period in 2006. Nevertheless, the Group continued to achieve growth in its average sales per store over the past 2 years, with an average annual growth of 10.7% from 2003 to 2005.

In the PRC, the turnover surged by 16.0% or HK\$15.7 million to HK\$113.7 million. The increase in turnover generated from the PRC market was mainly due to an encouraging increase of HK\$16.2 million, representing a year-on-year growth of 17.6% in product sales for the first six months of 2006. Increase in product sales was resulted from effective brand and store image revamping program commenced in April 2005. At present, approximately 1,000 stores of the Group have completed or in the process of revamping in the PRC market. During the first half of 2006, average store sales of the PRC market recorded a further growth of 10.8%, from HK\$65,000 for the six months ended 30 June 2005 to HK\$72,000. Service income during the period posted a loss as most of the Group's spas that were originally operated by subsidiaries were being entrusted.

In Taiwan, turnover decreased by HK\$15.3 million, or 24.8%, to HK\$46.5 million for the first six months of 2006 compared to HK\$61.8 million in the corresponding period in 2005. The drop in turnover was mainly due to the contraction of Taiwan market under recession. In addition, the Group just started its store revamping program in Taiwan at the end of the first quarter and the effect has yet to be realized.

截至二零零六年六月三十日止六個月，營業額輕微上升0.3%至163,600,000港元，去年同期則為163,100,000港元。儘管由於經濟衰退及政治動盪導致台灣銷售額下跌，中國大陸市場之強勁銷售增長抵銷了台灣市場營業額之減幅。因此，本集團店舖平均銷售額由截至二零零五年六月三十日止六個月之78,000港元微跌2.6%至二零零六年同期之76,000港元。然而，本集團之店舖平均銷售額於過去兩年繼續錄得增長，二零零三年至二零零五年之平均年度增長達10.7%。

中國大陸之營業額急升16.0%或15,700,000港元至113,700,000港元。中國市場營業額增加，主要由於二零零六年首六個月之產品銷售額錄得16,200,000港元之驕人升幅，按年增長17.6%。產品銷售額增加乃歸因於本集團自二零零五年四月起展開有效的提升品牌及店舖形象翻新計劃。現時，本集團於中國市場約1,000間店舖已完成或在進行翻新工程。於二零零六年上半年，中國市場平均店舖銷售額錄得進一步增長，由截至二零零五年六月三十日止六個月之65,000港元增加10.8%至72,000港元。由於本集團已將大部分原先由附屬公司經營之水療中心進行委託經營，故期內服務收入出現虧損。

於台灣，二零零六年首六個月之營業額減少15,300,000港元或24.8%至46,500,000港元，二零零五年同期則為61,800,000港元。營業額減少主要歸因於經濟衰退導致台灣市場萎縮。此外，本集團於二零零六年第一季末方展開店舖形象翻新計劃，故效益尚待體現。

Other markets include Hong Kong and Malaysia. As at 30 June 2006, the Group has 1 store in Hong Kong and 45 stores in Malaysia. Contribution to the Group's operations from these regions remained insignificant, which only accounted for approximately 2% of the Group's total turnover.

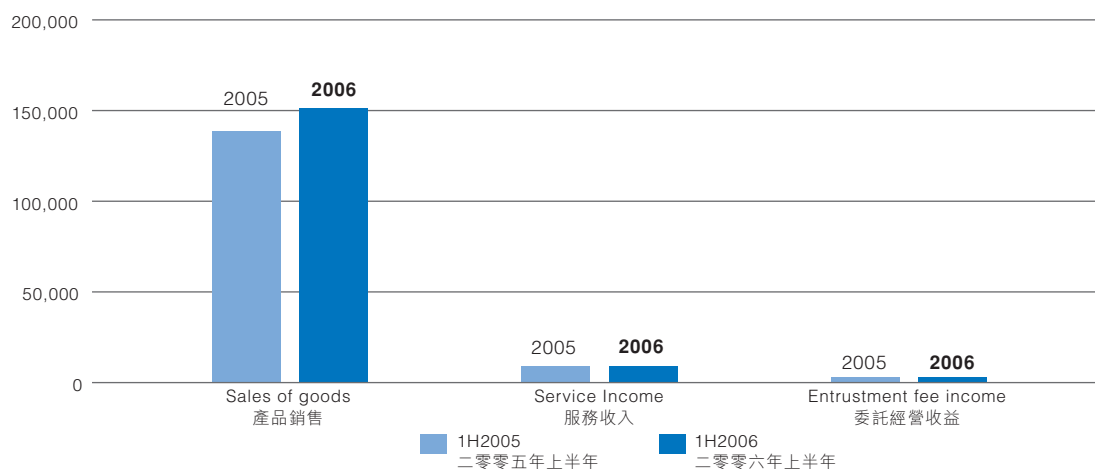
其他市場包括香港及馬來西亞。於二零零六年六月三十日，本集團在香港設有一間店舖，並在馬來西亞設有45間店舖。該等地區對本集團業務之貢獻仍不重大，僅佔本集團總營業額約2%。

BY ACTIVITIES	按業務劃分	1H2006	1H2005	Variance	Variance		
		二零零六年 上半年 HK\$'000 千港元	二零零五年 上半年 HK\$'000 千港元	變動 HK\$'000 千港元	變動 %		
<b>Products</b>	<b>產品</b>						
PRC	中國大陸	108,605	92,383	16,222	17.6		
Taiwan	台灣	41,716	57,055	(15,339)	-26.9		
Others	其他地區	2,646	2,009	637	31.7		
<b>Total</b>	<b>總計</b>	<b>152,967</b>	<b>151,447</b>	<b>1,520</b>	<b>1.0</b>		
<b>Services</b>	<b>服務</b>						
PRC	中國大陸	2,833	3,194	(361)	-11.3		
Taiwan	台灣	4,751	4,747	4	0.1		
Others	其他地區	779	1,168	(389)	-33.3		
<b>Total</b>	<b>總計</b>	<b>8,363</b>	<b>9,109</b>	<b>(746)</b>	<b>-8.2</b>		
<b>Entrustment</b>	<b>委託經營</b>						
PRC	中國大陸	2,295	2,504	(209)	-8.3		
Taiwan	台灣	-	-	-	不適用n/a		
Others	其他地區	-	-	-	不適用n/a		
<b>Total</b>	<b>總計</b>	<b>2,295</b>	<b>2,504</b>	<b>(209)</b>	<b>-8.3</b>		
<b>Turnover by activities</b>	<b>按業務劃分之營業額</b>	<b>1H2006</b>	<b>1H2005</b>	<b>Variance</b>	<b>Variance</b>		
		二零零六年上半年 HK\$'000 千港元	二零零五年上半年 HK\$'000 千港元	變動 HK\$'000 千港元	變動 %		
Products	產品	152,967	93.5	151,447	92.9	1,520	1.0
Services	服務	8,363	5.1	9,109	5.6	(746)	-8.2
Entrustment	委託經營	2,295	1.4	2,504	1.5	(209)	-8.3
<b>Total</b>	<b>總計</b>	<b>163,625</b>	<b>100.0</b>	<b>163,060</b>	<b>100.0</b>	<b>565</b>	<b>0.3</b>

## Turnover by Activities

### 按業務劃分之營業額

HK\$'000  
千港元



## Products

The Group is principally engaged in the manufacture and sale of several types of products, namely skin care products, aromatherapeutic products, color make up and health supplements, under the NB and Bio-up brand names. Sales of products represent the Group's key revenue contributor and are primarily made through spas and dedicated counters. For the six months ended 30 June 2006, product sales accounted for HK\$153.0 million, or 93.5%, of total turnover for the period, compared to HK\$151.4 million, or 92.9% for the corresponding period in 2005. Gross margin of products increased by 0.1%, from 84.3% for the same period in 2005 to 84.4% for the six months ended 30 June 2006.

The increase in products sales was mainly attributable to the HK\$16.2 million increase in product sales generated from the PRC market as a result of the successful brand revamping program, including the overall brand image, franchised store image and new product packaging of the Group. In the PRC, a total of 183 products were repackaged by the end of June 2006. This successfully increased the product sales margins to 87%, up 3 percentage points from 84% in the corresponding period of last year. However, the increase was counteracted by the decline in product sales of the Taiwan market. The decline was due to the recession of the Taiwan economy and that the commencement of store revamping program just started at the end of first quarter, whose benefit has yet to be realized. The Group will continue to increase its margins by further enhancing its package revamp exercise.

## 產品

本集團主要以NB及Bio-up品牌製造及銷售護膚產品、香薰產品、彩妝及健康食品等多種產品。產品銷售為本集團之重要收入來源，並主要源自水療中心及專櫃。截至二零零六年六月三十日止六個月，產品銷售佔期內總營業額153,000,000港元或93.5%，二零零五年同期則為151,400,000港元或92.9%。產品邊際毛利自二零零五年同期之84.3%增加0.1%至截至二零零六年六月三十日止六個月之84.4%。

產品銷售增加主要歸因於成功推行品牌革新計劃，當中包括本集團之整體品牌形象、加盟店形象及新產品包裝等，令中國市場產生之產品銷售額增加16,200,000港元所致。於中國方面，截至二零零六年六月三十日已重新包裝合共183種產品。產品銷售邊際毛利成功由去年同期之84%增加3%至87%。然而，增幅受台灣市場產品銷售額減少所拖累。台灣產品銷售額減少乃由於當地經濟衰退，加上店舖翻新計劃於第一季末方始展開，因而未能取得有關效益。本集團將繼續透過進一步加強其包裝翻新行動增加利潤。

Other markets, including Hong Kong and Malaysia, only accounted for 1.7% of total product sales for the period under review.

### Services

Service income includes income from self-owned spa with services provided, training income and management fee received from franchisees, and other service related income.

The Group provides skin treatments, beauty and spa services through its self-owned spas. Service income is mainly derived from our self-owned spas as the Group does not share any service income generated from the franchised spas which are operated by franchisees under the current franchise programme. During the period under review, service income decreased by 8.2% to HK\$8.4 million when compared with the first half of 2005, which was mainly attributable to the reduction of service income in the PRC and Hong Kong markets. As one of the spas in the PRC market was entrusted to a reputable operator for the first four months of the period under review, service revenue generated from the PRC decreased by HK\$0.4 million. Service revenue of the spa operations in Hong Kong reported a reduction of HK\$0.8 million due to the closure of a spa since 1 January 2006. On the other hand, service revenue of the Taiwan market remained stable at HK\$4.8 million for the first half of 2006.

While self-owned stores are necessary to be established as model spas in new markets, the Group considers it will be more profitable and cost-efficient as a whole to allocate resources to stimulate product sales.

Nevertheless, the service income generated from management fees increased from HK\$0.2 million to HK\$1.2 million for the first six months ended 30 June 2006 compared to same period last year, and training income increased by 342% to HK\$0.9 million during the period under review, as a result of the quarterly management fee received from franchisees, and additional advertising of beauty courses through CCTV-MTV music award sponsorship.

回顧期內，其他市場包括香港及馬來西亞，該等地區僅佔產品銷售總額1.7%。

### 服務

服務收入包括自資經營水療中心所得服務收入、來自加盟店的培訓收入及管理費以及其他服務相關收入。

本集團亦透過自資經營的水療中心提供肌膚護理、美容及spa服務。由於按照現時的加盟經營計劃，本集團不能分佔加盟商所經營水療中心所得任何服務收入，因此服務收入主要源自自資經營的水療中心。於回顧期內，服務收入較二零零五年上半年減少8.2%至8,400,000港元，主要因為中港兩地市場之服務收入減少。由於本集團其中一間於中國市場經營的水療中心於回顧期間首四個月委託予優秀經營者營運，來自中國的服務收入減少400,000港元。此外，香港之服務收入由於一間水療中心在二零零六年一月一日結業而減少800,000港元。另一方面，於二零零六年上半年，台灣市場服務收入維持於4,800,000港元之穩定水平。

儘管本集團需於新市場設立自資經營水療中心作為水療中心模範，本集團認為將資源用於刺激產品銷售，整體而言盈利能更為豐厚及更具成本效益。

然而，於回顧期內，由於向加盟店收取季度管理費用及透過CCTV-MTV音樂頒獎贊助之美容課程額外廣告宣傳，截至二零零六年六月三十日止首六個月之管理服務收入從去年200,000港元增加至1,200,000港元，而培訓收入則增加342%至900,000港元。

## Entrustment

In order to allocate our financial and human resources more efficiently, the Group has entrustment arrangements in PRC ranging from one to five years, where our self-owned spas were entrusted to reputable operators in local areas. The operators will be responsible for all the profits and losses of the operations and the Group will receive a fixed annual entrustment income. In addition, the Group sells products to the operators as one of our franchisees.

The Group believes the entrustment arrangement will create a win-win situation for both the operators and the Group. Local operators can better serve the specific needs of the local customers, and hence generate more product sales and service revenue. The Group, on the other hand, can secure a steady annual entrustment income while maintaining an extensive distribution network and allocating its executives to explore new markets.

For the six months ended 30 June 2006, the Group's entrustment income decreased by 8.3%, from HK\$2.5 million for the same period in 2005 to HK\$2.3 million. The drop in entrustment income was caused by the reclassification of two entrusted stores as self-owned stores as well as the closure of an entrusted spa due to land redevelopment by the local government.

## Other operating income

Other operating income includes rental income, interest income and financial refunds, which amounted to HK\$3.0 million, HK\$1.7 million and HK\$17.2 million respectively for the six months ended 30 June 2006. During the period under review, the Group recorded a growth of 30.2%, or HK\$6.4 million, in other operating income from HK\$21.1 million for the six months ended 30 June 2005 to HK\$27.4 million. The increase was mainly attributable to the increase in financial refund in PRC as a result of higher operating profits of the PRC subsidiaries.

## 委託經營

為更有效分配財務及人力資源，本集團委託中國當地優秀經營者經營本集團擁有的水療中心，訂立經營年期由一至五年不等之委託安排。經營者將自負盈虧，而本集團則向經營者每年收取定額委託經營收益。此外，本集團亦向經營者銷售產品，銷售條件與加盟者相若。

本集團相信，委託安排將為經營者及本集團締造雙贏局面。本地經營者可提供更能迎合本地顧客特定需要的服務，從而賺取更多產品及服務收益。另一方面，本集團可每年獲取穩定委託經營收益，並可維持廣闊的分銷脈絡，以及調配行政人員開拓新市場。

截至二零零六年六月三十日止六個月，本集團委託經營收益由二零零五年同期之2,500,000港元減少8.3%至2,300,000港元。委託經營收益減少乃由於兩間委託經營店舖重新分類為自資經營水療店舖，加上當地政府重新發展土地導致一間委託經營水療中心結業所致。

## 其他經營收益

截至二零零六年六月三十日止六個月，其他經營收益包括租金收益、利息收益及財務退款分別為3,000,000港元、1,700,000港元及17,200,000港元。於回顧期間，本集團之其他經營收益由截至二零零五年六月三十日止六個月之21,100,000港元增加30.2%或6,400,000港元至27,400,000港元，主要由於中國附屬公司經營溢利上升以致中國財務退款增加所致。

### **Distribution and administrative costs**

The Group's distribution costs as a percentage of turnover decreased from 33.7% for the six months ended 30 June 2005 to 28.3% for the corresponding period in 2006. The total costs decreased by HK\$9.5 million, from HK\$55.0 million for the six months ended 30 June 2005 compared to HK\$45.5 million for the same period in 2006. Despite of our increased advertising exposure in various media, the Group's advertising costs and promotional expenses reduced by HK\$5.9 million to HK\$21.7 million for the six months ended 30 June 2006. The saving of distribution costs was also contributed by the reduction of salary, commission and travel expenses, which amounted to HK\$0.5 million, HK\$1.6 million and HK\$0.7 million respectively.

On the other hand, administrative expenses as a percentage of turnover remained constant at 21% for the six months ended of both 2005 and 2006. The cost mainly covered salary, legal and professional fee, depreciation and rental charges. Total administrative expenses slightly increased by HK\$0.4 million to HK\$33.9 million for the six months ended 30 June 2006 as compared to HK\$33.5 million for the same period in 2005.

### **Other operating expenses**

For the six months ended 30 June 2006, other operating expenses totaled HK\$3.7 million, which mainly represented the provision of obsolete inventory of HK\$1.5 million, loss on disposal of fixed assets of HK\$0.5 million and bank charges of HK\$0.7 million. The main reason for the fluctuation as compared to last corresponding period was due to a reduction in the loss of disposal of fixed assets and closure of branches and subsidiaries, primarily resulting from the shop revamping exercises in PRC in the previous year.

### **Profit before taxation**

The increase in gross profit, other operating income, coupled with the savings in distribution costs and other operating expenses contributed to the surge of 46.7% in profit before tax, from HK\$49.6 million for the six months ended 30 June 2005 to HK\$72.8 million for the same period in 2006.

### **分銷及行政成本**

本集團分銷成本佔營業額百分比由截至二零零五年六月三十日止六個月之33.7%減至二零零六年同期之28.3%。總成本由截至二零零五年六月三十日止六個月之55,000,000港元減少9,500,000港元至二零零六年同期之45,500,000港元。儘管本集團提高於各媒體的曝光率，但廣告成本及宣傳開支於二零零六年六月三十日止六個月下降5,900,000港元至21,700,000港元。分銷成本得以減省，亦歸因於薪金、佣金及旅費分別減少500,000港元、1,600,000港元及700,000港元所致。

另一方面，於截至二零零五年及二零零六年止六個月之行政開支佔營業額百分比維持於21%。有關成本主要包括薪金、法律及專業費用、折舊及租金開支。截至二零零六年六月三十日止六個月之行政開支總額微升400,000港元至33,900,000港元，二零零五年同期則為33,500,000港元。

### **其他經營支出**

截至二零零六年六月三十日止六個月，其他經營支出合共3,700,000港元，主要為陳舊存貨撥備1,500,000港元、出售固定資產虧損500,000港元及銀行收費700,000港元。較去年同期波動之主要原因乃基於去年中國大陸之店舖翻新行動導致出售固定資產及結束分行及附屬公司虧損減少所致。

### **除稅前溢利**

由於毛利及其他經營收益增加，加上分銷成本及其他經營開支減省，以致除稅前溢利由截至二零零五年六月三十日止六個月之49,600,000港元急升46.7%至二零零六年同期之72,800,000港元。

### Taxation

Taxation expenses posted an increase of 36.2%, from HK\$17.2 million for the six months ended 30 June 2005 to HK\$23.4 million for the six months ended 30 June 2006. The effective tax rate of the Group for period ended 30 June 2005 and 2006 were 34.6% and 32.2% respectively. The drop in effective tax rate was benefited from our Taiwan operation, where the Taiwanese Government offered tax reduction for Taiwan manufacturers who re-invest in Taiwan. Despite this, the Group's effective tax rate remained at a relatively high level as there were withholding taxes on dividends paid by our Taiwan subsidiaries when the dividends were paid outside Taiwan.

### Net profit for the period

For the six months ended 30 June 2006, the Group's net income increased by 52.3% from HK\$32.4 million for the six months ended 30 June 2005 to HK\$49.4 million.

### Liquidity and financial resources

Cash generated from operations for the six months ended 30 June 2006 was approximately HK\$72.1 million. As at 30 June 2006, the Group had bank balances and cash of approximately HK\$260.0 million (as at 31 December 2005: HK\$338.7 million) and trading securities (which are mainly quasi-money market funds) of approximately HK\$118.5 million (as at 31 December 2005: HK\$26.5 million) with no external bank borrowing.

In terms of gearing, as at 31 December 2005 and 30 June 2006, the Group's gearing ratio was zero (defined as net debt divided by shareholders' equity) as the Group has a net cash balance as at both year end dates. Current ratio of the Group (defined as current assets divided by current liabilities) as at 31 December 2005 and 30 June 2006 were 5.3 times and 6.6 times respectively. As at 30 June 2006, the Group had no material contingent liabilities, other than those disclosed in its financial statements and notes thereto. With the cash and short term securities in hand, the Group's liquidity position remains strong and the Group has sufficient financial resources to finance its commitments and working capital requirements.

### 稅項

稅項支出由截至二零零五年六月三十日止六個月之17,200,000港元上升36.2%至截至二零零六年六月三十日止六個月之23,400,000港元。本集團截至二零零五年及二零零六年六月三十日止期間的實際稅率分別為34.6%及32.2%。實際稅率下調乃由於台灣政府為於當地再投資的台灣製造商提供稅務減免優惠所致。儘管如此，本集團之實際稅率仍處於相對較高水平，乃由於本集團的台灣附屬公司須就於台灣以外地區派發之股利繳付預扣稅。

### 期內溢利

截至二零零六年六月三十日止六個月，本集團之收益淨額由截至二零零五年六月三十日止六個月的32,400,000港元增加52.3%至49,400,000港元。

### 流動資金及財務資源

截至二零零六年六月三十日止六個月，經營業務所得現金約為72,100,000港元。於二零零六年六月三十日，本集團有銀行結存及現金約260,000,000港元（二零零五年十二月三十一日：338,700,000港元）及買賣證券（主要為類貨幣市場基金）約118,500,000港元（二零零五年十二月三十一日：26,500,000港元），另外並無銀行借款。

關於資產負債情況，於二零零五年十二月三十一日及二零零六年六月三十日，本集團資產負債比率（界定為淨負債除股東權益）為零，原因為本集團於兩個年結日均有淨現金結餘。於二零零五年十二月三十一日及二零零六年六月三十日，本集團的流動比率（界定為流動資產除流動負債）分別為5.3倍及6.6倍。於二零零六年六月三十日，除於本集團財務報表及有關附註披露者外，本集團並無重大或然負債。憑藉所持有的現金及短期證券，本集團流動資金狀況維持穩健，財務資源充裕，足以應付其承擔及營運資金所需。

### **Charges on assets**

Certain freehold investment properties of the Group with a carrying amount of HK\$157.2 million (as at 31 December 2005: HK\$155.3 million) are pledged to a bank. The banking facilities granted by the bank were terminated in 2002 but the charge has not been released to facilitate application of banking facilities in the future.

### **Treasury policies and exposure to fluctuations in exchange rates**

The Group derives most of its revenue denominated in Renminbi and New Taiwan Dollar from the PRC and Taiwan as its operations are mainly concentrated in these two geographical areas. As at 30 June 2006, approximately 83.6% (as at 31 December 2005: 68.1%) of the Group's bank balances and cash was denominated in Renminbi, while approximately 8.8% (as at 31 December 2005: 21.4%) was denominated in New Taiwan Dollar and the remaining 7.6% (as at 31 December 2005: 10.5%) was denominated in United States Dollars, Hong Kong Dollars and Malaysia Ringgits. The Group continued to adopt a prudent approach in respect of foreign exchange exposure management. Review of the Group's exposure to foreign exchange risk are conducted periodically and derivative financial instruments may be used to hedge against such risks when necessary.

### **資產抵押**

本集團若干賬面值為157,200,000港元(二零零五年十二月三十一日:155,300,000港元)之永久業權投資物業已抵押予一家銀行。該銀行所授出銀行融資已於二零零二年終止,惟尚未解除有關抵押,以便日後申請銀行融資。

### **理財政策及所承受之匯率波動風險**

基於本集團業務主要集中於中國大陸及台灣,大部分收益亦來自上述兩地,並分別以人民幣及新台幣計值。於二零零六年六月三十日,本集團銀行結存及現金約83.6%(二零零五年十二月三十一日:68.1%)以人民幣計值,另約8.8%(二零零五年十二月三十一日:21.4%)以新台幣計值,餘下7.6%(二零零五年十二月三十一日:10.5%)則以美元、港元及馬來西亞元計值。於外幣風險管理方面,本集團繼續採取穩健政策,定期檢討其所承受之外幣風險,並且於需要時使用金融衍生工具對沖有關風險。



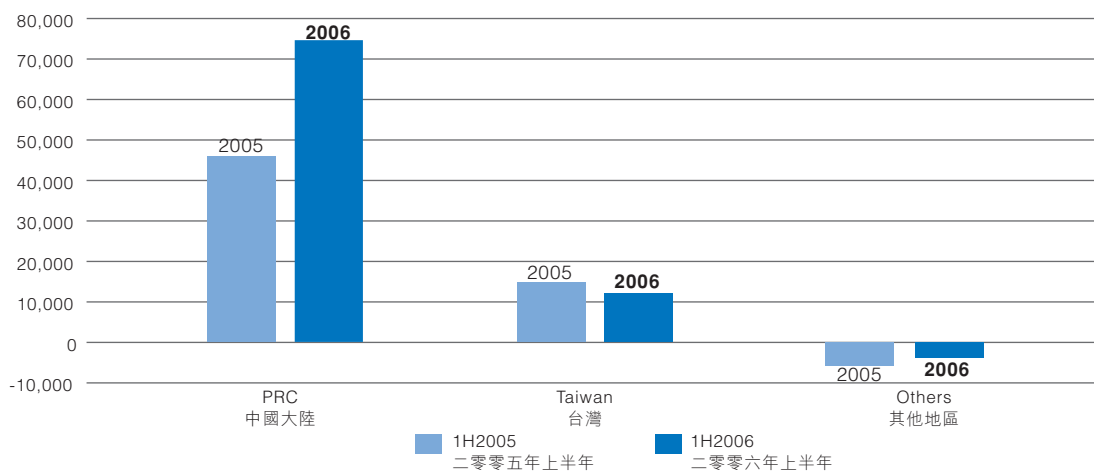
## BUSINESS REVIEW

By geographic region	按地區劃分之營業額	1H2006 二零零六年 上半年 HK\$'000 千港元	1H2005 二零零五年 上半年 HK\$'000 千港元	Variance 變動 HK\$'000 千港元	Variance 變動 %
<b>PRC</b>	<b>中國</b>				
Turnover – Product sales	營業額 – 產品銷售	108,605	92,383	16,222	17.6
Turnover – Service	營業額 – 服務	2,833	3,194	(361)	-11.3
Turnover – Entrustment	營業額 – 委託經營	2,295	2,504	(209)	-8.3
<b>PRC Total</b>	<b>中國業務總計</b>	<b>113,733</b>	<b>98,081</b>	<b>15,652</b>	<b>16.0</b>
<b>Taiwan</b>	<b>台灣</b>				
Turnover – Product sales	營業額 – 產品銷售	41,716	57,055	(15,339)	-26.9
Turnover – Service	營業額 – 服務	4,751	4,747	4	0.1
Turnover – Entrustment	營業額 – 委託經營	–	–	–	不適用n/a
<b>Taiwan Total</b>	<b>台灣業務總計</b>	<b>46,467</b>	<b>61,802</b>	<b>(15,335)</b>	<b>-24.8</b>
<b>Others</b>	<b>其他地區</b>				
Turnover – Product sales	營業額 – 產品銷售	2,646	2,009	637	31.7
Turnover – Service	營業額 – 服務	779	1,168	(389)	-33.3
Turnover – Entrustment	營業額 – 委託經營	–	–	–	不適用n/a
<b>Others Total</b>	<b>其他地區業務總計</b>	<b>3,425</b>	<b>3,177</b>	<b>248</b>	<b>7.8</b>

### Operating Profits by Geographical Region

各地區之經營溢利

HK\$'000  
千港元



### PRC Market

The Group has implemented its brand revamping exercise since 2005. During the period under review, the benefits started to reflect on the growth of product sales. The Group's product sales in the PRC increased 17.6% to HK\$108.6 million. Gross margin of product sales also recorded growth, from 84.0% to 87.0% for the six months ended 30 June 2006, representing a year-on-year growth of 3.0 percentage points.

The Group's entrustment strategy continued to pay off. The Group entrusted its spas to reputable operators in established areas to enhance cost-efficiency. Although the Group only received entrustment fees and product revenue from the operators, the entrustment successfully minimized the loss occurred in the past. Therefore, despite the decreases in service revenue and entrustment income of HK\$0.4 million and HK\$0.2 million respectively, the Group's overall gross profit in the PRC increased by HK\$17.1 million and the overall gross margin significantly increased from 78.9% to 83.1% for the six months ended 30 June 2006, representing a year-on-year growth of 4.2 percentage points.

With the increase in other operating income, mainly tax refund, the operating profit for the first six months of 2006 surged by 62.9%, to HK\$73.4 million as compared to the same period in 2005.

### Taiwan Market

Taiwan experienced economic recession during the period under review. In addition, the Group commenced its brand revamping program in the Taiwan market at the end of the first quarter of 2006. As a result, product sales in Taiwan dropped by 26.9% to HK\$41.7 million for the six months ended 30 June 2006. Gross margin of product sales also dropped from 86.2% to 81.6% for the six months ended 30 June 2006, representing a decrease of 4.6 percentage points.

Despite the Group's service revenue generated from the Taiwan market remained stable as compared to the same period of last year. The group managed to turn services from loss in first half of 2005 to a small gross profit of HK\$0.3 million for six months ended 30 June 2006.

### 中國市場

本集團於二零零五開始實行提升品牌計劃，所帶來的效益開始於本回顧期間之產品銷售增長反映。本集團於中國的產品銷售增加17.6%至108,600,000港元。截至二零零六年六月三十日止六個月，產品銷售之邊際毛利亦由84.0%增加至87.0%，按年增長3.0%。

本集團的委託經營策略繼續獲得成果。本集團將位於已開發地區的水療中心委託優秀經營者營運，以增加成本效益。雖然本集團僅向經營者收取委託經營費用及產品收益，但委託經營成功將過往出現的虧損減至最低。因此，儘管服務收益及委託經營水療收益因而分別減少400,000港元及200,000港元，但本集團截至二零零六年六月三十日止六個月於中國的整體毛利卻增加17,100,000港元，而整體邊際毛利亦由78.9%躍升至83.1%，按年增長4.2%。

由於其他經營收益（主要為退稅）增加，二零零六年首六個月之經營溢利較二零零五年同期急升62.9%至73,400,000港元。

### 台灣市場

於回顧期間，台灣出現經濟衰退，加上本集團於二零零六年第一季末才開始於台灣市場進行品牌提升計劃。因此，截至二零零六年六月三十日止六個月，台灣之產品銷售額下降26.9%至41,700,000港元。截至二零零六年六月三十日止六個月，產品銷售之邊際毛利亦由86.2%下降至81.6%，跌幅為4.6%。

儘管相較去年同期，來自台灣市場的服務收益維持平穩，但本集團仍能將服務業績由二零零五年上半年的虧損轉為截至二零零六年六月三十日止六個月的毛利達300,000港元。

Due to the weak economic condition in Taiwan, resulting to lower product sales and margins, operating profits reduced by 17.9% to HK\$12.0 million during the period under review.

由於台灣經濟疲弱令產品銷售及毛利率下降，經營溢利於回顧期內減少17.9%至12,000,000港元。

### Distribution channels

### 分銷渠道

Store Number by Ownership As at 30 June 2006	按擁有權劃分之店舖數目 於二零零六年六月三十日	Franchisee		Self			Self		Grand Total
		owned Spa 加盟者擁有 水療中心	Entrusted Spa 委託經營 水療中心	owned Spa 自資經營 水療中心	Total Spa 水療中心 總計	Entrusted Counter 委託經營 專櫃	owned Counter 自資經營 專櫃	Total Counter 專櫃總計	
Taiwan	台灣	518	-	9	527	-	-	-	527
PRC	中國	1,476	25	5	1,506	20	67	87	1,593
Others	其他地區	45	-	1	46	-	-	-	46
<b>Total</b>	<b>總計</b>	<b>2,039</b>	<b>25</b>	<b>15</b>	<b>2,079</b>	<b>20</b>	<b>67</b>	<b>87</b>	<b>2,166</b>

Store Number by Ownership As at 30 June 2006	按擁有權劃分之店舖數目 於二零零六年六月三十日	Franchisee owned 加盟者擁有	Entrusted 委託經營	Self owned 自資經營	Total 總計
Taiwan	台灣	518	-	9	527
PRC	中國	1,476	45	72	1,593
Others	其他地區	45	-	1	46
<b>Total</b>	<b>總計</b>	<b>2,039</b>	<b>45</b>	<b>82</b>	<b>2,166</b>

The Group principally derives income through its unique distribution channels, namely spas and counters in department stores. As at 30 June 2006, there were a total of 2,166 store outlets, of which 2,079 were spas and 87 were counters. All spas provide a variety of services, including hydrotherapy, facial, body care and skin care analysis to its customers, whereas counters in department stores usually provide skin care analysis.

本集團收益主要來自其獨一無二新增的水療中心及百貨公司專櫃分銷渠道。於二零零六年六月三十日，本集團合共開設2,166間店舖，其中2,079間為水療中心，另外87間則為專櫃。各水療中心均向顧客提供多種服務，包括水療、面部及身體護理以及皮膚護理分析服務，而百貨公司專櫃一般提供皮膚護理分析。

There were a total of 2,039 franchised spas as of 30 June 2006. There were also 15 spas and 67 counters directly operated by the Group. Furthermore, there were a total of 25 spas and 20 counters being entrusted to reputable operators.

於二零零六年六月三十日，本集團共有2,039間水療中心加盟店。此外，另有15間水療中心及67個專櫃由本集團直接經營，而另外25間水療中心及20個專櫃則委託優秀經營者經營。

A total of 86 new stores were opened during the period under review, while 41 stores, mainly less effective stores, were closed.

Franchised spas are owned by franchisees and they are responsible for the capital investment of their spas, which are obliged to use “Natural Beauty” or “NB” brand of products.

Self-owned spas are primarily set up to act as a model spa for potential franchisees. While there are needs to establish self-owned spas as model spas in new markets, the Group considers it will be more profitable and cost-efficient as a whole to allocate resources to stimulate product sales instead of expanding the operation of self-owned spas as higher overhead costs were incurred when compared to franchised spas. The Group, therefore, has entrusted and will continue to entrust certain of its self-owned spas in explored markets to reputable operators.

Entrusted spas are owned by the Group and operated by reputable operators. Prior to the entrustment, the spas were previously operated by the Group. In order to allocate financial and human resources more efficiently, the Group has entrustment arrangements in PRC ranging from one to five years, where its self-owned spas were entrusted to reputable operators in local areas. The operators will be responsible for all the profits and losses of the operations and the Group will receive a fixed annual entrustment income from the operators. The Group will also sell its products to the operators as one of the franchises.

The Group believes the entrustment arrangement will create a win-win situation for both the operators and the Group. Local operators can better serve the specific needs of local customers, and hence generate more sales and service revenues. The Group, on the other hand, can secure a steady annual entrustment income while maintaining its distribution network and re-allocating its resources to explore new markets. For the six months ended 30 June 2006, the Group's overall gross margin remained stable at 78.7%, which was in line with that of the same period in 2005.

於回顧期間，本集團合共新增86間店舖，但亦關閉了41間經營較為遜色的店舖。

水療中心加盟店由加盟經營者擁有，其須負責水療中心的資本投資，另須於其水療中心使用「自然美」或「NB」品牌產品。

自資經營水療中心主要為作為潛在加盟經營者的水療中心模範而設立。儘管本集團需於新市場設立自資經營水療中心作為水療中心模範，但由於自資經營水療中心的經常開支較加盟店為高，本集團認為將自資經營水療中心的資源用於刺激產品銷售整體而言盈利更為豐厚，亦符合成本效益，因此，本集團已經及將會繼續將已開發市場若干自資經營水療中心委託優秀經營者經營。

委託經營的水療中心由本集團擁有及由優秀經營者經營，在未進行委託經營前，該等水療中心原先由本集團經營。為更有效分配財務及人力資源，本集團於中國大陸訂立經營年期由一至五年不等的委託安排，將部分自資經營水療中心委託當地的優秀經營者經營。經營者將自負盈虧，而本集團則每年向經營者收取定額委託經營收益。本集團亦向經營者銷售產品，銷售條件跟加盟者相若。

本集團相信，委託安排將為經營者及本集團締造雙贏局面。本地經營者可提供更迎合本地顧客特定需要的服務，從而賺取更多銷售及服務收益。另一方面，本集團可每年獲取穩定委託經營收益，並可鞏固分銷網絡，以及調配資源至開拓新市場。於截至二零零六年六月三十日止六個月，本集團之整體邊際毛利維持穩定於78.7%，與二零零五年同期相符。

### **Store-Front Revamping of Existing Franchised Spas**

As the Group has a vast network of franchised spas, it is impractical to request all the franchisees to renovate their spas according to the Group's new franchised store image. Therefore, the Group has an interim arrangement, for the existing franchisees to revamp their spa, with minimum efforts and financial resources. As of 30 June 2006, a total of nearly 1000 franchise spas have completed or in the process of their store revamping exercise.

### **Product Repackaging**

The Group's brand revamping exercise is also extended to product packaging. In order to have a consistent image, the Group re-designed all its product packages and simplified the package type of over 200 various forms for more than 700 types of products to 24 standard forms only. A total of 183 products have changed their product packages by 30 June 2006. This led to a higher profit margin of 87% as compared to 84% for the same period of the previous year, up by 3 percentage points in the PRC. We will continue to repackage our products throughout the year.

### **Research & Development**

In order to maintain its competitive edge, the Group emphasized on research and development, so as to improve the quality of its existing products and develop new products. The Group has been collaborating with overseas cosmetic companies on technological development, imported biotechnology materials from Europe, Japan and Australia, which were applied in over 700 NB's products. The Group's research and development team comprises 13 members and a number of overseas consultants with experience and expertise in cosmetics, medical, pharmacy and bio-chemistry. NB's products are constantly enhanced and modified with new ingredients developed by its research and development team. The Group believes that the collaboration of different expertise and experience within the team, together with Dr. Tsai's over 30 years of industry experience and knowledge, can help developing high quality beauty and skin care products. NB principally uses natural ingredients in producing its products and adopts special formulation to suit the specific needs of the delicate skin type for oriental women. NB's products are attentive to the natural metabolism of skin with long-lasting effects.

### **翻新現有水療中心加盟店店面**

由於本集團的水療中心加盟店網絡龐大，要求所有加盟商按照本集團的新加盟店形象翻新所有水療中心屬不可行，因此本集團設有過渡安排，容許現有加盟商以最少時間及財務資源裝修其水療中心。截至二零零六年六月三十日，合共近1,000間水療中心加盟店已完成或在進行翻新工程。

### **革新產品包裝**

本集團的提升品牌計劃亦延伸至產品包裝。為統一形象，本公司已重新設計所有產品的包裝，並已將七百多款產品的二百多款包裝，簡化為24種標準款式。截至二零零六年六月三十日，183項產品已轉換包裝，導致中國邊際利潤較去年同期84%上升百分之三至87%。本集團將於年內繼續革新產品包裝。

### **研究及開發**

為保持競爭優勢，本集團重視研究及開發，以改善其現有產品質素及開發新產品。本集團與海外化粧品公司合作開發新技術，同時引入歐洲、日本及澳洲生物科技物料用於自然美逾700種產品。本集團研究及開發隊伍由13名成員及多名具備化粧品、醫學、藥劑及生物化學經驗及專業知識的海外顧問組成。本集團不斷改良自然美產品，亦加入研究及開發隊伍所開發的新成分。本集團相信，透過隊伍內不同專家合作，加上蔡博士於業內積逾30年的經驗及知識，有助開發優質美容及護膚產品。NB產品主要使用天然成分，並採用特別配方，迎合東方女性嬌嫩肌膚的特別需要。NB產品配合肌膚的新陳代謝，效用持久。

In developing new products, the research and development team will take into account the feedback and advice from senior management of the Group. Prototype of new products will be distributed to over 1,000 of selected senior beauty professionals. In accordance with the outcome of the tests, refinements or modifications to the products may be made prior to its full commercial launch to ensure the quality, effectiveness and safety standard of NB's products. When a product requires registration with relevant authorities, it will be done prior to market launch. All NB products are assured to meet all relevant regulations.

In addition to NB's dedicated research and development team, NB has collaborated with a leading researcher in the field of human genome and stem cell technology, in the development of anti-aging NB-1 product family and other products for spot removing, whitening, anti-allergy and slimming. Combining Dr. Tsai's over 30 years of experience in the beauty and skin care industry with the strong background of its research and development staff, NB has the competitive advantages in the research and development of beauty and skin care products.

The total research & development cost of the Group for the six months ended 30 June 2006 amounted to HK\$1.4 million (1H 2005: HK\$0.9 million).

### **New Products**

After the successful launch of our flagship product, anti-aging NB-1 series in late 2003, we further launched NB-1 Whitening series, NB-1 anti-allergy and NB-1 pore refining series. For the six months ended 30 June 2006, over 65,000 sets/bottles of NB-1 family products were sold, with a turnover of HK\$55.3 million when compared with HK\$19.8 million for the same period last year.

In 2006, the Group continued to enrich its product range and launched 17 new products during the period under review.

開發新產品時，研究及開發隊伍會考慮本集團高級管理人員的回應及意見。新產品的樣本將先分發予逾千名經過甄選的資深美容專業人士。於全面推出產品前，產品或需按照測試結果進行調整或修正，確保NB產品之質素、功效及安全性。倘產品需要於有關機構註冊，本公司將於產品推出市面前完成註冊。所有NB產品均保證符合所有相關規定。

除NB盡責的研究及開發隊伍外，自然美亦與人類基因及幹細胞科技頂尖研究博士合作，開發抗衰老NB-1產品系列及其他去斑、美白、防敏及纖體產品。憑藉蔡博士於美容及護膚業超過30年的經驗，加上研究及開發人員的雄厚背景，本集團於研究及開發美容及護膚產品方面具備競爭優勢。

截至二零零六年六月三十日止六個月，本集團之研究及開發成本合共1,400,000港元（二零零五年上半年：900,000港元）。

### **新產品**

本集團於二零零三年底成功推出旗艦產品－抗衰老NB-1系列後，更進一步推出NB-1美白系列、NB-1防敏感及緊緻肌膚系列。於截至二零零六年六月三十日止六個月內，本集團售出超過65,000套／件NB-1系列產品，帶來營業額55,300,000港元，而去年同期之營業額為19,800,000港元。

本集團於回顧期間推出17項新產品，並於二零零六年繼續加強產品組合。

### **New Promotional Channels**

The group also planned to expand its promotional channels through campus mailer to 50 universities in Beijing, Guangzhou and Shanghai, which consist of approximately 400,000 female population. The mailers will be delivered to each room in student dormitories. Posters associated with the mailers will also be used in each cafeteria and classroom across all campuses. In addition, we will hold campus beauty classes and celebrity events to promote the mailers. This is expected to be an efficient promotional channel for targeting potential NB customers and generating sales revenue alike.

### **Information Technology**

The Group started to implement ERP system by Oracle to link up the key decision making process throughout the Group's value chain. The ERP system is expected to enhance the Group's information flow, enabling the generation of more accurate and timely production planning and sales forecast.

The implementation of the ERP system in Taiwan was completed in 2004 and that in the PRC is expected to complete by end of 2006.

### **Human Resources**

As at 30 June 2006, the Group had a total of 860 employees, of which 667 were based in PRC, 178 in Taiwan and 15 in other areas. Total remuneration (excluding directors' emoluments) for the six months ended 30 June 2006 was approximately HK\$30.4 million (1H 2005: HK\$32.3 million), including retirement benefits cost of HK\$1 million (1H 2005: HK\$0.8 million). Competitive remuneration packages are maintained to attract, retain and motivate capable staff and are reviewed periodically.

The Group maintains good employee relations and is committed to employee training and development. Professional training courses are offered to beauticians employed by the Group and its franchisees on a regular basis to promote and maintain the quality and consistency of the services provided.

### **新宣傳途徑**

為擴張其宣傳途徑，本集團亦計劃向50所位於北京、廣州及上海的大學寄出校園宣傳郵件，宣傳對象包括約400,000名女性。宣傳郵件將派發至各學生宿舍房間，於食堂及課室內亦會張貼與宣傳郵件相應的海報。此外，本集團亦會舉辦校園美容課程及名人活動，以加強宣傳郵件之效果。預期有關宣傳將為針對自然美潛在客戶之有效宣傳途徑，並實現有關銷售收益。

### **資訊科技**

本集團推行甲骨文企業資源規劃系統，以聯繫本集團價值鏈主要決策程序。企業資源規劃系統預期將可提升本集團訊息流程，從而迅速作出更準確生產計劃及銷售預測。

台灣的企業資源規劃系統已於二零零四年完成，而中國方面預期將於二零零六年底完成。

### **人力資源**

於二零零六年六月三十日，本集團合共聘有860名僱員，其中667名派駐中國，台灣有178名，其他地區則有15名。截至二零零六年六月三十日止六個月，總薪酬開支（不包括董事酬金）約為30,400,000港元（二零零五年上半年：32,300,000港元），其中包括退休福利成本1,000,000港元（二零零五年上半年：800,000港元）。為吸引、留聘及鼓勵表現卓越的僱員，本集團保持具競爭力的酬金組合，並定期檢討。

本集團與僱員一向維持良好合作關係，並且著重員工的培訓及發展，定期為集團聘用的美容師及加盟商提供專業培訓課程，以提升及保證所提供服務之質素及穩定性。

In addition, the Group adopted a share option scheme on 11 March 2002, for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. The Directors may, at their discretion, invite any employee or director of the Group and any qualified person as set out in the scheme, to subscribe for shares. Up to the date of this document, no share option had been granted under the share option scheme.

The Directors also strengthened its professional management team by recruiting the group's chief executive officer, chief operational officer, sales general manager, head of supply chain as well as head of finance for the PRC market from multinational companies. They are expected to be all on board before the end of the year. The board believes that after two years of consolidation, the recruitment of more industry experts will be beneficial to further drive the Group's expansion for its long-term development in future.

### Capital Expenditures

The Group's major capital expenditures were related to self-owned spas and machinery in our factories. There were HK\$3.8 million additions to fixed assets for the period ended 30 June 2006 (30 June 2005: HK\$18.9 million). The difference was due to a property purchased in Guangzhou last year at a consideration of HK\$12.9 to expand the regional Training Centre for the southern China region.

Franchisees are responsible for the capital expenditures of the spa operation.

Since our factories in PRC and Taiwan still have spare capacities, current utilization rate was estimated to be around 70% during the period under review. The management does not anticipate the need for any new factory in the near future.

### OUTLOOK

The robust growth in the PRC market is expected to continue and will remain the Group's focus for business development in the near future.

此外，本集團已於二零零二年三月十一日採納購股權計劃，旨在回饋及激勵對本集團業務成就有所貢獻的合資格參與人士。董事可酌情邀請本集團任何僱員或董事及該計劃所載任何合資格人士認購股份。截至本文件日期止，本集團並無根據購股權計劃授出任何購股權。

董事亦自跨國公司聘請集團行政總裁、業務總監、銷售總經理、供應鏈主管及中國市場財務主管，以加強本集團之專業管理隊伍。預期彼等將於年底前加入本集團。董事會相信，經過兩年的整合期，增聘行業專才將有利本集團之進一步拓展及未來之長期發展。

### 資本開支

本集團主要資本開支與自資經營的水療中心及本集團廠場內機器相關。於截至二零零六年六月三十日止期間，添置固定資產達3,800,000港元（二零零五年六月三十日：18,900,000港元）。出現差額之原因為去年以12,900,000港元於廣州購入物業以擴充華南地區培訓中心。

加盟商須承擔其水療中心的資本開支。

由於本公司於中國及台灣的工廠有剩餘生產能力，回顧期間現行使用率僅約70%，故管理層預計，於可見未來毋須興建任何新廠場。

### 前景

預期中國市場將繼續蓬勃發展，故此於短期內仍將為本集團業務發展焦點所在。



The recession in Taiwan is mainly related to the recent political scandal of the presidential family. The recovery of the Taiwan economy depends, to a large extent, on the outcome of the condition. The Group expects the Taiwan economy will start to recover in year 2007.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

Accordingly, the Board has established the audit committee and the remuneration committee with defined terms of reference which are of no less exacting terms than those set out in the Code on Corporate Governance Practices (the "Code on Corporate Governance") as set out in Appendix 14 to the Listing Rules. These committees are chaired by independent non-executive directors. The Board considers the determination of the appointment and removal of directors to be the Board's collective decision and accordingly, it does not intend to adopt the recommended best practice of the Code on Corporate Governance to set up a nomination committee.

### **Audit Committee**

The audit committee comprises three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The unaudited financial statements of the Company for the six months ended 30 June 2006 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

台灣之經濟衰退主要與近期總統家族政治醜聞有關。台灣之經濟復甦極大程度需視乎有關事件發展之結果。本集團預期台灣經濟將於二零零七年開始復甦。

### **企業管治及其他資料**

本公司致力達致高企業管治水平，以妥為保障及提升股東利益。

因此，董事會已成立具界定職權範圍之審核委員會及薪酬委員會，有關職權範圍書之條款不寬鬆於上市規則附錄14所載企業管治常規守則（「企業管治守則」）所載條款。該等委員會由獨立非執行董事擔任主席。董事會認為，委任及撤換董事之決定由董事會全體成員作出，故無意按企業管治守則建議之最佳慣例成立提名委員會。

### **審核委員會**

審核委員會由本公司三名獨立非執行董事組成。委員會已採納條款符合企業管治守則守則條文之職權範圍書。本公司截至二零零六年六月三十日止六個月之未經審核財務報表已由審核委員會審閱，委員會認為該等報表符合適用會計原則、法律規定及上市規則，並已作出充分披露。

### **Remuneration Committee**

The remuneration committee comprises three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The duties of the remuneration committee include reviewing and evaluating the remuneration packages of executive directors and senior management and making recommendations to the Board from time to time.

### **Compliance with the Code on Corporate Governance Practices**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not any part of the accounting period covered by the 2006 interim financial statements, in compliance of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

### **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

### **薪酬委員會**

薪酬委員會由本公司三名獨立非執行董事組成。委員會已採納條款符合企業管治守則守則條文之職權範圍書。薪酬委員會職責包括審閱及評估執行董事及高級管理人員之薪酬組合，及不時向董事會提供建議。

### **遵守企業管治常規守則**

本公司董事並無得悉有任何資料合理地顯示本公司現時或於二零零六年中期財務報表所涵蓋會計期間內任何時間曾經不遵守上市規則附錄14所載企業管治常規守則。

### **遵守標準守則**

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）。經本公司作出特定查詢後，全體董事確認，彼等於回顧期內一直全面遵守標準守則所載規定標準。

## DIRECTORS' SERVICE CONTRACTS

The directors' service contracts entered into between the Company and all executive directors were for a term of three years, commencing from 11 March 2002, in the case of Dr. Tsai Yen Yu ("Dr. Tsai"), Mr. Lee Ming Ta ("Mr. Lee") and Mr. Su Chien Cheng ("Mr. Su") and from 21 September 2004 in the case of Dr. Su Sh Hsyu ("Dr. Su"). The service contracts of the independent non-executive directors were also for a term of three-years, commencing from 11 March 2002 in the case of Mr. Yeh Liang Fei ("Mr. Yeh") and Mrs. Chen Shieh Shu Chen ("Mrs. Chen") and from 21 September 2004 in the case of Mr. Chen Ching ("Mr. Chen"). These service contracts may be terminated by either party giving to the other not less than three calendar months' notice in writing. The service contracts of Dr. Tsai, Mr. Lee, Mr. Su, Mr. Yeh and Mrs. Chen expired on 10 March 2005 and were renewed for another three years on 11 March 2005. The initial aggregate annual remuneration pursuant to such service contracts is HK\$2,988,000 (as to HK\$1,000,000 to Dr. Tsai, HK\$700,000 to Mr. Lee, HK\$600,000 to Mr. Su, HK\$600,000 to Dr. Su, HK\$20,000 to Mr. Yeh, HK\$20,000 to Mrs. Chen and HK\$48,000 to Mr. Chen) subject to an annual increment at the discretion of the directors of not more than 10% of the annual remuneration immediately prior to such increase.

Each of Dr. Tsai, Mr. Lee, Mr. Su and Dr. Su is also entitled to a management bonus. The aggregate amount of the bonuses payable to these executive directors will not exceed 15% of the audited consolidated profit attributable to equity holders of the Company in respect of that financial year of the Group.

Save as disclosed above, no director has any unexpired service contract which is not determinable by the Group within one year without payment of compensation, other than normal statutory obligations.

## 董事服務合約

全體執行董事與本公司訂立之董事服務合約均為期三年，蔡燕玉博士（「蔡博士」）、李明達先生（「李先生」）及蘇建誠先生（「蘇先生」）之合約年期由二零零二年三月十一日開始；蘇詩琇博士（「蘇博士」）之合約年期由二零零四年九月二十一日開始。各獨立非執行董事亦訂立為期三年之服務合約，葉良輝先生（「葉先生」）及陳謝淑珍女士（「陳女士」）之合約年期由二零零二年三月十一日開始；譚清先生（「譚先生」）之合約年期則由二零零四年九月二十一日開始。該等服務合約可由任何一方向對方發出不少於三個曆月的書面通告終止。蔡博士、李先生、蘇先生、葉先生及陳女士之服務合約已於二零零五年三月十日屆滿，並已自二零零五年三月十一日起重續三年。根據該等服務合約的初步年度酬金總額為2,988,000港元（蔡博士獲1,000,000港元、李先生獲700,000港元、蘇先生獲600,000港元、蘇博士獲600,000港元、葉先生獲20,000港元、陳女士獲20,000港元及譚清先生獲48,000港元），董事每年可酌情增加酬金，惟增幅不得超過於緊接該增加前之年度酬金的10%。

蔡博士、李先生、蘇先生及蘇博士亦可享受有管理花紅。應付該等執行董事的花紅總額不得超逾本集團有關財政年度的本公司股東應佔經審核綜合溢利之15%。

除上文披露者外，各董事概無訂立任何於一年內免付補償（一般法定補償除外）而本集團不可終止的尚未屆滿服務合約。

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2006, the interests of the directors, the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

### Long positions in shares and underlying shares of the Company

Ordinary shares

## 董事於股份的權益

於二零零六年六月三十日，董事、主要行政人員及彼等之聯繫人士於本公司及其相聯法團的股份、相關股份及債券中，擁有記錄於本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置的登記冊，或根據上市規則所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所的權益如下：

於本公司股份及相關股份的好倉

普通股

Name of directors 董事姓名	Number of ordinary shares 普通股數目		% of the issued share capital of the Company 佔本公司已發行 股本百分比
	Family interests 家族權益	Corporate interests 公司權益	
Dr. Tsai 蔡博士	–	1,500,000,000 (Note 1) (附註1)	75.00%
Mr. Su 蘇先生	–	225,000,000 (Note 2) (附註2)	11.25%
Dr. Su 蘇博士	–	225,000,000 (Note 2) (附註2)	11.25%
Mr. Lee 李先生	1,500,000,000 (Note 1) (附註1)	–	75.00%

## DIRECTORS' INTERESTS IN SHARES (continued)

Notes:

- (1) The two references to 1,500,000,000 shares relate to the same block of shares. Such block of shares are held by Efficient Market Investments Limited ("Efficient Market") which is beneficially owned as to 70% by Dr. Tsai through Knightcote Enterprises Limited ("Knightcote").

Mr. Lee, the spouse of Dr. Tsai, is deemed to be interested in 1,500,000,000 ordinary shares of the Company.

- (2) The two references to 225,000,000 shares are included in the 1,500,000,000 shares held by Efficient Market which Mr. Su and Dr. Su each has 15% beneficial interest through Knightcote. Mr. Su and Dr. Su are the son and daughter of Dr. Tsai respectively.

Other than as disclosed above, none of the directors, the chief executive or their associates had any interests or short position in any shares, underlying shares on debentures of the Company or any of its associated corporations as at 30 June 2006.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period ended 30 June 2006, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

## SHARE OPTION SCHEME

The Company has adopted share option scheme on 11 March 2002 (the "Scheme"). Details of the Scheme are set out in the published annual report of the Company for the year ended 31 December 2005. There were no outstanding options at the beginning and at the end of the period. No option were granted, exercised, cancelled or lapsed during the six months ended 30 June 2006.

## 董事於股份的權益 (續)

附註:

- (1) 以上兩次提及的1,500,000,000股股份指同一批股份。該等股份由Efficient Market Investments Limited (「Efficient Market」) 持有，而Efficient Market Investments Limited則由蔡博士透過Knightcote Enterprises Limited (「Knightcote」) 實益擁有70%。

蔡博士之配偶李先生被視作擁有本公司1,500,000,000股普通股之權益。

- (2) 以上兩次提及的225,000,000股股份計入由Efficient Market持有的1,500,000,000股股份中，而蘇先生及蘇博士各於Efficient Market Investments Limited透過Knightcote佔有15%實益權益。蘇先生及蘇博士乃蔡博士子女。

除上文披露者外，於二零零六年六月三十日，概無董事、行政總裁或彼等之聯繫人士於本公司或其任何相聯法團的任何股份、相關股份或債券中擁有任何權益或淡倉。

## 購買、出售或贖回本公司上市證券

截至二零零六年六月三十日止期間，本公司並無贖回本身任何上市證券，本公司及其附屬公司亦無購買或出售本公司任何上市證券。

## 購股權計劃

本公司於二零零二年三月十一日採納購股權計劃 (「該計劃」)。該計劃詳情載於本公司所刊發截至二零零五年十二月三十一日止年度之年報。於期初及期終概無任何尚未行使購股權。截至二零零六年六月三十日止六個月，並無購股權獲授出、行使、註銷或失效。

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests in the issued capital of the Company.

### Long position in shares and underlying shares of the Company

Ordinary shares of HK\$0.10 each of the Company

## 主要股東

於二零零六年六月三十日，本公司根據證券及期貨條例第336條存置的主要股東名冊顯示，以下股東已知會本公司彼等於本公司已發行股本的有關權益。

### 於本公司股份及相關股份的好倉

本公司每股面值0.10港元的普通股

Name of shareholder 股東名稱	Notes 附註	Capacity 身分	Number of ordinary shares beneficially held 實益持有 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Efficient Market	1	Beneficial owner 實益擁有人	1,500,000,000	75.00%
Knightcote	1 & 2 1及2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,500,000,000	75.00%
Dr. Tsai 蔡博士	2 & 3 2及3	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,500,000,000	75.00%
Mr. Su 蘇先生	4	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	225,000,000	11.25%
Dr. Su 蘇博士	5	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	225,000,000	11.25%

Notes:

- Efficient Market is beneficially owned by Knightcote.
- The controlled corporation, Knightcote, is beneficially owned by Dr. Tsai as to 70%, Mr. Su as to 15% and Dr. Su as to 15%.
- These shares are attributable to Dr. Tsai in respect of her 70% interest in Knightcote.
- These shares are attributable to Mr. Su in respect of his 15% interest in Knightcote.
- These shares are attributable to Dr. Su in respect of her 15% interest in Knightcote.

Other than the interests disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2006.

附註：

- Efficient Market由Knightcote實益擁有。
- 受控法團Knightcote分別由蔡博士、蘇先生及蘇博士實益擁有70%、15%及15%權益。
- 由於蔡博士擁有Knightcote 70%權益，故該等股份屬彼所擁有。
- 由於蘇先生擁有Knightcote 15%權益，故該等股份屬彼所擁有。
- 由於蘇博士擁有Knightcote 15%權益，故該等股份屬彼所擁有。

除上文披露的權益外，於二零零六年六月三十日，本公司並無獲知會於本公司已發行股本之任何其他有關權益或淡倉。

### INTERIM AND SPECIAL DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of 1.40 HK cents per share (2005: interim dividend of 0.90 HK cents) and a special dividend of 0.60 HK cents per share (2005: 0.40 HK cents). The interim dividend and special dividend will be distributed on around 27 October 2006 to shareholders whose names appear on the register of members of the Company as at the close of business on 28 September 2006.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 September 2006 to 28 September 2006, both dates inclusive, during which period no transfer of shares may be registered. In order to qualify for the interim and special dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26 September 2006.

By order of the Board

**Dr. Tsai Yen Yu**

*Chairman*

*As of the date hereof, the Executive Directors of the Company are Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Mr. Su Chien Cheng and Dr. Su Sh Hsyu. The Independent Non-executive Directors of the Company are Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching.*

Hong Kong, 12 September 2006

### 中期及特別股利

董事會議決建議派發中期股利每股1.40港仙(二零零五年:中期股利0.90港仙)及特別股利每股0.60港仙(二零零五年:0.40港仙)。本公司將於二零零六年十月二十七日向於二零零六年九月二十八日營業時間結束時名列本公司股東名冊的股東派發中期股利及特別股利。

### 暫停辦理股東登記手續

本公司將於二零零六年九月二十七日至二零零六年九月二十八日(包括首尾兩天)期間暫停辦理股東登記手續,期間不會辦理任何股份過戶登記。為符合資格獲取中期股利及特別股利,所有填妥之過戶表格連同有關股票最遲須於二零零六年九月二十六日下午四時正前交回本公司之香港股份過戶登記分處香港證券登記有限公司,地址為香港皇后大道東183號合和中心17樓。

承董事會命

主席

**蔡燕玉博士**

於本報告日期,本公司執行董事為蔡燕玉博士、李明達先生、蘇建誠先生及蘇詩琇博士。本公司獨立非執行董事為葉良輝先生、陳謝淑珍女士及譚清先生。

香港,二零零六年九月十二日

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(With comparatives for the six months ended 30 June 2005)

(Expressed in thousands of Hong Kong dollars (HK\$'000))

### 簡明綜合收益表

截至二零零六年六月三十日止六個月

(連同截至二零零五年六月三十日止六個月的比較數字)

(以千港元為單位)

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
Turnover	營業額	5	163,625
Cost of sales	銷售成本		(34,860)
Gross profit	毛利		128,765
Other operating income	其他經營收益		27,421
Distribution costs	分銷成本		(45,527)
Administrative expenses	行政開支		(33,947)
Other operating expenses	其他經營支出		(3,729)
Share of loss of an associate	應佔一家聯營公司虧損		(190)
Profit before taxation	除稅前溢利	6	72,793
Income tax expense	所得稅開支	7	(23,405)
Profit for the period	期內溢利		49,388
Attributable to:	應佔:		
Equity holders of the Company	本公司股東盈利		49,584
Minority interests	少數股東權益		(196)
			49,388
Dividends	股利	8	40,000
Earnings per share	每股盈利	9	
- Basic	- 基本		2.48 HK cents 2.48港仙
- Diluted	- 攤薄		Not applicable 不適用



**CONDENSED CONSOLIDATED BALANCE SHEET**

AT 30 JUNE 2006

(with comparatives at 31 December 2005)

(Expressed in thousands of Hong Kong dollars (HK\$'000))

**簡明綜合資產負債表**

於二零零六年六月三十日

(連同二零零五年十二月三十一日的比較數字)

(以千港元為單位)

		Notes 附註	At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業	10	161,576	159,653
Property, plant and equipment	不動產、廠場及設備	10	174,201	178,725
Prepaid lease payments	自用土地租賃款	10	9,012	9,039
Intangible assets	無形資產	10	606	927
Goodwill	商譽	10	13,994	13,898
Interest in an associate	於一家聯營公司之權益		355	545
Available-for-sale investments	可供出售投資		6,786	6,786
Deferred taxation assets	遞延稅項資產		7,162	4,716
			<b>373,692</b>	<b>374,289</b>
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨		63,047	56,477
Trade and other receivables	貿易及其他應收賬款	11	117,391	141,229
Prepaid lease payments	自用土地租賃款		238	236
Held-for-trading investments	持作買賣投資		118,518	26,491
Bank balances and cash	銀行結存及現金		259,956	338,748
			<b>559,150</b>	<b>563,181</b>
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付賬款	12	58,732	82,041
Deferred income	遞延收益		8,641	8,489
Taxation payable	應付稅項		16,966	15,753
			<b>84,339</b>	<b>106,283</b>
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>474,811</b>	<b>456,898</b>
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>848,503</b>	<b>831,187</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

(continued)

AT 30 JUNE 2006

(with comparatives at 31 December 2005)

(Expressed in thousands of Hong Kong dollars (HK\$'000))

**簡明綜合資產負債表(續)**

於二零零六年六月三十日

(連同二零零五年十二月三十一日的比較數字)

(以千港元為單位)

		Notes 附註	At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Retirement benefit obligations	退休福利責任	13	11,378	10,890
			<b>837,125</b>	<b>820,297</b>
<b>Capital and reserves</b>	<b>股本及儲備</b>			
Share capital	股本	14	200,000	200,000
Reserves	儲備		631,565	613,511
<b>Equity attributable to equity holders of the Company</b>	<b>本公司股東應佔權益</b>		<b>831,565</b>	813,511
<b>Minority interests</b>	<b>少數股東權益</b>		<b>5,560</b>	6,786
<b>Total equity</b>	<b>總權益</b>		<b>837,125</b>	<b>820,297</b>

**Dr. Tsai Yen Yu**

蔡燕玉博士

DIRECTOR

董事

**Mr. Lee Ming Ta**

李明達先生

DIRECTOR

董事

**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(Expressed in thousands of Hong Kong dollars (HK\$'000))

**簡明綜合權益變動表**

截至二零零六年六月三十日止六個月

(以千港元為單位)

		(Unaudited) (未經審核)							
		Attributable to shareholders of the Company 本公司股東應佔					Minority interests 少數股東權益		
		Share Capital 股本 HK\$'000 千港元	Capital Surplus 股本盈餘 HK\$'000 千港元	Share Premium 股份溢價 HK\$'000 千港元	Statutory Reserve 法定儲備 HK\$'000 千港元	Exchange Reserve 匯兌儲備 HK\$'000 千港元	Accumulated profits 累計溢利 HK\$'000 千港元		Total 總計 HK\$'000 千港元
<b>THE GROUP</b>	<b>本集團</b>								
At 1 January 2006	於二零零六年 一月一日	200,000	42,554	336,758	94,975	4,094	135,130	6,786	820,297
Net gain/(loss) recognized directly in equity:	直接於權益之收益/ (虧損)淨額:								
Exchange difference arising from translation of overseas operations	折算海外業務 匯率差額	-	-	-	-	8,470	-	62	8,532
Transfer to statutory reserve	轉撥至法定儲備	-	-	-	11	-	(11)	-	-
Acquisition of additional interest in subsidiaries	收購附屬公司額外權益	-	-	-	-	-	-	(769)	(769)
Payment of fixed compensation to minority interest	向少數股東權益 支付定額補償	-	-	-	-	-	-	(323)	(323)
		<u>200,000</u>	<u>42,554</u>	<u>336,758</u>	<u>94,986</u>	<u>12,564</u>	<u>135,119</u>	<u>5,756</u>	<u>827,737</u>
Profit for the period	期內溢利	-	-	-	-	-	49,584	(196)	49,388
Dividends paid	已派股利	-	-	-	-	-	(40,000)	-	(40,000)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
At 30 June 2006	於二零零六年 六月三十日	<u>200,000</u>	<u>42,554</u>	<u>336,758</u>	<u>94,986</u>	<u>12,564</u>	<u>144,703</u>	<u>5,560</u>	<u>837,125</u>

**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY** (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2006  
(Expressed in thousands of Hong Kong dollars (HK\$'000))

**簡明綜合權益變動表** (續)

截至二零零六年六月三十日止六個月  
(以千港元為單位)

The comparative figures for 2005 are set out as follows:

二零零五年之比較數字載列如下：

		(Unaudited) (未經審核)							Minority interests	Total
		Attributable to shareholders of the Company 本公司股東應佔							少數股東權益	
		Share Capital 股本	Capital Surplus 股本盈餘	Share Premium 股份溢價	Revaluation Reserve 重估儲備	Statutory Reserve 法定儲備	Exchange Reserve 匯兌儲備	Accumulated profits 累計溢利		
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>THE GROUP</b>	<b>本集團</b>									
At 1 January 2005, as previously reported as equity	於二零零五年一月一日，原呈報為權益	200,000	42,554	336,758	16,741	78,760	5,644	114,512	-	794,969
At 1 January 2005, as previously reported as minority interest	於二零零五年一月一日，原呈報為少數股東權益	-	-	-	-	-	-	-	9,662	9,662
Effect of adopting HKAS 40	採納香港會計準則第40號之影響	-	-	-	(16,741)	-	-	16,741	-	-
At 1 January 2005, as restated	於二零零五年一月一日，重列	200,000	42,554	336,758	-	78,760	5,644	131,253	9,662	804,631
Net gain/(loss) recognized directly in equity:	直接於權益之收益/(虧損)淨額：									
Exchange difference arising from translation of overseas operations	折算海外業務匯率差額	-	-	-	-	-	2,290	-	(5)	2,285
Payment of fixed compensation to minority interest	向少數股東權益支付定額補償	-	-	-	-	-	-	-	(305)	(305)
		200,000	42,554	336,758	-	78,760	7,934	131,253	9,352	806,611
Profit for the period	期內溢利	-	-	-	-	-	-	32,791	(354)	32,437
Dividends paid	已派股利	-	-	-	-	-	-	(35,000)	-	(35,000)
At 30 June 2005	於二零零五年六月三十日	200,000	42,554	336,758	-	78,760	7,934	129,044	8,998	804,048

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(With comparatives for the six months ended 30 June 2005)

(Expressed in thousands of Hong Kong dollars (HK\$'000))

**簡明綜合現金流量表**

截至二零零六年六月三十日止六個月

(連同截至二零零五年六月三十日止六個月的比較數字)

(以千港元為單位)

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (unaudited) (未經審核)	2005 二零零五年 (unaudited) (未經審核) (restated) 重列
		HK\$'000 千港元	HK\$'000 千港元
		Note 附註	
<b>Cash generated from operations</b>	<b>經營業務產生之現金</b>	15	
Overseas taxation paid	已付海外稅項		
		74,655	89,621
		<b>(24,638)</b>	<b>(28,637)</b>
Net cash from operating activities	經營活動所得現金淨額	<b>50,017</b>	60,984
<b>Investing activities</b>	<b>投資活動</b>		
Purchase of property, plant and equipment	購置不動產、廠場及設備		
		<b>(3,848)</b>	(18,887)
Proceeds from disposal of property, plant and equipment	出售不動產、廠場及設備所得款項	-	1,195
Purchase of held-for-trading investments	購買持作買賣投資	<b>(432,327)</b>	(340,814)
Proceeds from disposal of held-for-trading investments	出售持作買賣投資的所得款項	<b>341,524</b>	306,031
Interest received	已收利息	<b>1,653</b>	1,580
Net cash used in investing activities	投資業務所用現金淨額	<b>(92,998)</b>	(50,895)
<b>Financing activities</b>	<b>融資業務</b>		
Dividends paid	派付股利	<b>(40,000)</b>	(35,000)
Fixed compensation paid to minority interest	向少數股東權益支付定額補償	<b>(323)</b>	(305)
Net cash used in financing activities	融資活動所用現金淨額	<b>(40,323)</b>	(35,305)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	<b>(83,304)</b>	(25,216)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	<b>338,748</b>	235,920
Effect of foreign exchange rate changes	匯率變動之影響	<b>4,512</b>	1,682
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物		
represented by bank balances and cash	以銀行結餘及現金代表	<b>259,956</b>	212,386

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(With comparatives for the six months ended 30 June 2005 and year ended 31 December 2005)

(Expressed in thousands of Hong Kong dollars (HK\$'000) unless otherwise stated)

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated accounts have been prepared on a basis consistent with the principal accounting policies adopted in the 2005 annual accounts with the addition of certain new standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”) issued and effective as at the time of preparing this information. These are:

HKAS 19 (amended 2005) “Actuarial Gains and Losses, Group Plans and Disclosures”

HKAS 39 (amended 2005) “Cashflow Hedge Accounting of Forecast Intragroup Transactions”

HKAS 39 (amended 2005) “The Fair value Options”

HKAS 39 and HKFRS 4 (amended 2005) “Financial Guarantee Contracts”

HKFRS-Int 4 (amended 2005) “Determining whether an Arrangement contains a Lease”

The adoption of such standards or interpretations does not result in substantial changes to the Group’s accounting policies and has no significant effect on the results reported for the first half of 2006.

## 簡明綜合財務報表附註

截至二零零六年六月三十日止六個月

(連同截至二零零五年六月三十日止六個月及二零零五年十二月三十一日止年度的比較數字)(除另有列明外,以千港元為單位)

### 1. 編製基準及會計政策

未經審核綜合賬目乃以與二零零五年度賬目所採納之主要會計政策一致的基礎編製,並採納下列於編製有關資料時已頒佈及生效之香港財務報告準則(「香港財務報告準則」)若干新準則及詮釋:

香港會計準則第19號(二零零五年修訂本)「精算損益、集團計劃及披露」

香港會計準則第39號(二零零五年修訂本)「預測集團內公司間交易之現金流量對沖會計法」

香港會計準則第39號(二零零五年修訂本)「公平值選擇權」

香港會計準則第39號及香港財務報告準則第4號(二零零五年修訂本)「財務擔保合約」

香港財務報告準則詮釋第4號(二零零五年修訂本)「釐定安排是否包括租賃」

採納該等準則或詮釋不會對本集團之會計政策造成重大改變,對所報告二零零六年上半年業績亦無重大影響。

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The consolidated accounts have been prepared in accordance with the HKAS 34 “Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”). This consolidated financial information should be read in conjunction with the 2005 annual financial statements.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions as appropriate in the preparation of the accounts. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities include the productive life of property, plant and equipment and intangible assets, impairment of goodwill, allowances for trade receivable and inventories and the determination of income tax.

## 3. MANAGEMENT OF FINANCIAL RISK FACTORS

The Group’s activities are exposed to movements of foreign currencies, fair value interest rate risk, credit risk and liquidity risk. These risks are reviewed periodically to ensure their impact on the Group’s financial performance is minimised through the use of forwards, options or other appropriate derivative financial instruments. It is the Group’s policy to use the above derivative instruments solely for the purpose of financial risk management.

## 1. 編製基準及會計政策 (續)

綜合賬目乃按照香港會計師公會頒佈之香港會計準則第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則(「上市規則」)之披露規定編製。本綜合財務資料應連同二零零五年度財務報表一併閱覽。

## 2. 重要會計估計及判斷

本集團在編製賬目過程中已作出適當估算及假設。此等估計乃根據過往經驗及其他因素而作出，其他因素包括在該等情況下對未來事項相信為合理的預測，而按定義而言，對未來事項之預測很少與相關實際結果相等。對資產及負債賬面值有重大影響之估計及假設，包括不動產、廠場及設備之生產壽命、無形資產、商譽減值、貿易應收賬款及存貨撥備以及所得稅項釐定。

## 3. 財務風險因素管理

本集團業務須面對外匯波動、公平值利率風險、信貸風險及流動資金風險。本集團定期對此等風險進行檢討，以確保透過採用遠期合約、期權合約或其他適當的衍生金融工具，減低對本集團財務表現造成的影響。本集團之政策為僅就財務風險管理目的採用上述衍生工具。

#### 4. SEGMENT INFORMATION

##### (a) Geographical segment

The Group's operations are located in the People's Republic of China other than Hong Kong (the "PRC"), Taiwan and others.

An analysis of the Group's revenue and contribution to operating results and segmental assets and liabilities by geographic segments, irrespective of the origin of the goods, is presented below:

#### 4. 分部資料

##### (a) 地域分部

本集團之業務位於中華人民共和國（香港除外，「中國大陸」）、台灣及其他地區。

本集團按地域分部（不論貨品來源地）劃分之收入、對經營業績的貢獻及分部資產與負債之分析如下：

		For the six months ended 30 June 2006			
		截至二零零六年六月三十日止六個月			
		PRC	Taiwan	Others	Total
		中國大陸	台灣	其他地區	總計
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Turnover	營業額	113,733	46,467	3,425	163,625
Other operating income	其他經營收益	20,446	6,276	699	27,421
Total revenue	總收入	<u>134,179</u>	<u>52,743</u>	<u>4,124</u>	<u>191,046</u>
Segment results	分部業績	<u>73,389</u>	<u>11,976</u>	<u>(2,710)</u>	82,655
Unallocated corporate expenses	未撥配公司支出				(9,672)
Share of loss of an associate	應佔一家聯營公司虧損				(190)
Profit before taxation	除稅前溢利				72,793
Income tax expense	所得稅開支				(23,405)
Profit for the period	期內溢利				<u>49,388</u>



4. **SEGMENT INFORMATION** (continued)  
**(a) Geographical segment** (continued)

4. **分部資料** (續)  
**(a) 地域分部** (續)

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

		PRC	Taiwan	Others	Total
		中國大陸	台灣	其他地區	總計
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Turnover	營業額	98,081	61,802	3,177	163,060
Other operating income	其他經營收益	16,290	4,342	432	21,064
		<u>114,371</u>	<u>66,144</u>	<u>3,609</u>	<u>184,124</u>
Total revenue	總收入				
Segment results	分部業績	<u>45,052</u>	<u>14,582</u>	<u>(4,575)</u>	55,059
Unallocated corporate expenses	未撥配公司支出				(5,385)
Share of loss of an associate	應佔一家聯營公司虧損				(52)
Profit before taxation	除稅前溢利				49,622
Income tax expense	所得稅開支				(17,185)
Profit for the period	期內溢利				<u>32,437</u>

#### 4. SEGMENT INFORMATION (continued)

##### (b) Business segment

The group comprises the following main business segments:

- sale of cosmetic products and provision of beauty services
- leasing of investment properties

#### 4. 分部資料 (續)

##### (b) 業務分部

本集團包括以下主要業務分部：

- 銷售美容產品及提供美容服務
- 出租投資物業

		For the six months ended 30 June 2006 截至二零零六年 六月三十日止六個月			For the six months ended 30 June 2005 截至二零零五年 六月三十日止六個月		
		Other operating income Capital expenditure			Other operating income Capital expenditure		
		Turnover	其他 經營收益	資本開支	Turnover	其他 經營收益	資本開支
		(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cosmetics products and beauty services	美容產品及 美容服務	163,625	-	3,848	163,060	-	18,887
Investment properties	投資物業	-	2,964	-	-	4,599	-
Others	其他	-	24,457	-	-	16,465	-
		<b>163,625</b>	<b>27,421</b>	<b>3,848</b>	<b>163,060</b>	<b>21,064</b>	<b>18,887</b>

**4. SEGMENT INFORMATION** (continued)  
**(b) Business segment** (continued)

Cosmetics products and beauty services	美容產品及美容服務
Investment properties	投資物業

**5. TURNOVER**

Turnover represents the net invoiced value of goods sold or services rendered after allowances for returns and discounts, net of consumption tax.

An analysis of turnover by major categories is as follows:

Sales of goods	產品銷售
Service income	服務收入
Entrustment fee income	委託經營收益

**4. 分部資料** (續)  
**(b) 業務分部** (續)

**Segment Assets**  
**分部資產**

At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
714,911	726,200
161,576	159,653
<b>876,487</b>	<b>885,853</b>

**5. 營業額**

營業額指銷售貨品或提供服務的發票淨值(已扣除退貨、折扣及消費稅)。

以下為按主要類別劃分的營業額分析:

**For the six months  
ended 30 June  
截至六月三十日止六個月**

2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
152,967	151,447
8,363	9,109
2,295	2,504
<b>163,625</b>	<b>163,060</b>

## 6. PROFIT BEFORE TAXATION

Profit before taxation in the condensed consolidated income statement was determined after crediting and charging the following items:

## 6. 除稅前溢利

簡明綜合收益表內的除稅前溢利已計入及扣除下列各項：

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
Crediting:	計入：		
Interest income on bank deposits	銀行存款利息收益	1,653	1,580
Realized gain on disposal of short-term investments	出售短期投資之已變現收益	1,224	671
Charging:	扣除：		
Net loss on disposals of property, plant and equipment	出售不動產、廠場及設備之淨虧損	542	4,014
Staff costs, excluding directors' emoluments	員工成本(不包括董事酬金)		
– Salaries and wages	– 薪金及工資	27,356	29,439
– Pension costs	– 退休金成本		
– PRC	– 中國大陸	1,964	1,912
– Taiwan	– 台灣	1,032	780
– Hong Kong and other regions	– 香港及其他地區	62	147
Directors' emoluments (salaries and allowances)*	董事酬金(薪金及津貼)*	586	481
Depreciation of property, plant and equipment	不動產、廠場及設備之折舊	9,731	12,179
Provision for write-down of inventory	存貨撇減撥備	682	2,285
Provision for doubtful debts	呆賬撥備	69	1,414
Operating lease expense on land and buildings	土地及樓宇之經營租賃開支	7,132	4,169
Research and development costs	研發成本	1,411	873
Amortization of other long-term assets	其他長期資產攤銷	329	454
Impairment loss on goodwill	商譽減值虧損	–	3,126

\* Included in directors' remuneration were fees of HK\$44,000 (2005: HK\$44,000), paid to independent non-executive directors during the report period.

\* 董事酬金中包括於報告期內付予獨立非執行董事之袍金44,000港元(二零零五年: 44,000港元)。

## 7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided, as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2006 (2005: Nil).

Taxation in overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries/places in which the Group operates.

## 7. 所得稅開支

由於本集團於截至二零零六年六月三十日止六個月於香港並無應課稅溢利（二零零五年：無），故並無提撥香港利得稅。

海外溢利之稅項已就期內之估計應課稅溢利按本集團經營所在國家／地點通行之稅率計算。

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
Group:	本集團：		
Overseas taxation	海外稅項	25,851	18,804
Deferred taxation	遞延稅項	(2,446)	(1,619)
Taxation for the period	期內稅項	<u>23,405</u>	<u>17,185</u>

## 8. DIVIDENDS

2005 Interim, paid, of 0.90 HK cents per ordinary share	二零零五年已派付之中期股利每股普通股0.90港仙	-	18,000
2005 Special, paid, of 0.40 HK cents per ordinary share	二零零五年已派付之特別股利每股普通股0.40港仙	-	8,000
2006 Interim, proposed, of 1.40 HK cents per ordinary share	二零零六年擬派之中期股利每股普通股1.40港仙	<b>28,000</b>	-
2006 Special, proposed, of 0.60 HK cents per ordinary share	二零零六年擬派之特別股利每股普通股0.60港仙	<b>12,000</b>	-
		<b>40,000</b>	<b>26,000</b>

The directors proposed an interim dividend of 1.40 HK cents per share and a special dividend of 0.60 HK cents per share. These proposed dividends have not been recognised as a liability at the balance sheet date.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to equity shareholders of the Company of HK\$49,584,000 for the six months ended 30 June 2006 (2005: HK\$32,791,000) divided by the number of 2,000,000,000 ordinary shares (2005: 2,000,000,000) in issue during the period.

No diluted earnings per share is presented, as the Company has no dilutive ordinary potential shares in issue.

## 8. 股利

For the six months  
ended 30 June  
截至六月三十日止六個月

2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
-	18,000
-	8,000
<b>28,000</b>	-
<b>12,000</b>	-
<b>40,000</b>	<b>26,000</b>

董事擬派中期股利每股1.40港仙及特別股利每股0.60港仙。於結算日，此擬派股利並無確認為負債。

## 9. 每股盈利

每股基本盈利乃根據本集團截至二零零六年六月三十日止六個月之未經審核本公司股東應佔溢利49,584,000港元(二零零五年: 32,791,000港元)除期內已發行普通股數目2,000,000,000股(二零零五年: 2,000,000,000股)計算。

由於本公司並無已發行具潛在攤薄影響的普通股份，故並無呈列每股攤薄盈利。

## 10. CAPITAL EXPENDITURE

## 10. 資本支出

For the six months ended 30 June 2006

截至二零零六年六月三十日止六個月

		Property, plant and equipment	Investment properties	Prepaid lease payments	Intangible assets	Goodwill	Total
		不動產、廠場 及設備	投資物業	自用土地 租賃款	無形資產	商譽	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Opening net book amount (audited)	期初賬面淨值 (經審核)	178,725	159,653	9,275	927	13,898	362,478
Addition	增添	3,848	-	-	-	-	3,848
Disposal	出售	(541)	-	-	-	-	(541)
Release of prepaid lease payments	撥回自用土地 租賃款	-	-	(118)	-	-	(118)
Depreciation/amortisation charge	折舊/攤銷費用	(9,731)	-	-	(328)	-	(10,059)
Currency realignment	匯率折算差額	1,900	1,923	93	7	95	4,018
Closing net book amount (unaudited)	期終賬面淨值 (未經審核)	174,201	161,576	9,250	606	13,993	359,626

10. CAPITAL EXPENDITURE (continued)

10. 資本支出 (續)

For the six months ended 30 June 2006

截至二零零六年六月三十日止六個月

		Property, plant and equipment	Investment properties	Prepaid lease payments	Intangible assets	Goodwill	Total
		不動產、廠場 及設備	投資物業	自用土地 租賃款	無形資產	商譽	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Opening net book amount (audited) (restated)	期初賬面淨值 (經審核)(重列)	192,956	160,459	9,511	2,137	16,801	381,864
Addition	增添	18,887	-	-	-	-	18,887
Disposal	出售	(4,907)	-	-	-	-	(4,907)
Impairment charge for the period	期內減值開支	-	-	-	-	(3,126)	(3,126)
Release of prepaid lease payment	撥回自用土地 租賃款	-	-	(118)	-	-	(118)
Depreciation/amortisation charge	折舊/攤銷費用	(12,179)	-	-	(454)	-	(12,633)
Reclassification	重新分類	324	-	-	(324)	-	-
Currency realignment	匯率折算差額	510	1,488	-	(1)	1	1,998
		<u>195,591</u>	<u>161,947</u>	<u>9,393</u>	<u>1,358</u>	<u>13,676</u>	<u>381,965</u>
Closing net book amount (unaudited)	期終賬面淨值 (未經審核)	195,591	161,947	9,393	1,358	13,676	381,965



## 11. TRADE AND OTHER RECEIVABLES

Trade receivables	貿易應收賬款
Prepayments and deposits	預付款項及押金
Financial refunds receivable	應收財務退款
Other receivables	其他應收賬款
Total trade and other receivables	貿易及其他應收賬款總額

The Group allows a credit period ranging from one to six months to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

Within 180 days	180日內
181 days to 365 days	181日至365日
1 to 2 years	1至2年
Over 2 years	2年以上

The fair value of the Group's trade and other receivables at 30 June 2006 was approximate to the corresponding carrying amount.

## 11. 貿易及其他應收賬款

<b>At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元</b>
<b>61,233</b>	77,891
<b>11,315</b>	14,760
<b>16,804</b>	19,206
<b>28,039</b>	29,372
<hr/> <b>117,391</b> <hr/>	<hr/> 141,229 <hr/>

本集團給予其貿易客戶一至六個月之信貸期。於結算日之貿易應收賬款賬齡分析如下：

<b>At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元</b>
<b>50,913</b>	71,956
<b>7,814</b>	5,022
<b>2,139</b>	307
<b>367</b>	606
<hr/> <b>61,233</b> <hr/>	<hr/> 77,891 <hr/>

本集團貿易及其他應收賬款於二零零六年六月三十日之公平值與其相應賬面值相若。

## 12. TRADE AND OTHER PAYABLES

Trade payables	貿易應付賬款
Deposits from customers	客戶押金
Other tax payables	其他應付稅項
Other payables	其他應付賬款
Total trade and other payables	貿易及其他應付賬款總額

The following is an aged analysis of trade payables at the balance sheet date:

Within 180 days	180日內
181 days to 365 days	181日至365日
1 to 2 years	1至2年
Over 2 years	2年以上

The fair value of the Group's trade and other payables at 30 June 2006 was approximate to the corresponding amount.

## 12. 貿易及其他應付賬款

<b>At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元</b>
<b>14,216</b>	16,593
<b>17,525</b>	16,088
<b>8,463</b>	15,785
<b>18,528</b>	33,575
<hr/> <b>58,732</b> <hr/>	<hr/> 82,041 <hr/>

於結算日之貿易應付賬款賬齡分析如下：

<b>At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元</b>
<b>13,961</b>	15,949
—	500
<b>214</b>	—
<b>41</b>	144
<hr/> <b>14,216</b> <hr/>	<hr/> 16,593 <hr/>

本集團貿易及其他應付賬款於二零零六年六月三十日之公平值與其相應賬面值相若。

### 13. RETIREMENT BENEFIT OBLIGATION

### 13. 退休金責任

		<b>At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元</b>
Obligations on:	責任:		
- defined contribution plans	- 定額供款計劃	-	-
- defined benefits plans	- 定額福利計劃	<b>11,378</b>	10,890
		<b>11,378</b>	10,890

Movement in the liability recognised in the balance sheet:

於資產負債表確認之負債變動如下:

		<b>For the six months ended 30 June 2006 截至 二零零六年 六月三十日 止六個月 (unaudited) (未經審核) HK\$'000 千港元</b>	<b>For the year ended 31 December 2005 截至 二零零五年 十二月三十一日 止年度 (audited) (經審核) HK\$'000 千港元</b>
Accrued retirement benefit obligations, beginning	期初應計退休責任	<b>10,890</b>	10,165
Total expense (Note)	總支出(附註)	<b>1,032</b>	944
Contributions paid	已付供款	<b>(648)</b>	(671)
Currency realignments	匯率折算差額	<b>104</b>	452
Accrued retirement benefit obligations, ending	期末應計退休責任	<b>11,378</b>	10,890

**13. RETIREMENT BENEFIT OBLIGATION (continued)**

*Note:* Actuarial valuation of the pension plan is performed by a qualified actuary annually. Last actuarial valuation was made as at 31 December 2005. The amount charged for the period was based on the projected pension cost per last actuarial report for the forecoming year on a straight line basis.

**14. SHARE CAPITAL**

Authorised:	法定:
- 4,000,000,000 ordinary shares of HK\$0.10 each	- 4,000,000,000股 每股面值0.10港元 普通股
Issued and fully paid:	已發行及繳足股款:
- 2,000,000,000 ordinary shares of HK\$0.10 each	- 2,000,000,000股 每股面值0.10港元 普通股

**13. 退休金責任 (續)**

*附註:* 退休金計劃每年由合資格精算師進行精算估值。上一次精算估值於二零零五年十二月三十一日作出。本期間所扣除金額乃根據上一次精算報告所示預計退休金成本按直線法計算。

**14. 股本**

Nominal value 面值	
At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
<b>400,000</b>	400,000
<b>200,000</b>	200,000

**15. NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

Reconciliation of operating profit before working capital changes to net cash generated from operations.

**15. 簡明綜合現金流量表附註**

營運資金變動前之經營溢利與營業所得現金流入淨額對賬。

		<b>For the six months ended 30 June</b>	
		截至六月三十日止六個月	
		<b>2006</b>	2005
		二零零六年 <b>(unaudited)</b> (未經審核)	二零零五年 (unaudited) (未經審核)
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Operating profit before working capital changes	營運資金變動前之經營溢利	<b>80,807</b>	66,895
Increase in inventories	存貨增加	<b>(7,252)</b>	(212)
Decrease in trade and other receivables	貿易及其他應收賬款減少	<b>23,769</b>	15,144
(Decrease)/increase in trade, other payables, and deferred income	貿易、其他應付賬款及遞延收益(減少)/增加	<b>(23,157)</b>	7,074
Increase in retirement benefit obligations	應計退休責任增加	<b>488</b>	720
Cash generated from operations	經營業務之現金流入	<b>74,655</b>	89,621

## 16. CONNECTED AND RELATED PARTY TRANSACTIONS

During the period, the Group had significant transactions with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. The significant transactions with these parties during the period are as follows:

Rental income	租金收入
Rental expenses	租金開支
Purchase of finished goods from related companies	向有關連公司購入製成品

The rental transactions were carried out in accordance with terms determined and agreed by both parties.

The purchase transactions were carried out at cost plus a percentage profit mark-up.

## 16. 關連及有關連人士交易

期內，本集團與有關連人士進行重大交易，部分有關連人士根據上市規則被視作關連人士。與該等人士於期內進行之重大交易詳情如下：

### For the six months ended 30 June

截至六月三十日止六個月

2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
<b>480</b>	480
<b>101</b>	104
<b>1,238</b>	1,331

租金交易乃根據訂約雙方釐定及同意之條款進行。

有關採購交易乃按成本加提價百分比計算。

**16. CONNECTED AND RELATED PARTY TRANSACTIONS** (continued)

The group has entered into agreements with the minority shareholders of Shanghai Natural Beauty Sanlian Cosmetics Company Limited (“NB Sanlian”) and Shanghai Natural Beauty Qingbo Cosmetics Company Limited (“NB Qingbo”) to the effect that each of these minority shareholders receive a fixed amount per annum and the group is entitled to/responsible for the entire profits/losses of the relevant subsidiaries for the whole duration of the operating periods of the subsidiaries. The fixed amounts paid/payable to these minority shareholders of the subsidiaries as set out below are recognised as minority interests in the consolidated income statement.

Name		Fixed amount per annum	Commencement date
名稱		每年定額款項	開始日期
		RMB'000	
		人民幣千元	
NB Sanlian	自然美三聯	200	20 December 2001 二零零一年十二月二十日
NB Qingbo	自然美清波	125	30 September 2002 二零零二年九月三十日

The remaining 10% equity interests in NB Sanlian and NB Qingbo held by the minority shareholder were acquired by a subsidiary of the Company during the period at the nominal value of the respective portion of the registered capital. NB Sanlian and NB Qingbo are now wholly-owned subsidiaries of the Company, and the fixed payment is no longer payable.

**16. 關連及有關連人士交易 (續)**

本集團與上海自然美三聯化粧品有限公司(「自然美三聯」)及上海自然美清波化粧品有限公司(「自然美清波」)之少數股東訂立協議，根據該等協議，該等少數股東每年收取定額款項，而於有關附屬公司整個營業期間，本集團有權收取／須負責附屬公司全部溢利／虧損。下列已付予／應付予該等附屬公司少數股東之定額款項於綜合收益表確認為少數股東權益。

少數股東所持餘下10%自然美三聯及自然美清波股本權益已於期內按有關註冊資本部分面值獲本公司一家附屬公司收購。自然美三聯及自然美清波現為本公司全資附屬公司及不再需要支付定額款項。

## 17. OPERATING LEASES

### The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)
Over five years	超過五年

## 17. 經營租約

### 本集團作為承租人

於結算日，本集團根據不可撤銷經營租約就於下列到期日繳付之最低租金承擔如下：

At 30 June 2006 二零零六年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
6,743	9,489
11,160	16,235
215	561
<b>18,118</b>	<b>26,285</b>



## 17. OPERATING LEASES (continued)

### The Group as lessee (continued)

Operating lease payments represent rentals payable by the Group for certain of its leased properties. Leases are negotiated and rentals are fixed for an average term of five years. In addition, the Group's PRC subsidiaries have commitments to make rental payments at a percentage of turnover for certain leased properties.

### The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)

## 17. 經營租約 (續)

### 本集團作為承租人 (續)

經營租約承擔即本集團就若干租賃物業支付之款項。租期經磋商而租金按平均五年訂定。此外，本集團中國附屬公司須按若干租賃物業營業額若干百分比支付租金。

### 本集團作為出租人

於結算日，本集團與租戶所訂合約之未來最低租金付款如下：

At 30 June 2006 二零零六年 六月 三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月 三十一日 (audited) (經審核) HK\$'000 千港元
5,489	5,647
5,005	6,346
<b>10,494</b>	<b>11,993</b>

## 18. CAPITAL COMMITMENTS

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements

就收購不動產、  
廠場及設備之  
已訂約但未於  
財務報表撥備之  
資本開支

## 19. SUBSEQUENT EVENTS

There was no significant subsequent events at 30 June 2006.

## 18. 資本承擔

At 30 June 2006 二零零六年 六月 三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2005 二零零五年 十二月 三十一日 (audited) (經審核) HK\$'000 千港元
<b>2,944</b>	<b>2,972</b>

## 19. 結算日後事項

於二零零六年六月三十日，並無任何重大結算日後事項。

## 公司資料

### 董事會

蔡燕玉博士

(又名蔡燕萍博士)(主席)

李明達先生

蘇建誠先生

蘇詩琇博士

葉良輝先生

(獨立非執行董事)

陳謝淑珍女士

(獨立非執行董事)

譚清先生

(獨立非執行董事)

### 法定代表

李明達先生

蘇建誠先生

### 公司秘書

陳仁君先生 CPA, FCCA

### 審核委員會成員

葉良輝先生

陳謝淑珍女士

譚清先生

### 薪酬委員會成員

葉良輝先生

陳謝淑珍女士

譚清先生

### 註冊辦事處

P.O. Box 309

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George Town

Grand Cayman

Cayman Islands

British West Indies

### 總辦事處及香港主要營業地點

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中環干諾道中30-32號

莊士大廈17樓

### 核數師

德勤•關黃陳方會計師行

執業會計師

香港

金鐘道88號

太古廣場一座35樓

### 法律顧問

夏佳理方和吳正和律師事務所

與金杜律師事務所(中國大陸律師)聯營

香港

中環

和記大廈908室

### 主要往來銀行

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台北

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