



2011 Interim Results
August 2011

Agenda

- ◆ Introduction
- ◆ Financial Summary
- ◆ Retailing Overview
- ◆ Marketing Strategy
- ◆ Operations Review
- ◆ Open Forum



Financial Summary

Summarized Results in 1H2011

- ◆ Turnover increased by 25.6% to HK\$288.5 million
- ◆ Net profit surged by 280.9% to HK\$60.4 million
- ◆ Gross margin maintain at a high level of 78%
- ◆ Net cash increased slightly to HK\$577.1 million with no borrowing despite dividend paid out of HK\$90 million during the first six months
- ◆ Interim dividend of HK\$0.035 per share (Div. payout at 115.9%), same as 1H2010

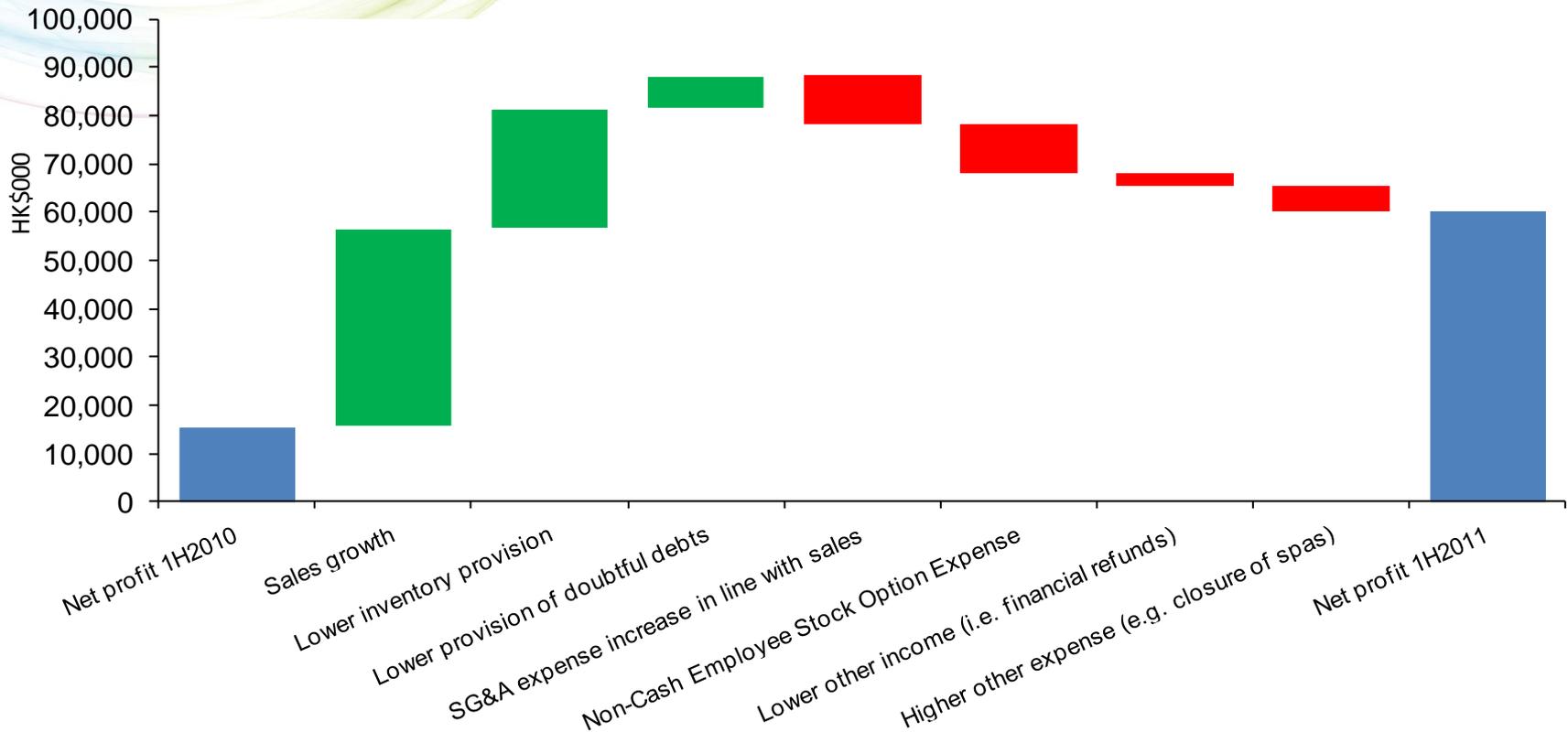
Financial Summary

For six months ended

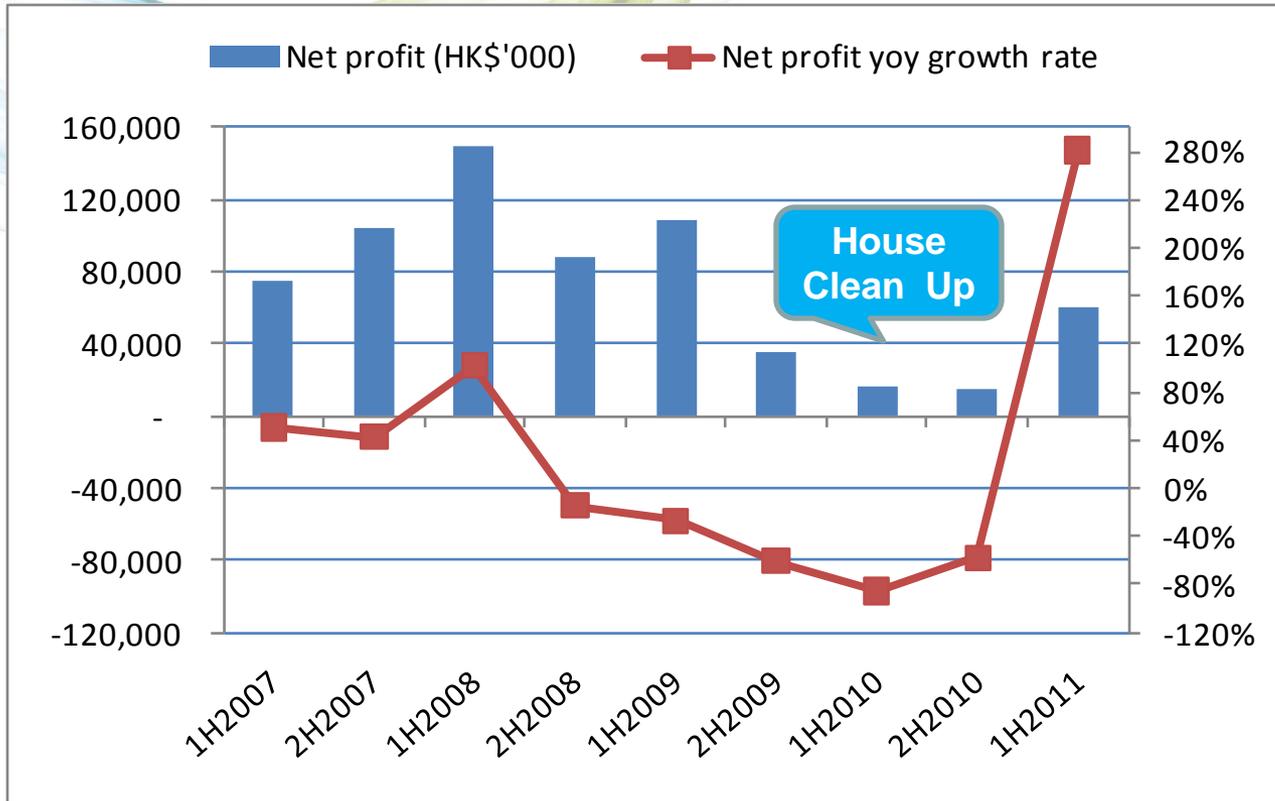
HK\$ Million	30 June,		Chg %
	2010	2011	
Turnover	229.6	288.5	25.6%
Gross profit	159.4	224.4	40.8%
Profit before tax	36.6	80.1	119.0%
Net profit	15.8	60.4	280.9%
Dividend per share (HK cents)			
- Interim (HK cents)	3.50	3.50	0.0%
Dividend payout (%)	440.7	115.9	-324.8
Basic EPS (HK cents)	0.79	3.02	280.2%

Waterfall Chart – Change in net profit

1H2010 NET PROFIT to 1H2011 NET PROFIT

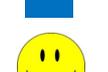


Net Profit Changes



- ◆ Net profit growth momentum restored.

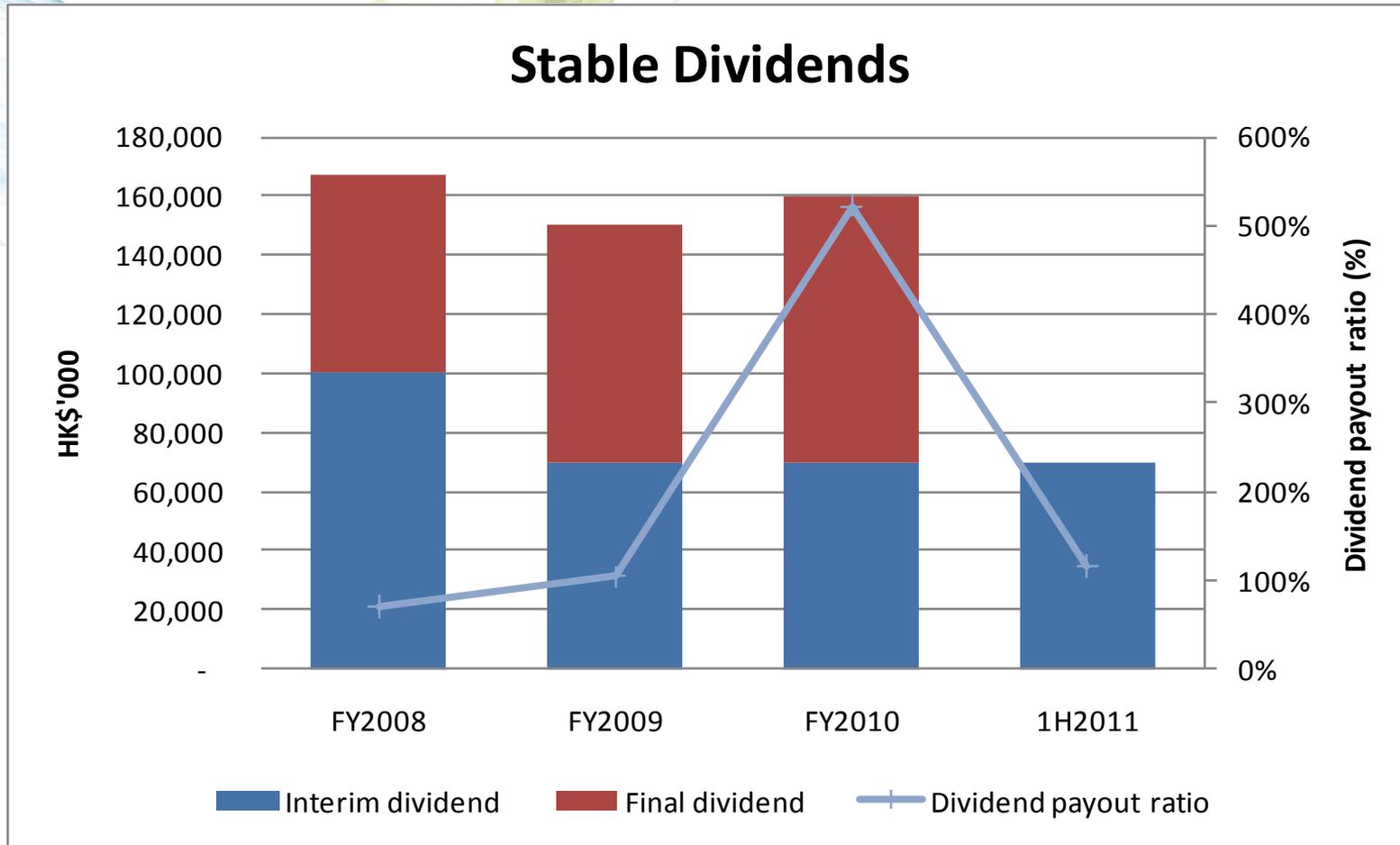
Key Ratios

	For year ended 31 December, 2010	For six months ended 30 June, 2011	Chg	Good / Improv't
A/R days *	14 days	14 days	-	
A/P days *	37 days	52 days	15 days	
Inventory turnover days *	131 days	111 days	-20 days	
ROE * (%)	4.0	15.5	11.5 pts	
ROA * (%)	3.3	12.8	9.5 pts	
Cash (HK\$ million)	575.5	577.1	0.3%	
Gearing Ratio	Net cash	Net cash	N/A	
Dividend payout (%)	511.7	115.9	-395.8 pts	
Basic EPS (HK cents)	1.56	3.02	93.0%	

* Annualised for comparison purpose.

Cash represents 61.0% of total assets as of 30 June 2011.

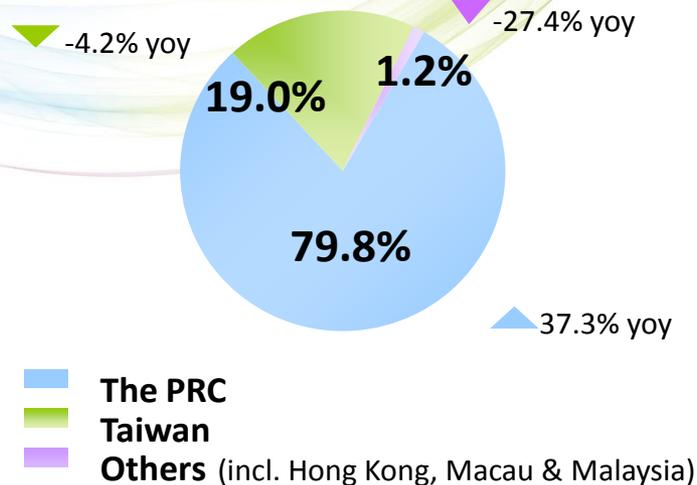
Stable Dividends and High Dividend Payout History



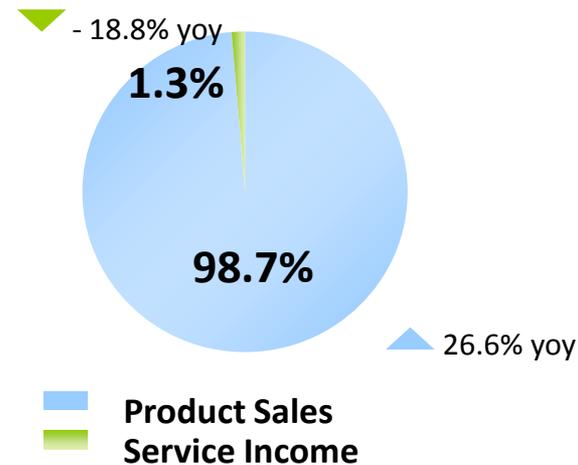
- ◆ Historic dividend payout ratio >70%

Turnover Analysis for 1H2011

By Region



By Products / Service



Geographical Revenue Breakdown

Expressed in HK\$'000	1H2011	%	1H2010	%	Variance	Var (%)
PRC	230,278	80%	167,730	73%	62,548	37.3%
Taiwan	54,828	19%	57,229	25%	(2,402)	-4.2%
Others	3,370	1%	4,646	2%	(1,275)	-27.4%
Total	288,476	100%	229,605	100%	58,871	25.6%

Revenue By Type Breakdown

Expressed in HK\$'000	1H2011	%	1H2010	%	Variance	Var (%)
Product sales	284,681	99%	224,889	98%	59,792	26.6%
Services	3,795	1%	4,674	2%	(878)	-18.8%
Entrustment	0	0%	42	0%	(43)	-102.4%
Total	288,476	100%	229,605	100%	58,871	25.6%

Distribution Network in Greater China

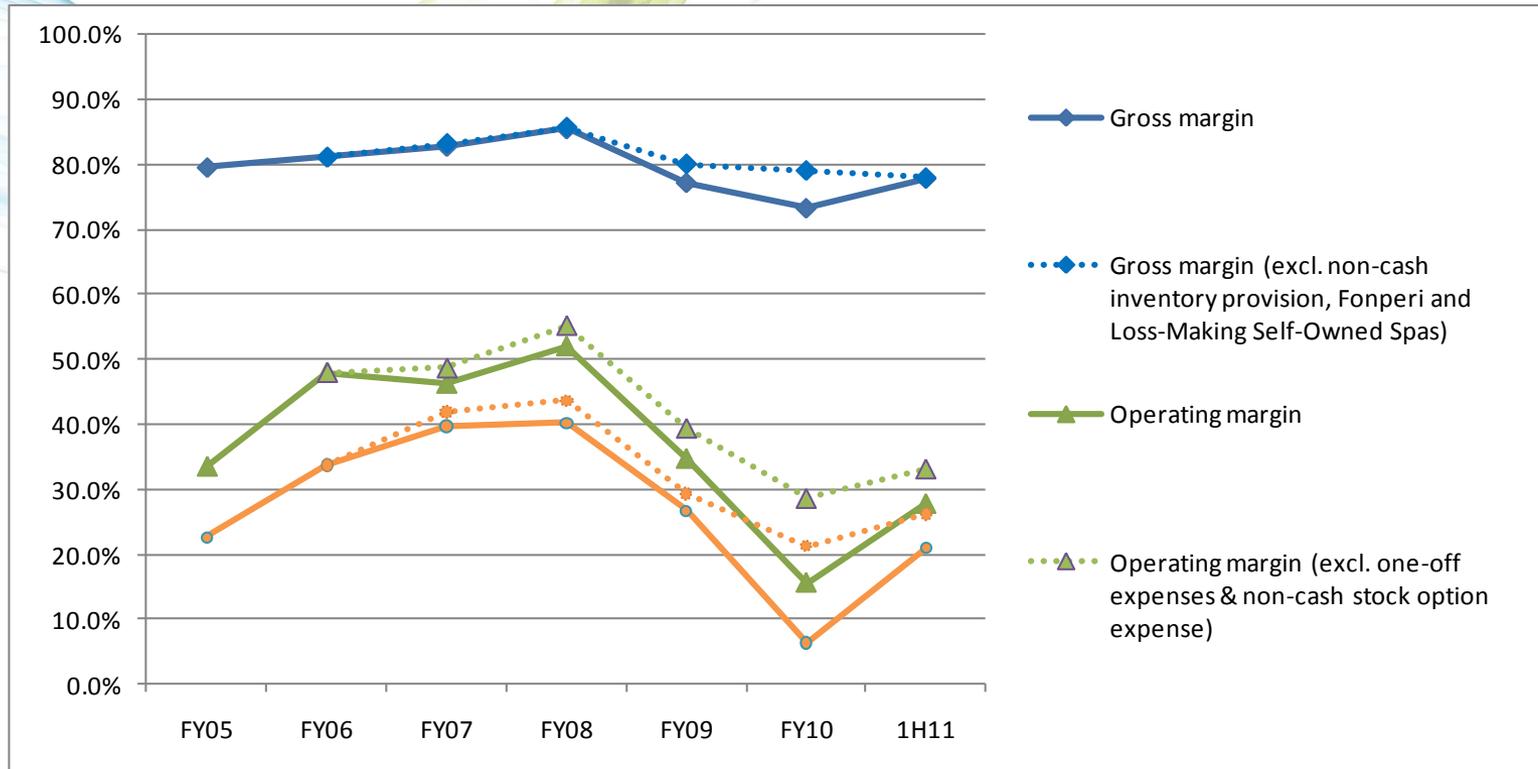
As at 30 June 2011		Total	Franchisee owned Spas	Entrusted Counters	Self- owned Spas	Self- owned Counters
The PRC		1,132	1,079	18	2	33
Taiwan		352	347	-	5	-
Others	HK		1	-	-	-
	Macau	34	-	-	1	-
	Malaysia		32	-	-	-
Total		1,518	1,459	18	8	33

Average Sales Per Store

- The Group's average sales per store grew by 36.4% to HK195,000 in 1H2011, mainly attributable to:
 - Higher sales productivity of new concept stores
 - Increase in product sales with stronger marketing programs
- Average store sales in PRC surged by 44.4% yoy
- Average store sales in Taiwan up by 9.9% yoy

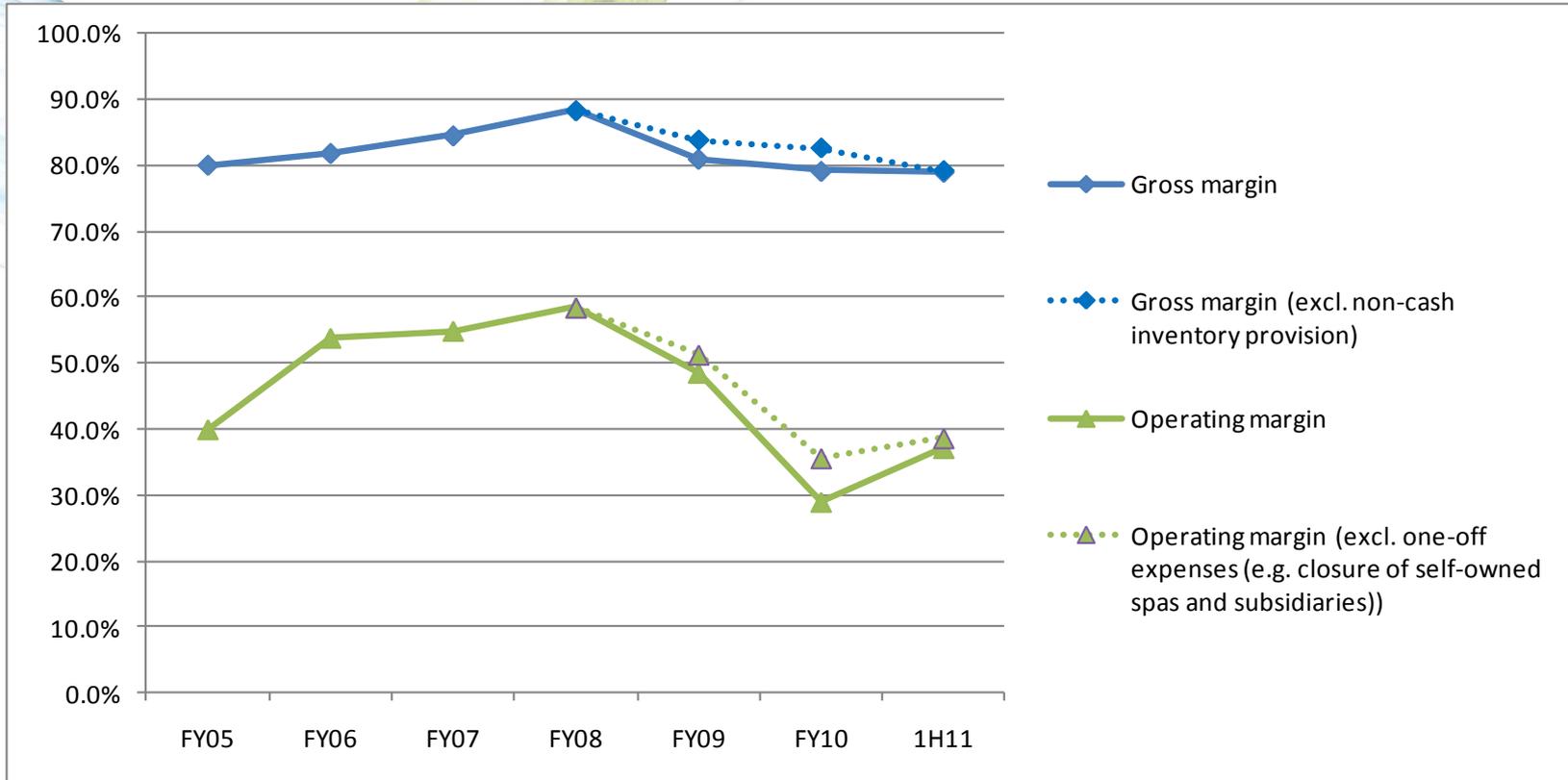
Average Sales Per Store			
(HK\$)	1H2010	1H2011	Chg (%)
PRC	144,000	208,000	44.4%
Taiwan	141,000	155,000	9.9%
Group	143,000	195,000	36.4%

Group Profitability



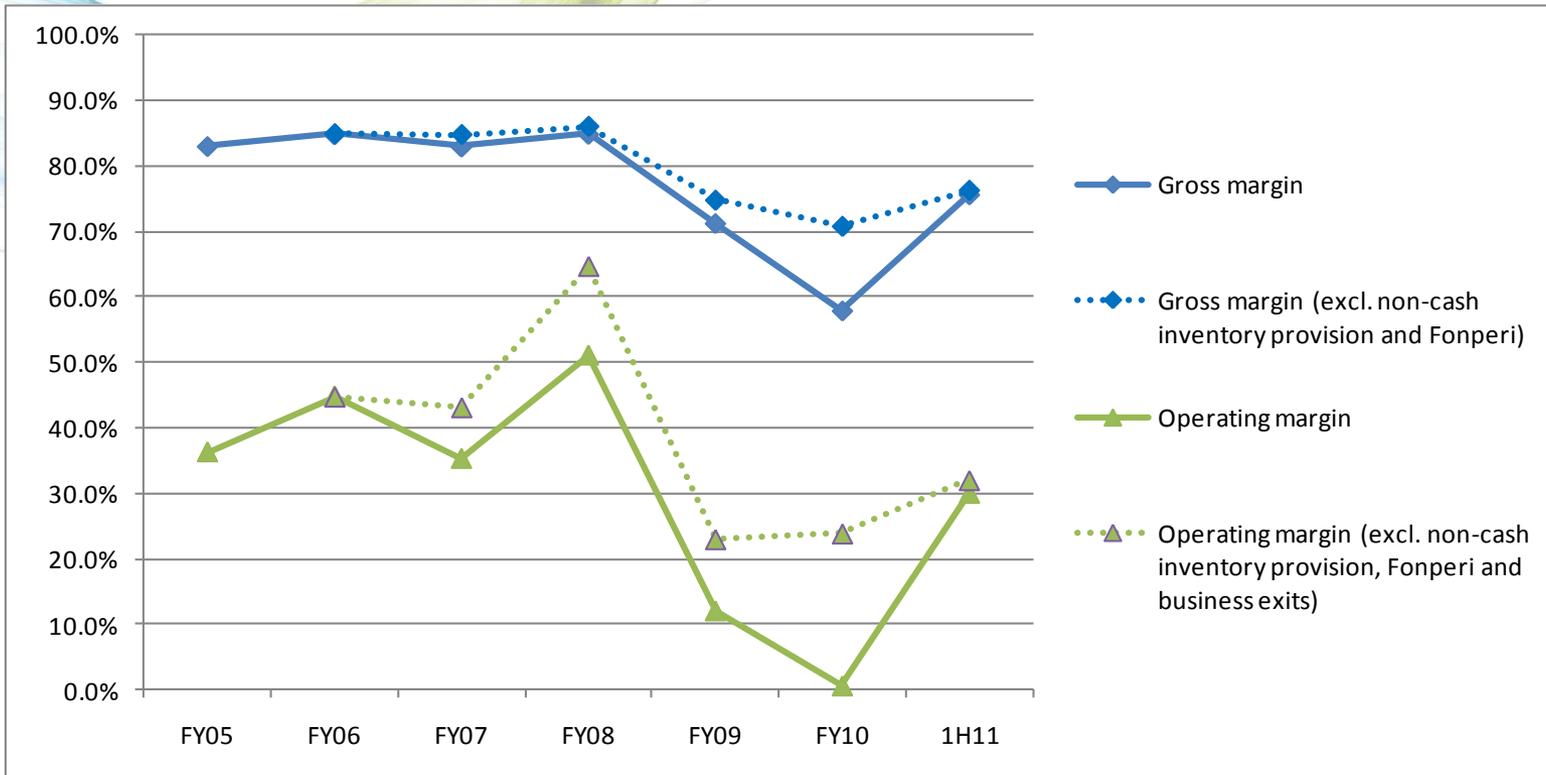
- ◆ Group gross margin stood at 78% despite high inflation & higher labor costs
- ◆ Improving operating margin mainly due to:
 - Strong sales in PRC as a result of increase in New Concept Store (NCS)

PRC Profitability



- ◆ PRC gross margin stood at 79% despite high inflation & higher labor costs
- ◆ Improving operating margin mainly due to:
 - Strong sales in PRC as a result of increase in New Concept Store (NCS)

Taiwan Profitability



- ◆ Taiwan gross margin improved to 76% due to product mix
- ◆ Operating margin improved due to business exits of loss-making business in 2010



Retailing Overview

New Concept Store Development

1st May, 2010

- NCS Pilot Test in Xian

Aug, 2010

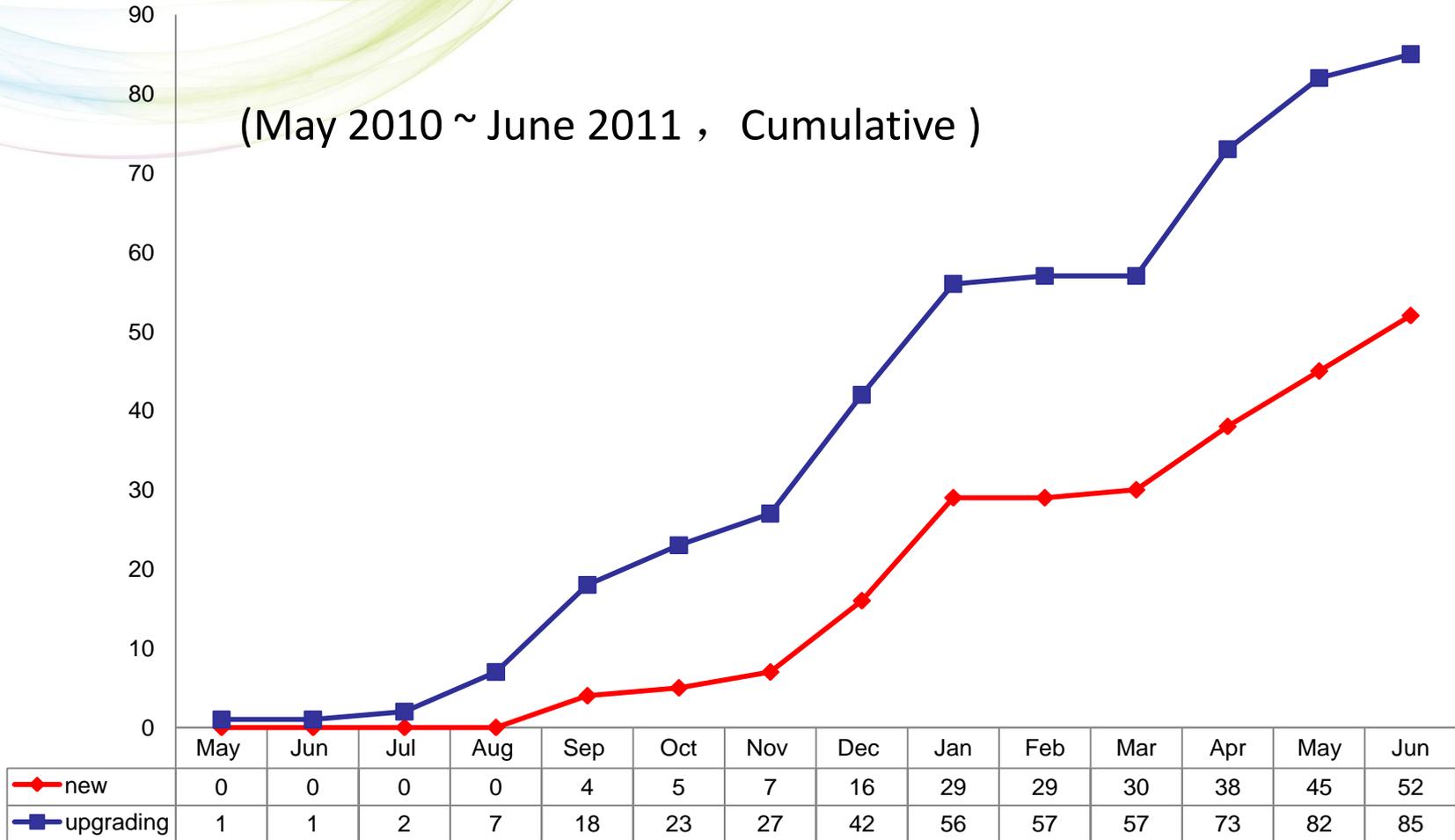
- Rolled out NCS in China

30th June, 2011

- 137 NCS opened in China
 - 85 Upgrade
 - 52 New

New Concept Store Development

(May 2010 ~ June 2011 , Cumulative)



NCS Upgrade (Sell-in)

(RMB)

45,000,000

(May 2010 ~ June 2011)

40,000,000

35,000,000

30,000,000

25,000,000

20,000,000

15,000,000

10,000,000

5,000,000

0

May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Total

■ LY ■ TY ▲ % total franchisee sales

(+/-%)

20%

18%

16%

14%

12%

10%

8%

6%

4%

2%

0%

45%

280% 0% 0% 1% 2% 277%

122% 32% 4% 6% 9% 13% 14%

53% 14% 11% 14%

58% 67%

16% 108%

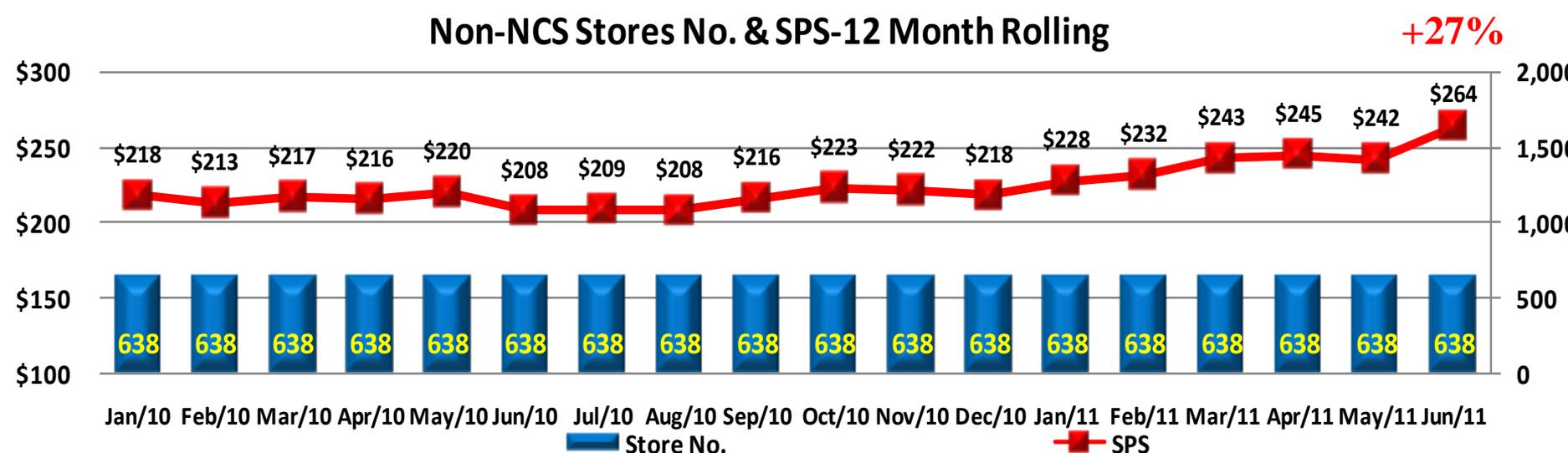
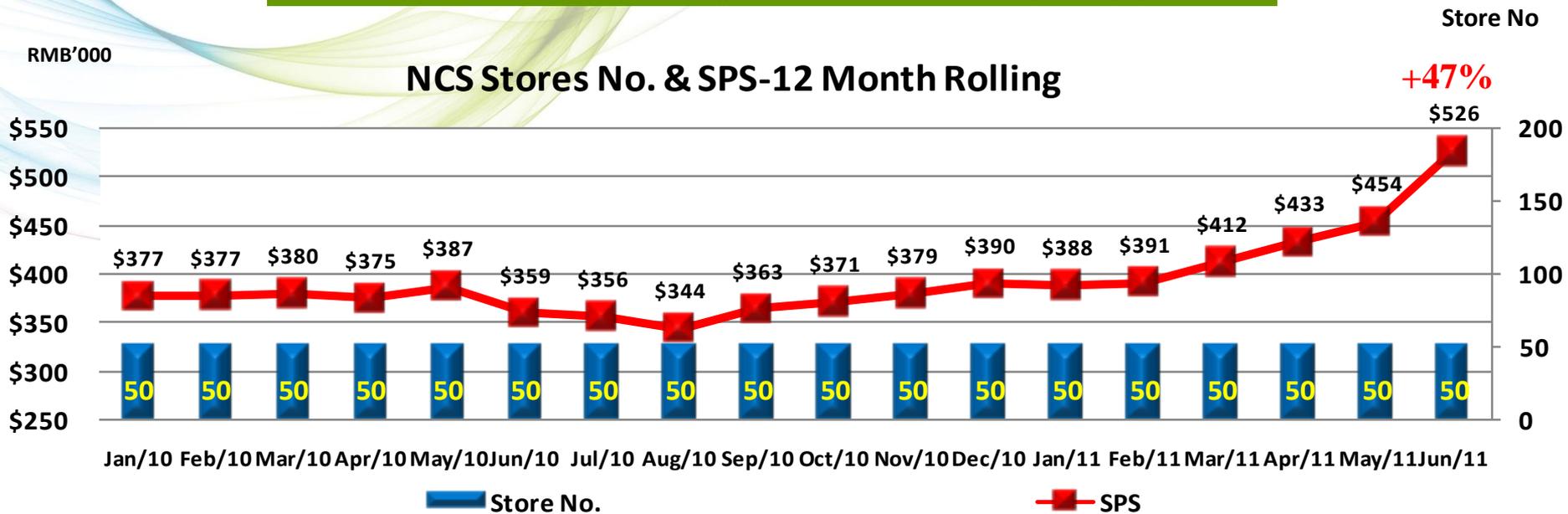
14%

May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

Store No. 1 1 2 7 18 23 27 42 56 57 57 73 82 85

Channel Sales Performance

(12-month Rolling Sales per Store (PRC))



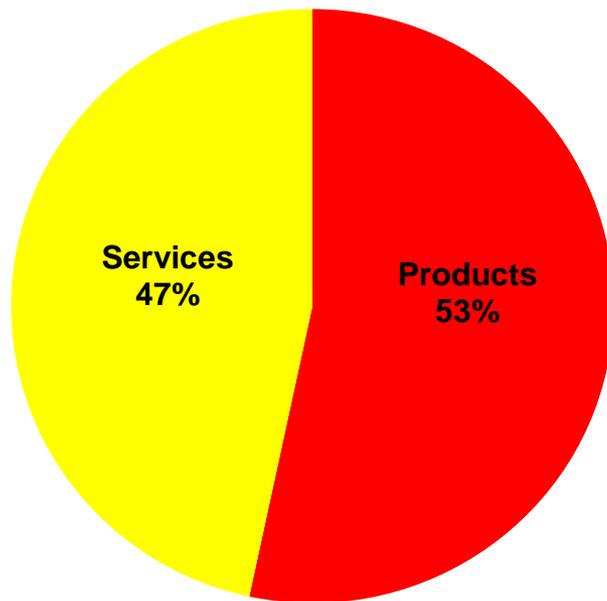
Carrefour Highlights

- NB obtained Exclusive right to open SPA retail outlet at Carrefour
- Total 15 NCS stores opened at Carrefour (Tier 1 & 2 cities)
- Stores located at Old Carrefour Shopping Mall outperform than newly opened location
- Higher sales of NCS located at Commercial than Residential area

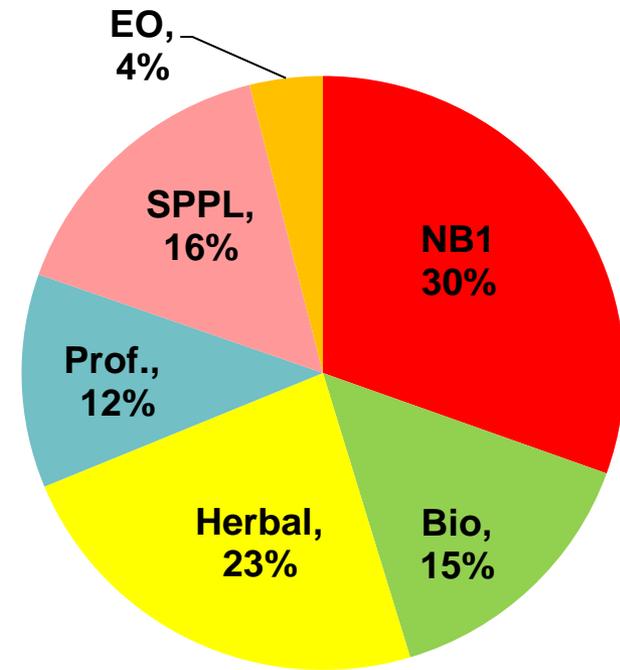
Carrefour Highlights

- Product sales is slightly higher than non-Carrefour franchisee
- Less sales in NB1 than national average. However, Supplement is more than double than national average which matched with mass merchant channel characteristic.

Sell-thru Mix



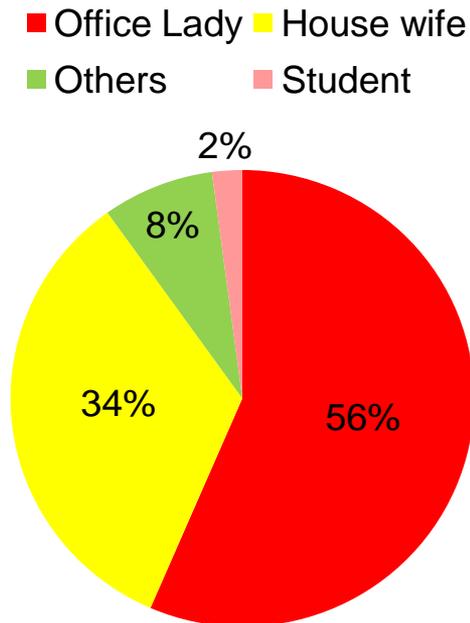
Product Mix



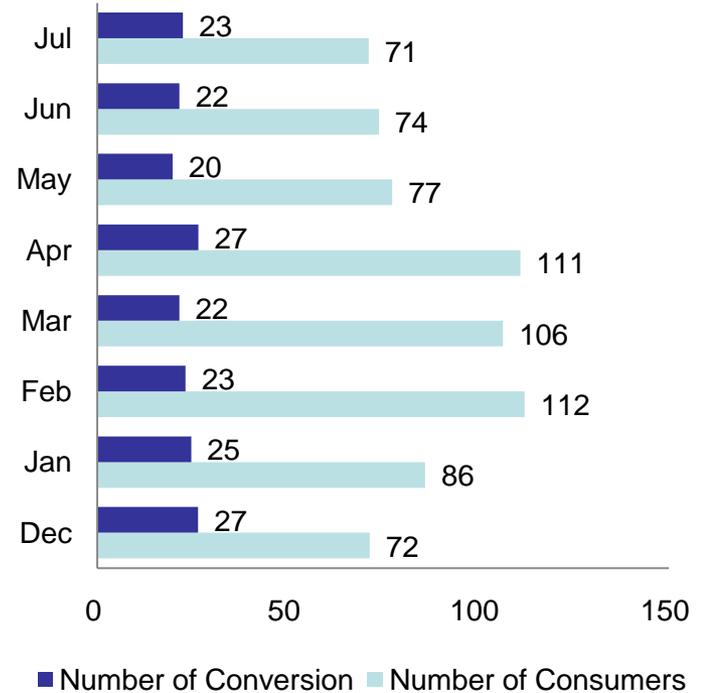
Carrefour Highlights

- Targeted consumer profile – Office Lady & House Wife (90%)
- High store traffic: 83 / store / month
- High conversion rate @27% average

Consumer Profile



Store Traffic & Conversion



Franchisee Recruiting Exhibition

Franchise Recruiting Exhibition

- Received 3 trade awards for “2011 Top 10 Most Attractive New Business Investment Awards” , with strong publicity online
 - # of visitors -- 1000+
 - # Leads / WIP -- 109



Franchisee Recruiting Exhibition

11th International Franchise Expo (Beijing)
第11届北京国际特许加盟连锁与中小型创业项目展览会

Award: Top 10 Most Attractive Investment
2011 十大最具吸引力创业投资项目奖



Franchisee Recruiting Exhibition

13th National Franchise Expo (Shenyang)
第13届 全国特许连锁加盟创业(沈阳)展览会

Award: Best Beauty Franchise Network 2011
2011年最值得加盟美容连锁网络



Franchisee Recruiting Exhibition

16th International Beauty Products Exhibition (Shanghai)
第16届中国国际美容化妆洗涤用品博览会

Award: Best Beauty Franchise Network 2011
2011年最值得加盟美容连锁网络

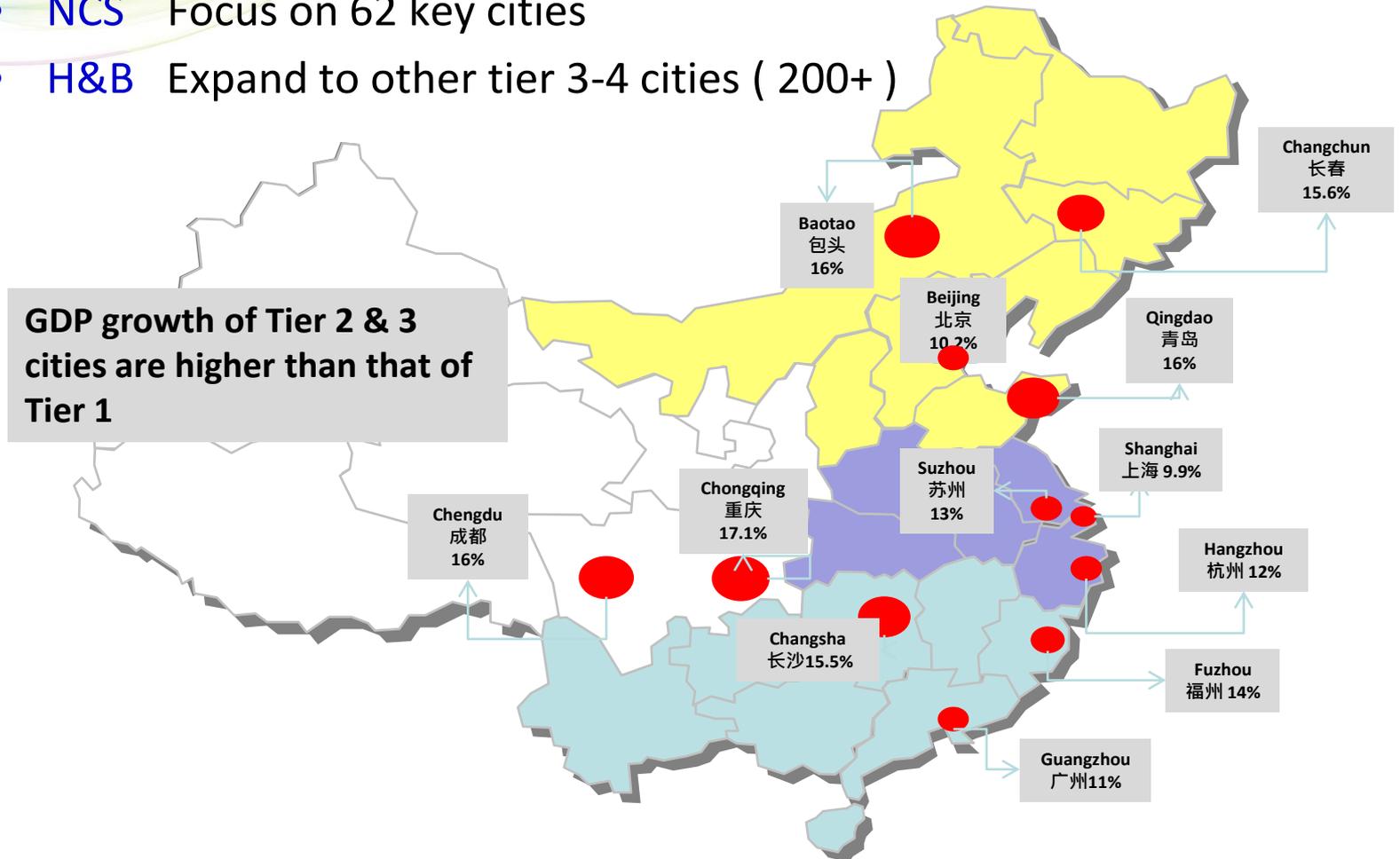


Retail Outlook

- Two tier Strategy - **NCS + Seeding Program**

- **NCS** Focus on 62 key cities
- **H&B** Expand to other tier 3-4 cities (200+)

GDP growth of Tier 2 & 3 cities are higher than that of Tier 1



Retail Outlook

- New Concept Store (NCS)
 - Upgrade from existing: Over 100 NCS
 - Cumulatively over 250 NCS by end of 2011
 - Continue NCS expansion in Carrefour Shopping Mall
- Net Store increase: 100
- Enhance new franchisee recruiting program
- Further enhance technical and retail management training program on NCS



Marketing Strategy

2011 Strategic Imperatives

Building Blocks and 1H Achievements

Re-define Marketing Mix

- **Portfolio and consumer segmentation to improve brand health**
 - NB-1: premium price, target at > 28 urban females, T1 – 2 cities
 - Bio-Tech: mid to high price, target at 22 – 28 urban females, T 1- 3 cities
 - Herbal: mid price, target at > 18 females, T2 – 4 cities
- **Total 8 new products launched in 1H; RMB2.3M**
 - Bio-Tech: 1 sku in Mar
 - Supplements: 4 skus in Mar - May
 - Essence Oils : 3 skus in June
- **Delisting of low performance line to improve product margin**
- **Rebuild price structure of Essence Oils and Powder Mask**

2011 Strategic Imperatives

Building Blocks and 1H Achievements

Drive Channel Growth

- **Launch of Mileage program in Q1**
 - tier-promotion for store differentiation
 - special bonus points for NCS to encourage store upgrade
 - promote growth of no. of “million” store
- **Mini-site and tailored instore VM programs to drive NCS growth**
- **Develop tailored planogram and promotions for Carrefour NCS**
- **Rebuild promotion and product mix model for Counter**

2011 Strategic Imperatives

Building Blocks and 1H Achievements

Focused Investment Strategy

- **Focus on power brand building via PR and digital marketing**
 - 3 bursts of PR events target at top 30 national magazines for brand imagery building
 - 3 bursts of blogger activities target at top 15 bloggers to recruit new consumers and promote brand trial
 - 3 bursts of mini-site with banner ad to promote brand awareness
- **Aggressive product placement in top monthlies and weeklies**
 - Skin care: NB-1 and Bio-Tech
 - Supplements and Essence Oils

2011 1H PR & Advertising Achievements

NB Top Media Pool

MONTHLY MAGAZINE

1	瑞丽服饰美容	980,000	李金晶	首席美容编辑
2	时尚健康	868,100	周磊	资深美容编辑
3	时尚伊人	866,000	黄婷	美容副总监
4	健康之友	847,800	孙毅	编辑部主任
5	瑞丽伊人风尚	831,100	陶玲	首席美容编辑
6	时尚芭莎	800,000	董刚	资深美容总监
7	米娜	798,000	赵净	主编
8	昕薇	638,000	刘星雯	美容总监
9	健康时尚	630,000	张蓉	美容副总监
10	都市主妇	628,000	张馨予	首席美容编辑
11	悦己	580,000	范亚雯	资深美容编辑
12	女性健康	540,000	张淼	美容编辑
13	VOGUE服饰与美容	525,000	张骞文	美容总监
14	时装	460,000	王佳	美容总监
15	嘉人	438,000	黄筱婷	美容副总监
16	心理月刊	350,000	李慧	美容编辑
17	旭茉	340,008	陈仲明	出版人
18	今日风采	300,000	张丽媛	美容副总监
19	时尚橘子	290,000	王旻靓	资深美容编辑

WEEKLY MAGAZINE

20	伊周	1680,000	张樱	美容总监
21	优家	830,000	金蓓	资深美容编辑
22	风尚志	698,000	朱亦凝	资深美容编辑
23	红秀	600,000	孙莉	美容副总监
24	周末画报	596,000	赵意中	美容总监
25	大周末	520,000	祁蔚凝	资深美容编辑
26	北京青年周刊	450,000	侯倩	美容编辑
27	精品购物指南	300,000	Nicole	广告市场总监

2011 1H PR & Advertising Achievements

NB Top Blogger Pool

No	Blogger	Media Provider	Intro	PV	Link
1	小膩膩	Sina	新浪千万级风云博主	34,048,230	http://blog.sina.com.cn/nini1128066
2	胖星儿	Sina	新浪千万级博主	95,935,494	http://blog.sina.com.cn/wangxiaoxing
3	且听蜜语	Sina	新浪千万级新新博主	12,716,853	http://blog.sina.com.cn/zuaicunshang
4	日光灯小狐狸	Sina	新浪百万级精英博主	6,665,238	http://blog.sina.com.cn/appler969
5	久久妹妹	Sina	新浪百万级资深博主	7,878,440	http://blog.sina.com.cn/mayzhuan
6	Summer的家	Sina	新浪千万级风云博主	25,486,135	http://blog.sina.com.cn/summerdejia
7	紫紫	Sina	新浪千万级博主	16,889,811	http://blog.sina.com.cn/beautbeau
8	转身的距离	Sina	新浪千万级博主	12,390,746	http://blog.sina.com.cn/alexa9998
9	Milk	163	网易近千万级博客	22,949,177	http://cornilk.blog.163.com/
10	玩美miss蜜	Sohu	搜狐最红的搭配达人，知名女性博主	4,715,565	http://02040229.blog.sohu.com/
11	鸢尾金子	Sohu	搜狐知名博主，当选为瑞丽2009年最值得收藏的美丽达人	4,294,123	http://ywjinzi.blog.sohu.com/
12	千年小兔么	YOKA	YOKA认证时尚达人	N/A	http://blog.yoka.com/1449845/
13	Missfaye	YOKA	YOKA认证时尚达人	N/A	http://blog.yoka.com/1149640/
14	小写K	Onlylady	国内知名女性时尚网站onlylady浏览第一美容博客	粉丝 3758 人	http://blog.onlylady.com/kristi
15	Friendly	Pclady	Pclady认证时尚达人	N/A	http://my.pclady.com.cn/120777/
16	Hanyangy韩扬扬	Pclady	Pclady认证时尚达人	N/A	http://my.pclady.com.cn/hanyangyang/



小膩膩



久久妹妹



日光灯小狐狸



且听蜜语



summer的家



2011 1H PR and Advertising Achievements

- Top media penetration: 19 Monthlies and 8 Weeklies

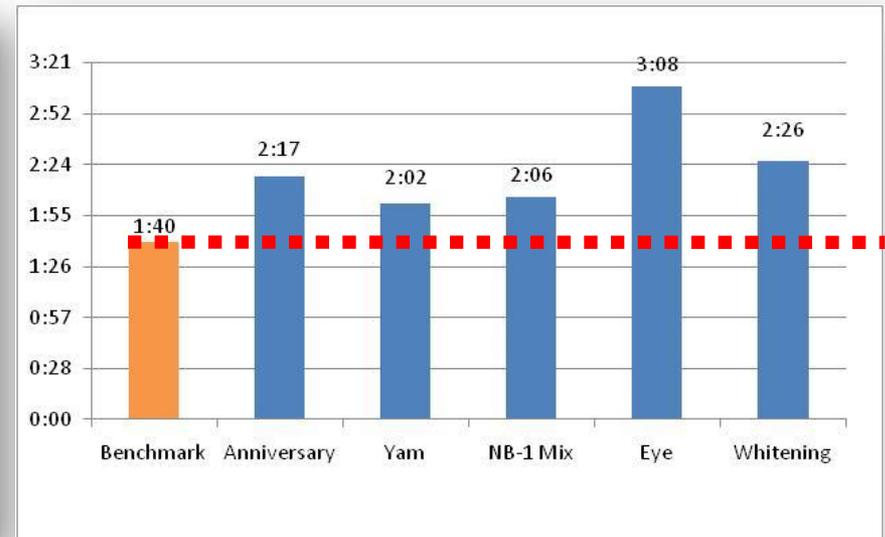
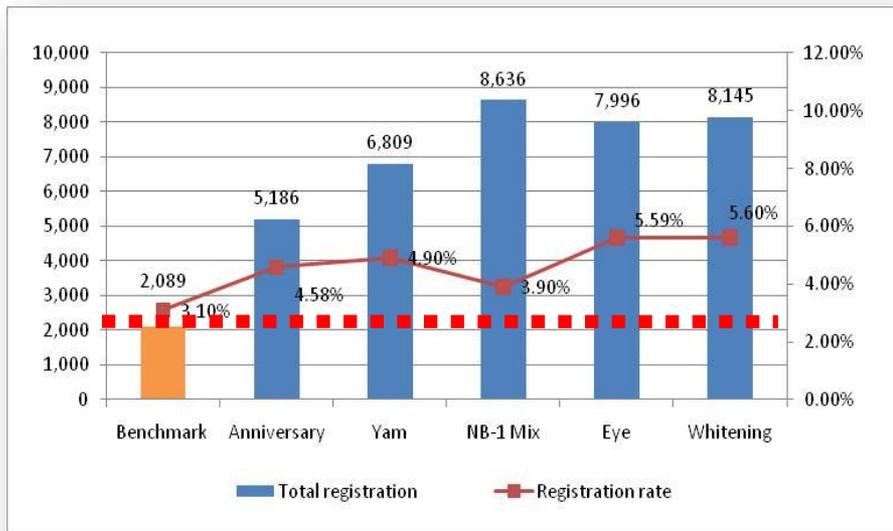
- Total 216 articles; YTD May medial value at RMB10M
- YTD Jun ROI > 5.2

- YTD May: total 16 top bloggers e.g. 小膩膩, 久久妹妹, Cormilk

- 26 articles; total PV > 410K; +23% vs benchmark

- 3 bursts of mini-site; total PV > 1,900K

- Total unique visit > 540K; average time on site at 2:50 mins;
- Total consumer registration at 25K; all KPIs above industry benchmark



2011 Strategic Imperatives

Building Blocks and 1H Achievements

New Communications Programs

- **New brand positioning kicked off in Mar: Qi 细养之美**
 - brand imagery building for new consumer and franchisee recruitment
 - A unique brand positioning to promote spa channel and NB product portfolios in an integrated manner
- **New KVs by portfolio and by function to build power brands**
- **New packaging design to be kicked off in Q4**
 - Winning concept for NB-1, Bio-Tech and Herbal for both NB and non-NB users in Focus Group conducted in July
- **New POP and instore merchandising in Q4**

- New Product Launch

- Skin Care: 8 skus in Q3
- Supplements: 1 sku in Q3
- Essence Oils: 3 skus in Q4

- PR and Promotion

- Mega launch of Yam NPD and NB-1 re-promote in Q3
- Key account programs target at >1M franchisees in Q3

- Brand Revamp Program

- New packaging launch target in Q4
- Test market for new TVC and franchisee recruitment ad target in Q4



NB-1 酸枣核复合片

- 以枣酸和酸枣核提取物为主要原料, 以尖端科技萃取其中的有效成分;
- 以3大技术保有其生物活性, 充分为身体吸收利用;
- 辅以安神养心的金钩花、酸枣仁等植物, 协同作用, 令有效成分发挥最佳功效。

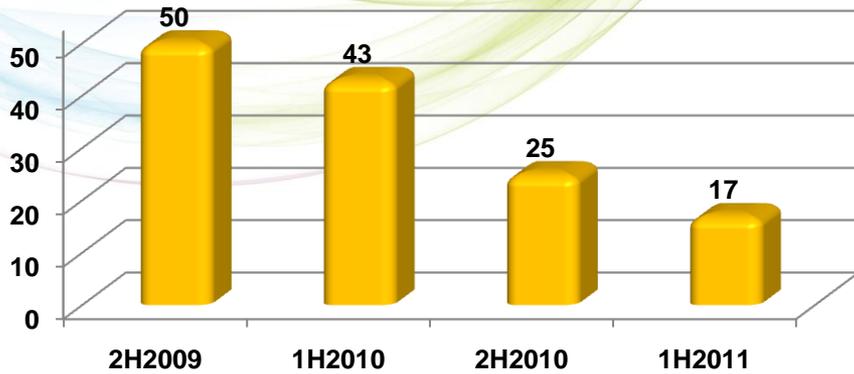
主要成分: 法国枣酸、澳洲酸枣核、药莱、金钩花(黄芩素)、酸枣仁等
食用方法: 每晚睡前1-2次, 温开水吞
适用人群: 工作压力大、精神紧张人群 需要安神养心人群 脑力工作者



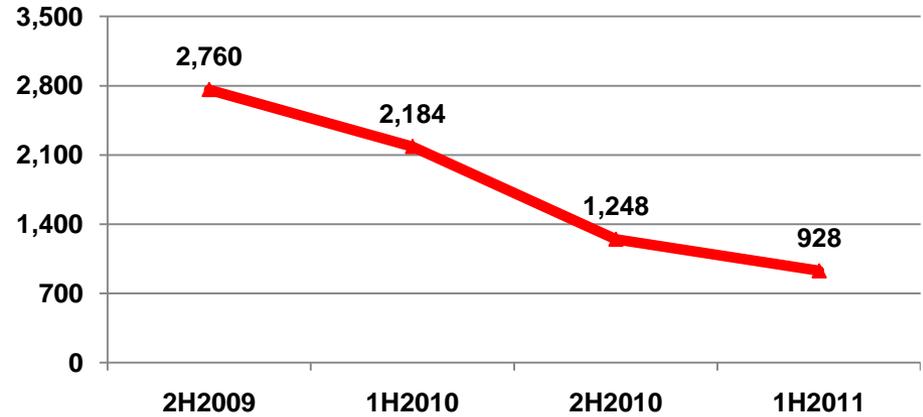
Operations Review

PRC & TW Legal Entities and SKUs

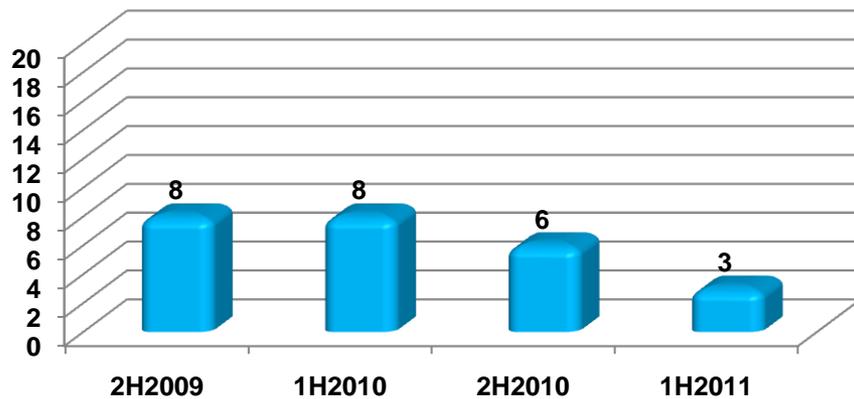
Legal Entities (PRC)



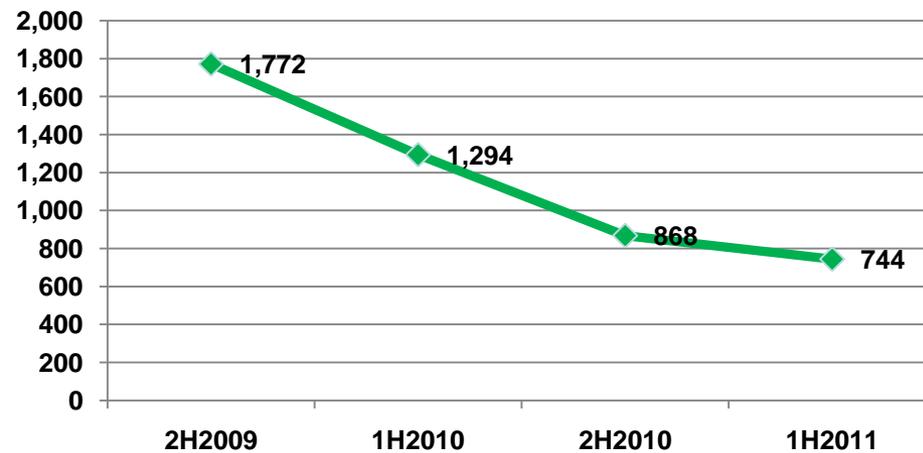
SKUs (PRC)



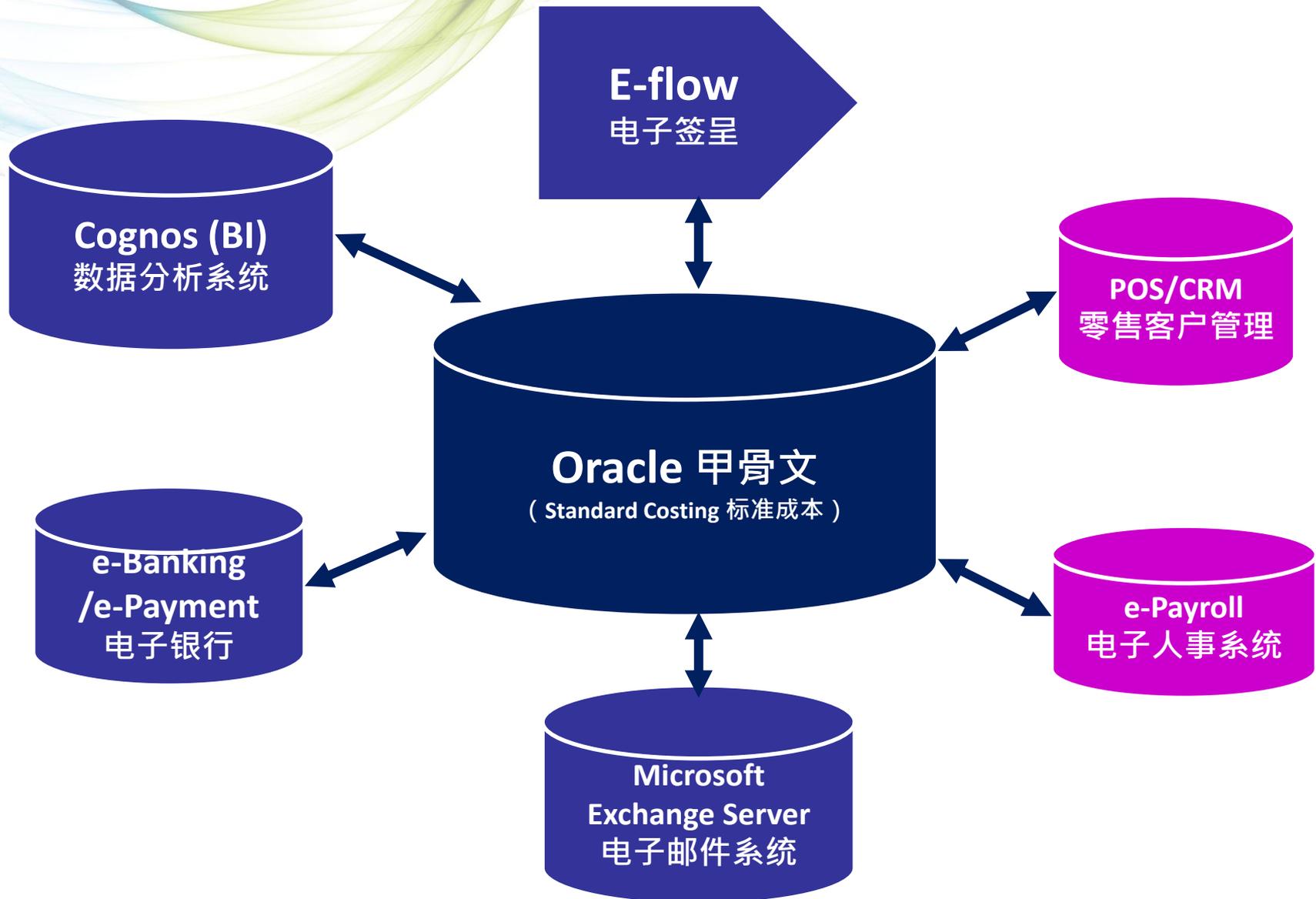
Legal Entities (TW)



SKUs (TW)



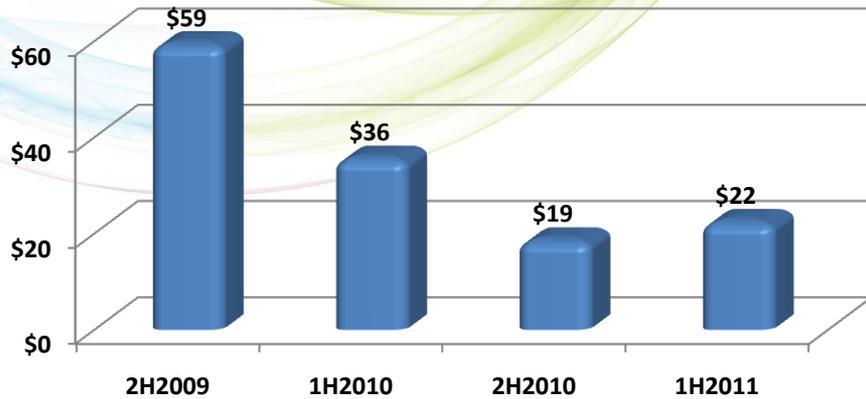
Systems Implementation



Group Working Capital

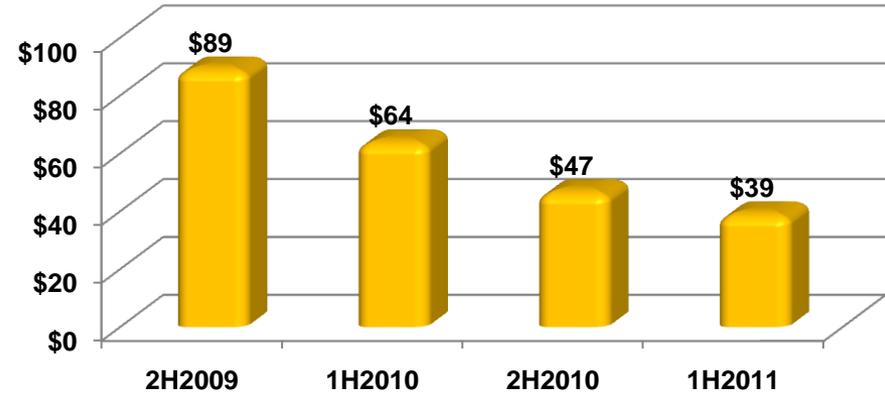
Trade Receivables

HK\$M



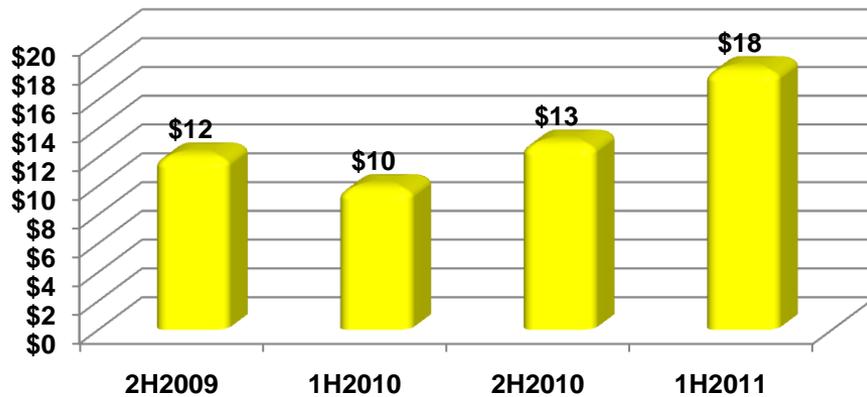
Inventory

HK\$M



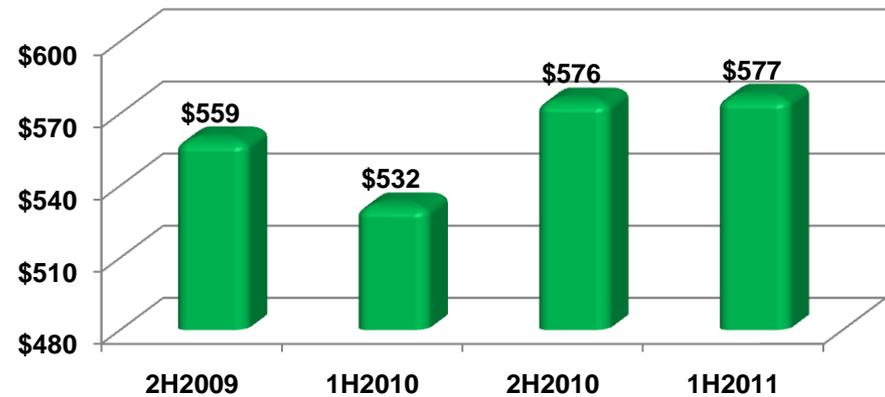
Trade Payables

HK\$M

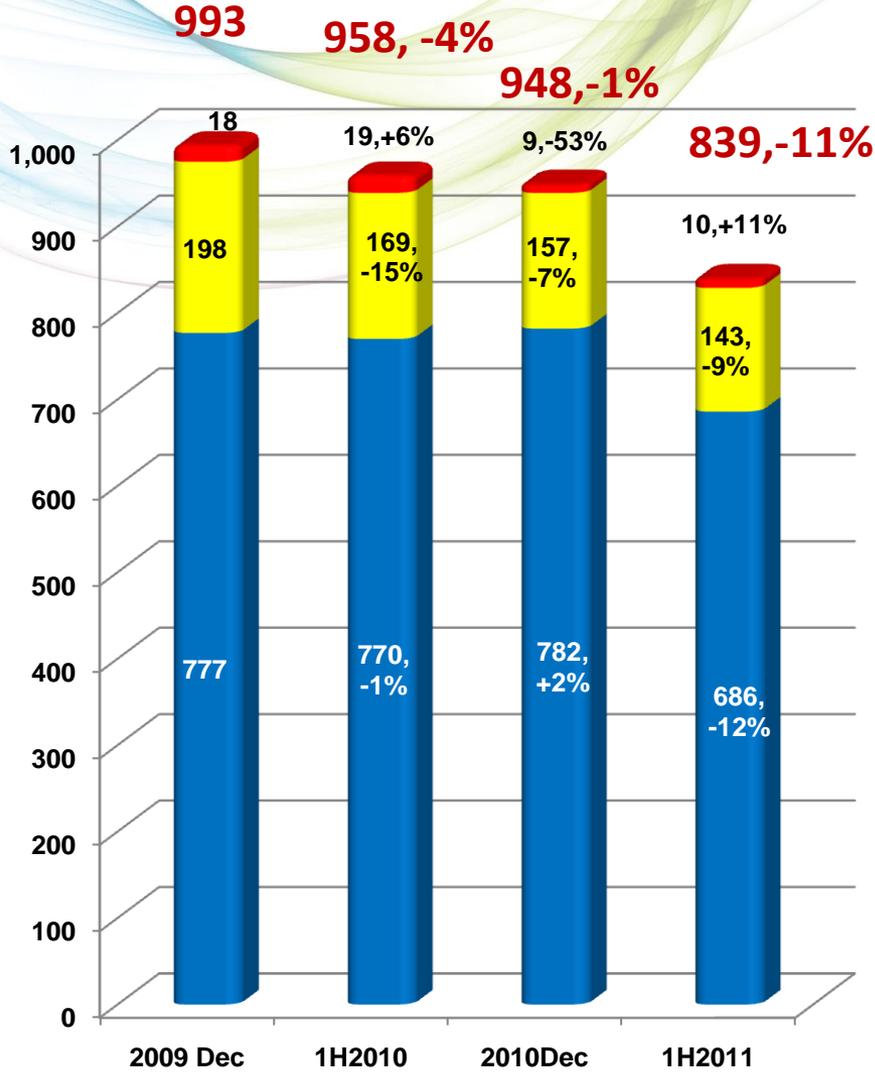


Cash

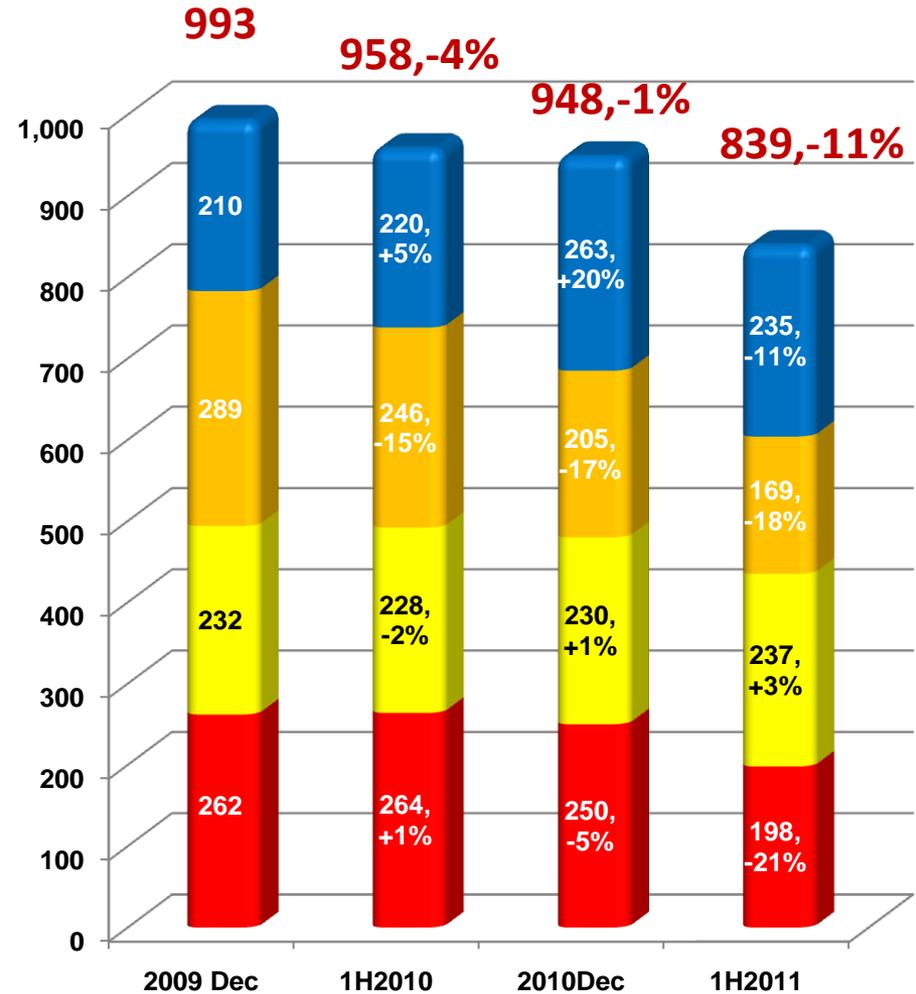
HK\$M



Group Headcount



■ China ■ TW ■ HK&Macau (includes Malaysia)



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