

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：00157



INTERIM REPORT 2008

二零零八年中期報告

Corporate Information

BOARD OF DIRECTORS

Dr. Tsai Yen Yu
(alias Dr. Tsai Yen Pin) (Chairman)
Mr. Lee Ming Ta
(alias Mr. Lee Ming Tah)
Dr. 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)
Dr. 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

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AUDITORS

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Certified Public Accountants
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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

Mega International Commercial Bank

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/ir

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Chairman's Statement

主席報告書

Dear Shareholders,

PERFORMANCE

I am pleased to present Natural Beauty's interim results for the six months ended 30 June 2008.

During the review period, the Group achieved remarkable results with significant increases in both turnover and net profit. The PRC operation, accounting for 74.6% of the total turnover, remained as the Group's major growth driver. Turnover from the PRC market increased by 69.0% to reach HK\$235.5 million (1H 2007: HK\$139.2 million), Taiwan also recorded outstanding performance, with a year-on-year growth of 50% in turnover, reaching HK\$75.8 million (1H 2007: HK\$50.6 million). Total turnover surged 63.4% to reach HK\$315.7 million as a result (1H 2007: HK\$193.2). Thanks to the economy of scale and high operating margins, net profit during the period under review also recorded a sharp increase of 101.6% to reach HK\$149.8 million (1H 2007: HK\$74.3 million).

The Group's other key performance indicators improved further during the first half of 2008. Operating margin and net margin both showed significant improvement with year-on-year increases of 3.7 percentage points and 9.0 percentage points respectively. Our return of equity rose from 20% in fiscal year 2007 to 33.1% for the first six months of this year, while return on assets rose from 17.6% in fiscal year 2007 to 26.5% during the review period.

Basic earnings per share for the first half of 2008 increased by 101.3% to HK7.483 cents (1H 2007: HK3.716 cents).

The Board of Directors has resolved to declare an interim dividend of HK5.0 cents per share, representing a dividend pay-out ratio of 66.8%. The high pay-out ratio demonstrated the strength of our business model, our efforts in enhancing shareholders' value and our appreciation for the continuous support of our shareholders.

BUSINESS REVIEW

Reaped benefits of franchise network by focusing on training and promotion of products

During the review period, we implemented the strategy of promoting products to "family and friends of our existing customers". By strengthening franchisees' training on selling skills and product knowledge, as well as introducing new products including health supplements, average store sales recorded encouraging growth.

During the period, average store sales in the PRC rose 54.4% to HK\$159,000 as compared to HK\$103,000 for the same period last year. Taiwan also registered a 62.0% year-on-year growth to HK\$149,000 despite the sluggish economy.

各位股東：

表現

本人欣然提呈自然美截至二零零八年六月三十日止六個月之中期業績。

於回顧期間，本集團錄得驕人業績，營業額及純利均大幅增加。中國業務佔總營業額74.6%，仍為本集團主要增長動力。中國市場之營業額增加69.0%至235,500,000港元（二零零七年上半年：139,200,000港元）。台灣亦錄得卓越表現，營業額按年增長50%至75,800,000港元（二零零七年上半年：50,600,000港元），總營業額因而飆升63.4%至315,700,000港元（二零零七年上半年：193,200,000港元）。受惠於規模經濟及高經營邊際利潤，回顧期間之純利亦躍升101.6%至149,800,000港元（二零零七年上半年：74,300,000港元）。

本集團其他主要表現指標於二零零八年上半年表現進一步改善。經營業務邊際利潤及邊際純利均顯著改善，分別按年上升3.7個百分點及9.0個百分點。本集團股本回報由二零零七財政年度之20%升至本年度首六個月之33.1%，而資產回報則由二零零七財政年度之17.6%升至回顧期間之26.5%。

二零零八年上半年之每股基本盈利增加101.3%至7.483港仙（二零零七年上半年：3.716港仙）。

董事會議決宣派中期股利每股5.0港仙，派息率高達66.8%，反映本集團業務實力雄厚、致力提升股東價值及衷心感謝股東之持續支持。

業務回顧

集中培訓及推廣產品之加盟經營網絡錄得成效

於回顧期間，本集團推行向「現有客戶之親友」推介產品之策略。透過加強培訓加盟者之銷售技巧及產品知識，以及推出健康食品等新產品，平均店舖銷售額錄得驕人增長。

期內，中國每間店舖平均銷售額上升54.4%至159,000港元，去年同期則為103,000港元。儘管出現經濟放緩，台灣方面亦按年增長62.0%至149,000港元。

Chairman's Statement (Continued)

主席報告書(續)

Retail Brand "Fonperi" to Capture New Market

The retail brand "Fonperi" was launched in Taiwan in April 2007 to capture the growing segment of the middle-end retail skin-care market. A total of 3,903 outlets were established as of 30 June 2008. For the first half of 2008, sales of "Fonperi" products amounted to HK\$7.9 million and a total of 12 new products have been launched to the market.

Professional Management Team to Gear Up the Group's Future Growth

To support the growth strategy of the Group, we continue to enhance our professional management teams in the PRC and in Taiwan. With their extensive knowledge and experiences in channel distribution, as well as people management in the beauty and consumer industry, we are confident of consolidating our leading position as a professional beauty products and license training provider in the Greater China region.

PROSPECTS

For the PRC market, the Group believes that the second half of the year will be full of challenges. The threat of global recession/slow down of the Chinese economy and the drop in the Chinese stock market resulted in the cautious consumption sentiment. Since we had raised the retail price of some products by around 10% in June 2008, it is expected that some franchisees may delay or reduce their ordering in the coming months, which may affect the growth in the second half of the year. Nevertheless, we will continue to promote and introduce our new health supplements product in addition to skincare ranges, we maintain optimistic towards the outlook of the PRC market. We are confident of expanding our franchise network in the PRC and achieving a healthy growth for the full year of 2008.

With respect to the Taiwan market, the stagnant economy led to conservative attitude of retail consumers. This, coupled with the drop in Taiwan stock market, resulted in a decrease of over 20% in overall Taiwan retail business. Hence the growth of "Fonperi", our retail business, is expected to slow down in the second half of 2008. However, we are still optimistic about our franchise business. With the enhancement in selling skills, the strengthening of product knowledge of our franchisees, and the launch of new health supplements, the Group is positioned to achieve better performance than that of last year.

NOTE OF APPRECIATION

With great pleasure, I would like to express my sincere gratitude to the members of our Board, our shareholders, and business partners for their continuous support and guidance throughout the period. I would also like to thank the Group's management team and employees for their commitment and hard work, which is pivotal to the Group's continuous growth and expansion.

Dr. Tsai Yen Yu

Chairman

Hong Kong, 24 September 2008

推出零售品牌「Fonperi」以進軍新市場

於二零零七年四月，本集團於台灣推出零售品牌「Fonperi」，進軍不斷增長之中檔零售護膚品市場。於二零零八年六月三十日共設有3,903個零售點。於二零零八年上半年，「Fonperi」產品之營業額為7,900,000港元，並於市場推出合共12款新產品。

建立專業管理隊伍以推動本集團未來增長

為支持本集團增長策略，我們不斷在中國及台灣招聘專業人才加入管理隊伍。憑藉彼等於美容及消費行業所累積之豐富分銷渠道及人事管理知識與經驗，我們深信，本集團作為大中華區專業美容產品及美容認證培訓供應商之領導地位將更加鞏固。

展望

本集團相信，中國市場將於下半年充滿挑戰。全球經濟衰退／中國經濟放緩以及中國股市下挫，均導致消費氣氛趨於審慎。由於我們於二零零八年六月將部分產品零售價提高約10%，故預期若干加盟者將於未來數個月押後或減少訂單，可能對下半年增長造成影響。然而，除護膚系列外，我們將繼續宣傳及推出新健康食品，故此對中國市場前景仍抱持樂觀態度。我們深信，本集團定必於二零零八年在中國擴充其加盟經營網絡及取得穩健增長。

就台灣市場而言，經濟放緩令零售客戶態度審慎，加上台灣股市下滑，以致台灣零售業務整體下跌超過20%。因此，預期本集團零售業務「Fonperi」將於二零零八年下半年減慢增長。然而，本集團仍對加盟經營業務保持樂觀。隨著銷售技巧提升、加盟者對產品認知加深以及新健康食品推出，本集團已作好部署，爭取較去年更優秀之表現。

致謝

本人欣然向董事會成員、股東及業務夥伴期內鼎力支持及指導致以衷心謝意，亦感謝本集團管理隊伍及僱員之竭誠服務及努力工作，致令本集團持續發展及擴充業務。

蔡燕玉博士

主席

香港，二零零八年九月二十四日

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Turnover by geographical region	按地區劃分之營業額	1H2008 二零零八年 上半年		1H2007 二零零七年 上半年		Changes 變動	
		HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%
PRC	中國大陸	235,452	74.6%	139,282	72.1%	96,170	69.0%
Taiwan	台灣	75,847	24.0%	50,565	26.2%	25,282	50.0%
Others	其他地區	4,352	1.4%	3,341	1.7%	1,011	30.3%
Total	總計	315,651	100.0%	193,188	100.0%	122,463	63.4%

Turnover surged 63.4% to HK\$315.7 million for the six months ended 30 June 2008 as compared to HK\$193.2 million for the same period last year. The PRC market continued to demonstrate robust sales growth at 69.0%. Meanwhile, Taiwan market has recorded a 50.0% year-on-year growth in turnover. The growth was attributable to the significant recovery of the core spa product business. Other markets, including Hong Kong, Macau and Malaysia, sales increased 30.3%, but remained insignificant and accounted for only 1.4% of total turnover.

Turnover in the PRC climbed 69.0% or HK\$96.2 million to HK\$235.5 million for the six months ended 30 June 2008. The increase in turnover generated from the PRC market was mainly due to an encouraging increase of HK\$98.7 million in product sales, representing a year-on-year growth of 74.2%. The increase in product sales was resulted from enhanced training on selling skills and product knowledge for our franchisees. The average store sales of the PRC market recorded a further growth of 54.4% for the first half of 2008. On the other hand, service income decreased by 17.2% to HK\$3.4 million for the first six months of 2008, as a result of the closure of a self-owned spa during the year.

In Taiwan, turnover up 50.0% or HK\$25.3 million to HK\$75.8 million for the first six months of 2008 as compared to HK\$50.6 million for the corresponding period in 2007. The improvement in turnover was resulted from the recovery of the spa business. There were also product sales of HK\$7.9 million directly attributable to the retail brand products of Fonperi. Average store sales in respect to Taiwan's existing spa channel registered a 62.0% year-on-year growth.

As at 30 June 2008, there was one store in Hong Kong, one store in Macau and 51 stores in Malaysia. Overall sales increased 30.3%, but these regions remained immaterial and accounted for less than 2% of total turnover.

財務回顧

營業額由二零零七年上半年之193,200,000港元躍升63.4%至截至二零零八年六月三十日止六個月之315,700,000港元。中國大陸市場之銷售額持續錄得可觀增長，升幅達69.0%。同時，台灣市場之營業額亦錄得按年增幅50.0%，此乃由於核心水療產品業務表現大幅回穩。包括香港、澳門及馬來西亞在內之其他市場銷售額增加30.3%，惟所佔比例仍屬輕微，僅佔總營業額1.4%。

截至二零零八年六月三十日止六個月，中國大陸之營業額飆升69.0%或96,200,000港元至235,500,000港元。中國市場之營業額增加，主要由於產品銷售額上升98,700,000港元，即按年增幅達74.2%，成績令人鼓舞。產品銷售額增加歸功於本集團加強培訓加盟者之銷售技巧及產品知識。於二零零八年上半年，中國大陸市場之店舖平均銷售額更進一步增長54.4%。另一方面，二零零八年首六個月之服務收入減少17.2%至3,400,000港元，此乃由於旗下一間自資經營水療中心結束營業所致。

台灣方面，於二零零八年首六個月，營業額增加50.0%或25,300,000港元至75,800,000港元，二零零七年同期則為50,600,000港元。營業額改善主要由於水療產品業務表現回穩。零售品牌「Fonperi」亦直接帶來7,900,000港元之產品銷售額。台灣現有水療中心之店舖平均銷售額按年增長62.0%。

於二零零八年六月三十日，香港、澳門及馬來西亞分別設有一間、一間及51間店舖。該等地區整體營業額增加30.3%，但其所佔比例仍不重大，佔總營業額不足2%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

The Group's overall gross profit margin slightly improved from 83.8% for the first half of 2007 to 83.9% for the first half of 2008.

財務回顧(續)

本集團之整體邊際毛利率由二零零七年上半年83.8%輕微上升至二零零八年上半年83.9%。

By Activities	按業務劃分	1H2008 二零零八年 上半年 HK\$'000 千港元		1H2007 二零零七年 上半年 HK\$'000 千港元		Changes 變動	
						HK\$'000 千港元	%
Product Sales	產品銷售						
PRC	中國大陸	231,753		133,004		98,749	74.2%
Taiwan	台灣	72,112		46,226		25,886	56.0%
Others	其他地區	3,930		2,728		1,202	44.1%
Total	總計	307,795		181,958		125,837	69.2%
Service	服務						
PRC	中國大陸	3,433		4,147		(714)	-17.2%
Taiwan	台灣	3,735		4,339		(604)	-13.9%
Others	其他地區	422		613		(191)	-31.2%
Total	總計	7,590		9,099		(1,509)	-16.6%
Entrustment	委託經營						
PRC	中國大陸	266		2,131		(1,865)	-87.5%
Taiwan	台灣	-		-		-	n/a
Others	其他地區	-		-		-	n/a
Total	總計	266		2,131		(1,865)	-87.5%

Turnover by activities	按地區劃分之營業額	1H2008 二零零八年 上半年 HK\$'000 千港元		1H2007 二零零七年 上半年 HK\$'000 千港元		Changes 變動	
			%		%	HK\$'000 千港元	%
Products	產品	307,795	97.5%	181,958	94.2%	125,837	69.2%
Services	服務	7,590	2.4%	9,099	4.7%	(1,509)	-16.6%
Entrustment	委託經營	266	0.1%	2,131	1.1%	(1,865)	-87.5%
Total	總計	315,651	100.0%	193,188	100.0%	122,463	63.4%

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Products

The Group is principally engaged in the manufacture and sale of several types of products, namely skin care products, beauty products, aromatherapeutic products, color make up and health supplements, under the “Natural Beauty” and “Fonperi” brand names. Product sales are the Group’s key revenue contributor and are primarily made through franchise spas, self-owned spas and retail outlets. For the first six months of 2008, products sales amounted to HK\$307.8 million, or 97.5% of total revenue as compared to HK\$182.0 million, or 94.2% for the corresponding period in 2007. Gross margin of product sales for the period remained stable at 87.6% compared with 87.2% for the full year of 2007.

The surge in products sales was mainly attributable to the HK\$98.7 million and HK\$25.9 million increase in sales generated from the PRC market and Taiwan market respectively. Starting from 2008, the Group further enhanced product offering by introducing products for “family and friends of our existing customers”. The Group has also launched 36 new products, including 7 for health supplements. By 30 June 2008, 427 products were repackaged. Besides, the Group provided free intensive training sessions to the franchisees in order to improve both the service quality and selling skills which in turn stimulated product sales. Taiwan market also recovered from the declining trend of the past two years and recorded HK\$72.1 million in sales of products, an encouraging growth of 56.0% from HK\$46.2 million for the first half of 2007. If the retail sales of Fonperi were excluded, our spa products registered a 57.2% growth in the period under review.

Our retail brand “Fonperi” launched in April 2007 recorded HK\$7.9 million of sales during the first six months of 2008, when compared with HK\$5.4 million in the first half of 2007.

Other markets such as Hong Kong, Macau and Malaysia only accounted for 1.3% of total product sales for the period.

Service income	服務收益	1H2008 二零零八年 上半年		1H2007 二零零七年 上半年		Changes 變動	
		HK\$'000 千港元	%	HK\$'000 千港元	%	HK\$'000 千港元	%
Training income	培訓收益	819	10.8%	593	6.5%	226	38.1%
SPA service income	水療服務收益	5,799	76.4%	6,152	67.6%	(353)	-5.7%
Management fee income	管理費收益	238	3.1%	1,160	12.8%	(922)	-79.5%
Others	其他	734	9.7%	1,194	13.1%	(460)	-38.5%
Total	總計	7,590	100.0%	9,099	100.0%	(1,509)	-16.6%

財務回顧(續)

產品

本集團主要以「自然美」及「Fonperi」品牌製造及銷售護膚產品、美容產品、香薰產品、彩妝及健康食品等各式各樣產品。產品銷售為本集團主要收益來源，主要源自加盟店、自資經營之水療中心及零售店舖。於二零零八年首六個月，產品銷售額為307,800,000港元或佔總收入97.5%，二零零七年同期則為182,000,000港元或佔總收入94.2%。期內，產品銷售之邊際毛利維持於87.6%之穩定水平，二零零七年全年則為87.2%。

產品銷售額飆升乃主要由於源自中國大陸及台灣市場之銷售額分別增加98,700,000港元及25,900,000港元。自二零零八年起，本集團進一步加強所提供之產品，向「現有客戶之親友」推介產品。本集團亦推出36款新產品，當中包括7款健康食品。於二零零八年六月三十日，已重新包裝427款產品。此外，本集團為加盟者免費提供深造培訓課程，務求改善服務質素及銷售技巧，從而刺激產品銷售。台灣市場亦從過往兩年跌勢復蘇，錄得72,100,000港元之產品銷售額，較二零零七年上半年之46,200,000港元增長56.0%，成績令人鼓舞。倘Fonperi之零售額不計在內，水療產品於回顧期間仍錄得57.2%之增幅。

本集團於二零零七年四月推出「Fonperi」零售品牌，於二零零八年首六個月錄得銷售額7,900,000港元，二零零七年上半年則為5,400,000港元。

香港、澳門及馬來西亞之其他市場僅佔期內產品總銷售額1.3%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

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 generated only from our self-owned spas as the Group does not share any service income generated in franchised spas with franchisees under the current franchise arrangement. Service income generated from franchised spas is vital for them to cover their operating expenses such as rental, salary and utility. During the first six months of 2008, income from services decreased by 16.6% to HK\$7.6 million when compared to the corresponding period of 2007, which was mainly attributable to the reduction of management fee income in Taiwan market due to the continued depressed economy in Taiwan. During 2007, the management decided not to charge the franchised stores in Taiwan for management fee income, resulted in the reduction of HK\$0.9 million management fee income.

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

On the other hand, SPA service income from self-own stores decreased slightly by 5.7% to HK\$5.8 million, mainly due to the closure and relocation of 2 self-own stores in the period under review.

Entrustment

Entrusted spas are owned by the Group and operated by reputable operators. The spas were previously operated by the Group. In order to allocate financial and human resources more efficiently, the Group has entrustment arrangements in the PRC ranging from one to five years, where our self-owned spas were entrusted to reputable operators in local areas. The operators are responsible for all the profits and losses of the operations and sell the Group's products in their stores, while the Group receives a fixed annual entrustment fee until those operators repay the Group's initial investment in five years. The entrusted spas then become regular franchised spas.

The Group believes the entrustment arrangement is mutually beneficial for both the operators and the Group. Local operators can better serve the specific needs of local customers, and hence generate more product and service revenue. The Group, on the other hand, can secure a steady annual entrustment income while maintaining the distribution location and re-allocating our executives to explore new markets.

財務回顧(續)

服務

服務收益包括自資經營水療中心所得服務收益、來自加盟店之培訓收益及管理費以及其他服務相關收益。

本集團透過其自資經營水療中心提供肌膚護理、美容及spa服務。由於按照現行加盟經營計劃，本集團不能分佔加盟者經營水療中心所得任何服務收益，因此，服務收益僅源自自資經營的水療中心。加盟水療中心所得服務收益對加盟者甚為重要，彼等賴以承擔租金、薪金及水電費等經營開支。於二零零八年首六個月，服務收益較二零零七年同期減少16.6%至7,600,000港元，主要由於台灣經濟持續衰退，導致台灣市場之管理費收益減少所致。於二零零七年，管理層決定不會向台灣加盟店收取管理費收益，導致管理費收益減少900,000港元。

儘管本集團須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整體產品銷售，整體而言能帶來更為豐厚盈利，且更具成本效益。

另一方面，源自自資經營店舖之SPA服務收益輕微減少5.7%至5,800,000港元，主要由於兩間自資經營店舖於回顧期內結業及遷址。

委託經營

委託經營的水療中心由本集團擁有並由信譽昭著之經營者經營。水療中心以往由本集團經營。為更有效劃撥財務及人力資源，本集團委託中國大陸當地優秀經營者經營本集團自資經營之水療中心，於中國大陸訂有經營年期介乎一至五年之委託安排。經營者將自負盈虧及於店內銷售本集團產品，而本集團則向經營者每年收取定額委託經營費用，直至該等經營者於五年內清償本集團初步投資額為止。屆時委託經營之水療中心將成為一般加盟水療中心。

本集團相信，委託安排將為經營者及本集團締造互惠互利之效。本地經營者可提供更合當地顧客特定需要之服務，從而賺取更多產品及服務收益。另一方面，本集團既可每年獲取穩定委託經營收益，又可維持分銷地點，以及重新調派人員開拓新市場。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Entrustment (Continued)

In the first half of 2008, entrustment income recorded a further decrease of 87.5% to HK\$0.3 million when compared with HK\$2.1 million for the same period in 2007. The drop in entrustment income was because certain entrustment arrangements expired by the end of 2007. There was only one entrusted spa as at 30 June 2008.

Other income

Other income mainly represented interest income, realized exchange gain, financial refunds and realized gain on held-for-trading investments, which was HK\$3.4 million, HK\$12.5 million, HK\$1.4 million and HK\$1.8 million respectively and others for the remaining balance. For the first half of 2008, other income decreased by 20.3%, or HK\$5.9 million from HK\$29.0 million for the first half of 2007 to HK\$23.1 million. The decrease was mainly attributable to the drop of HK\$18.2 million in financial refunds in the PRC. Also, we have sold one of the investment properties during 2007, which resulted in the decrease in rental income by HK\$3.3 million for the first six months of 2008. However, the decrease was off-set by the realized exchange gain from the dividend received from a PRC subsidiary during the period.

Distribution and administrative cost

The Group's distribution and selling costs as a percentage to turnover decreased from 27.6% for the first half of 2007 to 21.9% for the same period in 2008. Total costs in dollar terms increased by HK\$15.8 million, from HK\$53.4 million for the six months ended 30 June 2007 to HK\$69.2 million for the six months ended 30 June 2008. During the period under review, the Group has reduced its focus on media exposure and introduced products offering through "family and friends of our existing customers". Instead of media advertising, free samples and gifts were given to our existing customers to promote them to their friends and family members. In percentage terms, advertising and promotion expenses represent 9.6% of total turnover for the six months ended 30 June 2008, when compared with 12.6% for the same period last year. Other key expense items mainly include salary, commission, travel expenses and rental expenses, which amounted to HK\$10.5 million, HK\$5.3 million, HK\$3.0 million and HK\$6.1 million respectively.

Administrative expenses as a percentage to turnover decreased from 19.9% for the first six months of 2007 to 12.2% for the first six months of 2008. The cost mainly covered salary, legal and professional fee, depreciation and rental charges. Total administrative expenses in dollar terms remained steady at HK\$38.5 million for the six months ended 30 June in both 2007 and 2008.

財務回顧(續)

委託經營(續)

委託經營收益由二零零七年上半年之2,100,000港元進一步減少87.5%至二零零八年上半年之300,000港元。委託經營收益減少乃由於若干委託經營安排於二零零七年底屆滿所致。於二零零八年六月三十日，僅設有一間委託經營之水療中心。

其他收益

其他收益主要為利息收益3,400,000港元、已變現匯兌收益12,500,000港元、財務退款1,400,000港元及持作買賣投資之已變現收益1,800,000港元，餘額則來自其他項目。其他收益由二零零七年上半年29,000,000港元減少20.3%或5,900,000港元至二零零八年上半年之23,100,000港元，主要由於中國大陸財務退款減少18,200,000港元所致。此外，本集團於二零零七年售出其中一項投資物業，令二零零八年首六個月之租金收益減少3,300,000港元。然而，該減少金額已由期內自中國大陸一家附屬公司收取股利產生之已變現匯兌收益所抵銷。

分銷及行政費用

本集團分銷及銷售費用佔營業額百分比由二零零七年上半年之27.6%減至二零零八年同期之21.9%。按幣值計，總成本由截至二零零七年六月三十日止六個月之53,400,000港元增加15,800,000港元至截至二零零八年六月三十日止六個月之69,200,000港元。本集團於回顧期間減低於媒體的曝光率，透過「現有客戶之親友」的渠道去推介產品。本集團向現有客戶發送免費試用裝及贈品，從而向彼等之親友推廣，取代媒體宣傳。按百分比計算，廣告成本及宣傳開支相當於截至二零零八年六月三十日止六個月總營業額之9.6%，而去年同期則為12.6%。其他重要開支項目主要包括薪金、佣金、差旅費及租金開支，分別為10,500,000港元、5,300,000港元、3,000,000港元及6,100,000港元。

行政開支佔營業額百分比由二零零七年首六個月之19.9%減至二零零八年首六個月之12.2%。有關成本主要包括薪金、法律及專業費用、折舊及租金開支。按幣值計，截至二零零七年及二零零八年六月三十日止六個月之行政開支總額維持於38,500,000港元之穩定水平。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Other expenses

For the six months ended 30 June 2008, other expenses increased by HK\$8.9 million to HK\$12.1 million, compared with HK\$3.2 million for the last corresponding period. Other expenses mainly included a donation amount of HK\$3.9 million, written off of uncollectible financial refunds receivable amounted to HK\$4.4 million and bank charges of HK\$1.5 million. The Group made a donation immediately after the Sichuan earthquake in May 2008, which was in a scale of 8.0 surface wave magnitudes.

Profit before taxation

The increase in gross profit, netting the reduction in other income, the increase in distribution administrative costs and other expenses contributed to the surge of 76.3% in profit before tax, from HK\$95.5 million for the six months ended 30 June 2007 to HK\$168.3 million for the same period in 2008.

Taxation

Taxation expenses decreased 12.5% from HK\$21.2 million for the six months ended 30 June 2007 to HK\$18.5 million for the six months ended 30 June 2008. The effective tax rate of the Group for the period ended 30 June 2007 and 2008 were 22.2% and 11.0% respectively. The drop in taxation expenses and effective tax rate was benefited from our PRC operation, where a subsidiary started to utilize the second year benefit from its first two-year exemption followed by three-year half deduction profit tax holiday (2+3 tax holiday).

Net profit for the period

As a result, the net income for the period rose 101.6% from HK\$74.3 million for the six months ended 30 June 2007 to HK\$149.8 million for the same period in 2008.

Liquidity and financial resources

Cash generated from operating activities for the six months ended 30 June 2008 was approximately HK\$169.0 million (for the six months ended 30 June 2007: HK\$145.1 million). The increase was primarily due to the changes in working capital. As at 30 June 2008, the Group had bank balances and cash of approximately HK\$710.4 million (as at 31 December 2007: HK\$588.7 million) with no external bank borrowing.

財務回顧(續)

其他支出

於截至二零零八年六月三十日止六個月，其他支出合共12,100,000港元，較去年同期3,200,000港元增加8,900,000港元，當中主要為捐款3,900,000港元、撇銷未能收回應收財務退款4,400,000港元及銀行收費1,500,000港元。本集團於二零零八年五月四川發生表面震動強度達8.0級之地震後即時作出捐款。

除稅前溢利

由於毛利上升，扣除其他收益減少、分銷及行政費用增加以及其他支出增加後，除稅前溢利由截至二零零七年六月三十日止六個月之95,500,000港元躍升76.3%至二零零八年同期之168,300,000港元。

稅項

稅項支出由截至二零零七年六月三十日止六個月之21,200,000港元下調12.5%至截至二零零八年六月三十日止六個月之18,500,000港元。本集團截至二零零七年及二零零八年六月三十日止期間之實際稅率分別為22.2%及11.0%。稅項支出及實際稅率下調，乃受惠於本集團中國大陸之業務，當地一家附屬公司踏入其兩年免稅期之第二年，其後更享有三年所得稅減半之優惠(2免3減半優惠)。

期內純利

基於上述各項，期內收益淨額由截至二零零七年六月三十日止六個月之74,300,000港元上升101.6%至149,800,000港元。

流動資金及財務資源

於截至二零零八年六月三十日止六個月，經營業務所得現金約為169,000,000港元(截至二零零七年六月三十日止六個月：145,100,000港元)，有關增幅主要由於營運資金變動所致。於二零零八年六月三十日，本集團有銀行結存及現金約710,400,000港元(於二零零七年十二月三十一日：588,700,000港元)，另外並無外界銀行借款。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

In terms of gearing, as at 31 December 2007 and 30 June 2008, the Group's gearing ratio was zero (defined as net debt divided by shareholders' equity) as the Group was in 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 2007 and 30 June 2008 were 7.2 times and 3.1 times respectively. The relatively low current ratio at 30 June 2008 was due to FY2007 final and final special dividends of HK\$200 million were only payable in July 2008. As at 30 June 2008, the Group had no material contingent liabilities, other than those disclosed in its financial statements and notes thereto. With the cash and bank balances in hand, the Group's liquidity position remains strong and the Group has sufficient financial resources to finance its commitments and working capital requirements.

Charges on assets

There was no asset pledged as at 30 June 2008.

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 2008, approximately 39.7% (as at 31 December 2007: 44.9%) of the Group's bank balances and cash was denominated in Renminbi, while approximately 36.9% (as at 31 December 2007: 33.6%) was denominated in New Taiwan Dollar and the remaining 23.4% (as at 31 December 2007: 21.5%) was denominated in United States Dollars, Hong Kong Dollars, Macau Pataca and Malaysia Ringgits. The Group continued to adopt a conservative approach in respect of foreign exchange exposure management. Review of the Group's exposure to foreign exchange risk will be conducted periodically and derivative financial instruments may be used to hedge against such risks when necessary.

財務回顧(續)

流動資金及財務資源(續)

資產負債方面，於二零零七年十二月三十一日及二零零八年六月三十日，本集團資產負債比率(界定為淨負債除股東權益)為零，此乃由於本集團於兩個年結日均有淨現金結餘。於二零零七年十二月三十一日及二零零八年六月三十日，本集團之流動比率(界定為流動資產除流動負債)分別為7.2倍及3.1倍。二零零八年六月三十日之流動比率較低，原因為二零零七財政年度之末期及末期特別股利200,000,000港元於二零零八年七月始須派付。於二零零八年六月三十日，除於本財務報表及有關附註披露者外，本集團並無重大或然負債。憑藉所持有之現金及銀行結存，本集團流動資金狀況維持穩健，且財務資源充裕，足以應付其承擔及營運資金所需。

資產抵押

於二零零八年六月三十日，本集團並無抵押任何資產。

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，大部分收入亦來自上述兩地，並分別以人民幣及新台幣計值。於二零零八年六月三十日，本集團銀行結存及現金中約39.7%(二零零七年十二月三十一日：44.9%)以人民幣計值，另約36.9%(二零零七年十二月三十一日：33.6%)以新台幣計值，餘下23.4%(二零零七年十二月三十一日：21.5%)則以美元、港元、澳門元及馬來西亞元計值。於外幣風險管理方面，本集團繼續採取審慎政策，定期檢討其所承受之外幣風險，並於需要時使用衍生金融工具對沖有關風險。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW

業務回顧

By geographic region	按地區劃分之營業額	1H2008	1H2007	Changes	
		二零零八年 上半年 HK\$'000 千港元	二零零七年 上半年 HK\$'000 千港元	變動	%
PRC	中國大陸				
Turnover-Product Sales	產品銷售	231,753	133,004	98,749	74.2%
Turnover-Service	服務	3,433	4,147	(714)	-17.2%
Turnover-Entrustment	委託經營	266	2,131	(1,865)	-87.5%
PRC Total	中國大陸總計	235,452	139,282	96,170	69.0%
Taiwan	台灣				
Turnover-Product Sales	產品銷售	72,112	46,226	25,886	56.0%
Turnover-Service	服務	3,735	4,339	(604)	-13.9%
Turnover-Entrustment	委託經營	-	-	-	n/a
Taiwan Total	台灣總計	75,847	50,565	25,282	50.0%
Others	其他地區				
Turnover-Product Sales	產品銷售	3,930	2,728	1,202	44.1%
Turnover-Service	服務	422	613	(191)	-31.2%
Turnover-Entrustment	委託經營	-	-	-	n/a
Others Total	其他地區總計	4,352	3,341	1,011	30.3%

PRC Market

The Group continues to maintain its leading position in the PRC market despite intense market competition. In the first six months of 2008, the encouraging growth of product sales was resulted from the strengthening of service quality and selling skills for franchised stores through video conferencing facilities of 13 locations around PRC as well as headquarter trainings. Product sales in the PRC rose 74.2% to reach HK\$231.8 million.

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 incurred in the past. Hence, the Group's overall gross profit in the PRC market increased by HK\$81.6 million and the overall gross margin remained constant at 84.8% for the first six months of 2008.

中國大陸市場

儘管市場競爭激烈，本集團繼續於中國大陸市場穩踞領導地位。於二零零八年首六個月之產品銷售額增長令人鼓舞，原因為本集團透過於中國大陸13個地點之視像會議設施以及於總部提供培訓，藉此加強加盟店之服務質素及銷售技巧。中國大陸的產品銷售增加74.2%至231,800,000港元。

本集團之委託經營策略繼續獲得成果。本集團將位於發展成熟地區之水療中心委託優秀經營者營運，以增加成本效益。儘管本集團僅向經營者收取委託經營費用及產品收入，委託經營過去成功將虧損減至最低。因此，本集團於二零零八年首六個月在中國大陸市場之整體毛利增加81,600,000港元，而整體邊際毛利則維持於84.8%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

PRC Market (Continued)

Operating profit increased by 60.8% to HK\$135.2 million as compared with HK\$84.1 million for the first six months of 2007. Overall net margin also grew by 3.4 percentage points, from 50.7% for the first six months of 2007 to 54.1% for the same period in 2008.

Taiwan Market

During the first six months of 2008, product sales in Taiwan market improved by 56.0% to HK\$72.1 million as compared with HK\$46.2 million for the corresponding period in 2007.

Operating profit in Taiwan market increased by 58.6% to HK\$28.2 million as compared with HK\$17.7 million for the first six months of 2007. There was improvement in both operating margin and net margin. Overall operating margin increased by 2.0 percentage points to 37.1% for the six months ended 30 June 2008, from 35.1% of the same period last year, and overall net margin also increased from 32.0% for the first six months of 2007 to 34.7% for the same period in 2008.

Distribution channels

Store Number by Ownership As at 30 June 2008	按擁有權劃分之店鋪數目 於二零零八年六月三十日	Franchisee			Self			Self			Retail Channel	Grand Total
		owned Spa 加盟商擁有水療中心	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	Group Total	Group Total		
Taiwan	台灣	448	-	9	457	-	-	-	457	3,903	4,360	
PRC	中國大陸	1,433	1	6	1,440	11	46	57	1,497	-	1,497	
Others	其他地區	51	-	2	53	-	-	-	53	-	53	
Total	總計	1,932	1	17	1,950	11	46	57	2,007	3,903	5,910	

Store Number by Ownership As at 30 June 2008	按擁有權劃分之店鋪數目 於二零零八年六月三十日	Franchisee owned 加盟商擁有	Entrusted 委託經營	Self owned 自資經營	Retail Channel 零售渠道	Total 全部合計
Taiwan	台灣	448	-	9	3,903	4,360
PRC	中國大陸	1,433	12	52	-	1,497
Others	其他地區	51	-	2	-	53
Total	總計	1,932	12	63	3,903	5,910

業務回顧(續)

中國大陸市場(續)

經營溢利較二零零七年首六個月之84,100,000港元增加60.8%至135,200,000港元。整體淨邊際利潤亦由二零零七年首六個月之50.7%上調3.4個百分點至二零零八年同期之54.1%。

台灣市場

於二零零八年首六個月，台灣市場之產品銷售額增加56.0%至72,100,000港元，二零零七年同期則為46,200,000港元。

台灣市場之經營溢利由二零零七年首六個月之17,700,000港元增加58.6%至28,200,000港元。經營邊際利潤及淨邊際利潤皆有所改善。整體經營邊際利潤由去年同期之35.1%增加2.0個百分點至截至二零零八年六月三十日止六個月之37.1%，而整體淨邊際利潤亦由二零零七年首六個月之32.0%增至二零零八年同期之34.7%。

分銷渠道

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Distribution channels (Continued)

Average Sales per Store without adjusting China Store numbers:

Average sales per store	每間店舖平均銷售額	1H2008	1H2007	1H2008	1H2007	Changes	
		二零零八年 上半年 Average store* 店舖 平均數目*	二零零七年 上半年 Average store* 店舖 平均數目*	二零零八年 上半年 Average sales per store 每間店舖 平均銷售額 HK\$ 港元	二零零七年 上半年 Average sales per store 每間店舖 平均銷售額 HK\$ 港元	HK\$ 港元	%
PRC	中國大陸	1,481.0	1,708.5	159,000	82,000	77,000	93.9%
Taiwan***	台灣***	457.0	493.5	149,000	92,000	57,000	62.0%
Group total**	集團總計**	1,938.0	2,202.0	157,000	84,000	73,000	86.9%

Average Sales per Store after adjusting China Store numbers:

Average sales per store	每間店舖平均銷售額	1H2008	1H2007	1H2008	1H2007	Changes	
		二零零八年 上半年 Average store* 店舖 平均數目*	二零零七年 上半年 Average store* 店舖 平均數目*	二零零八年 上半年 Average sales per store 每間店舖 平均銷售額 HK\$ 港元	二零零七年 上半年 Average sales per store 每間店舖 平均銷售額 HK\$ 港元	HK\$ 港元	%
PRC (see note)	中國大陸 (見附註)	1,481.0	1,350.5	159,000	103,000	56,000	54.4%
Taiwan***	台灣***	457.0	493.5	149,000	92,000	57,000	62.0%
Group total**	集團總計**	1,938.0	1,844.0	157,000	100,000	57,000	57.0%

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

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

*** Taiwan sales figure excluded retail sales of "Fonperi" brand products which are sold by different distribution channel.

Note: The group has revised the store numbers at 31 December 2007. Before 2007, there was no enforcement of formal procedures to finalise the termination of franchisee contracts. As at 31 December 2007, there were 358 stores which had not completed all the closure procedures over the years and remained on the list, but the stores are no longer existed at the recorded addresses, including those affected by urban re-development at their previous locations (e.g. Beijing area). For like to like comparison, the respective store numbers for the calculation of average store numbers of 1H2007 was reduced by 358 accordingly.

業務回顧(續)

分銷渠道(續)

調整中國店舖數目前每間店舖平均銷售額：

調整中國店舖數目後每間店舖平均銷售額：

* 平均店舖數目以(期初總計+期末總計)/2計算

** 集團總計不包括於香港、澳門及馬來西亞之營業額及店舖數目。

*** 台灣銷售額數字不包括透過不同銷售渠道出售之「Fonperi」品牌產品零售額。

附註：本集團修訂於二零零七年十二月三十一日之平均店舖數目。於二零零七年之前，本集團並沒有強制執行與加盟店合約結束而辦理正式閉店之所有手續。於二零零七年十二月三十一日，店舖名單上仍留有358間正在申請辦理結束手續，但店舖地址實際上已經結束營業之店舖，包括在北京等地區受城市重建影響而需要另覓新地點之店舖。就進行同期比較，計算二零零七年上半年平均店舖數目之相關店舖數目按此減少358間。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Distribution channels (Continued)

The Group principally derives income through our unique distribution channels, namely spas and counters in department stores. As at 30 June 2008, there were 1,950 spas and 57 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.

As of 30 June 2008, there were total 1,932 franchisee spas, and 17 spas and 46 counters directly operated by the Group. There were also 1 spa and 11 counters being entrusted to reputable operators.

A total of 130 new stores were opened and 98 stores were closed during the period under review.

In order to present a more meaningful view of the operations for comparison purpose, we have revised the respective store numbers to present consistent average sales per store for our effective stores for the six months ended 30 June 2007. The average sales per store in PRC increased 54.4%, from HK\$103,000 for the first six months of 2007 to HK\$159,000 for the same period in 2008. In Taiwan, we also improved average sales per store by 62.0%, from HK\$92,000 for the first six months of 2007 to HK\$149,000 for the same period in 2008.

Our target is to encourage franchisees to open bigger spas, so as to improve average store sales by adding more service spaces.

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

Self-owned spas are primarily set up to act as model spas for potential franchisees. While there are needs to establish self-owned spas as model spas in new markets, the Group considers it to be more profitable with high product gross margin 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 with franchised spas. The Group, therefore, has entrusted and will continue to entrust certain of its self-owned spas in explored markets to reputable operators.

The Group believes the entrustment strategy 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.

業務回顧(續)

分銷渠道(續)

本集團收益主要來自其獨有之水療中心及百貨公司專櫃分銷渠道。於二零零八年六月三十日，本集團共有1,950間水療中心及57個專櫃。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。

於二零零八年六月三十日，共有1,932間加盟水療中心，17間水療中心及46個專櫃則由本集團直接經營，另有1間水療中心及11個專櫃委託優秀經營者經營。

於回顧期內，本集團合共開設130間新店舖，另有98間店舖結業。

為更能表達真實的經營情況作出比較，本集團已修訂截至二零零七年六月三十日止六個月之實際相關店舖數目之每間店舖平均銷售額。於中國大陸，每間店舖平均銷售額由二零零七年首六個月之103,000港元增加54.4%至二零零八年同期之159,000港元。於台灣，本集團之每間店舖平均銷售額亦有所改善，由二零零七年首六個月之92,000港元增加62.0%至二零零八年同期之149,000港元。

本集團旨在鼓勵加盟商開設更大型之水療中心，透過增設更大服務空間，增加店舖平均銷售額。

加盟水療中心由加盟者擁有，彼等須承擔水療中心的資本投資，另須於水療中心使用「自然美」或「NB」品牌產品。

設立自資經營水療中心主要作為示範供潛在加盟者參考。儘管本集團有需要於新市場設立自資經營水療中心作為水療中心模範，然而，由於自資經營水療中心之經營成本較加盟店為高，故本集團認為，將擴充自資經營水療中心的資源用於刺激產品銷售，整體而言，可帶來更高產品邊際毛利及成本效益，更有利可圖，因此，本集團已經及將會繼續將其於已開發市場之若干自資經營水療中心委託優秀經營者經營。

本集團相信，委託策略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當地顧客指定需要之服務，從而獲取更多產品銷售及服務收入。另一方面，本集團可每年取得穩定委託經營收益，同時維持廣闊之分銷脈絡及有效劃撥資源開拓新市場。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Retail Business

Since the launch of Fonperi products, the retail outlets in Taiwan has increased from 1,394 as at 31 December 2007 to 3,903 points of sales as at 30 June 2008, including Watsons, Carrefour, Geant, RT-Mart, Wellcome, FamilyMart and others.

Product Repackaging

In order to have a consistent image, the Group has 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 427 (1H2007: 314) products have changed their product packages by 30 June 2008.

Research and Development

In order to maintain our competitive edge, the Group emphasizes on research and development, so as to improve the quality of existing products and develop new products. The Group has been collaborating with overseas cosmetic companies on technological development and imported biotechnology materials from Europe, Japan and Australia, which have been 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 develop 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.

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 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.

業務回顧(續)

零售業務

自Fonperi產品推出以來，台灣之零售點由二零零七年十二月三十一日之1,394個增至二零零八年六月三十日之3,903個，當中包括設於屈臣氏、家樂福、愛買、大潤發、惠康、全家及其他店舖之銷售點。

革新產品包裝

為劃一形象，本集團已重新設計所有產品包裝，並已將七百多款產品之二百多款包裝，簡化為24種標準款式。於二零零八年六月三十日，共有427款(二零零七年上半年：314款)產品已轉換包裝。

研究及開發

為保持競爭優勢，本集團重視研究及開發，務求改善其現有產品之質素及開發新產品。本集團與海外化妝品公司合作研發新技術，同時引入歐洲、日本及澳洲生物科技物料，應用於自然美逾700種產品中。本集團之研究及開發隊伍由13名成員及多名具備化妝品、醫學、藥劑及生物化學經驗與專業知識之海外顧問組成。本集團不斷改良自然美產品，並於當中注入研究及開發隊伍研發之新成分。本集團相信，透過隊伍內不同專家之通力合作與經驗交流，加上蔡博士於業內積逾30年之經驗及知識，將有助開發優質美容及護膚產品。自然美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之特別需要。自然美產品針對肌膚自然新陳代謝，效用持久。

開發新產品時，研究及開發隊伍將考慮本集團高級管理人員之回應及意見。新產品之樣本將會分發予超過1,000名經選定之資深美容專業人士。產品全面推出市場前，或需因應測試結果進行調整或修正，以確保自然美產品達致一定水平之質素、功效及安全標準。倘產品須向有關機關登記，有關手續將於產品面市前辦妥。所有自然美產品均保證符合一切相關規定。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Research and Development (Continued)

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 and together 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 and development costs for the six months ended 30 June 2008 amounted to HK\$1.0 million (1H2007: 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 2008, over 156,000 sets / bottles (1H2007: 62,000 sets / bottles) of NB-1 family products were sold with a turnover of HK\$111.5 million (1H2007: HK\$48.4 million), accounting for over one-third of total product sales during the period under review.

We also launched a retail brand "Fonperi" in Taiwan in April 2007, Fonperi products are sold via retail channels like supermarkets and drugstores, including 6 key accounts, namely Watsons, Carrefour, Geant, RT-Mart, Wellcome and FamilyMart, as well as 10 wholesalers. There were 3,903 retail points of sales selling "Fonperi" products in Taiwan. Up to 30 June 2008, over 142,600 units were sold with a turnover of HK\$7.9 million.

For the first six months of 2008, the Group continued to enrich the product range and launched 36 new products, including 12 new products of "Fonperi" and 7 new health supplement products.

Information Technology

The Group starts 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, and to enable the generation of more accurate and timely production planning and sales forecast.

業務回顧(續)

研究及開發(續)

除自然美竭誠努力之研究及開發隊伍外，自然美亦與人類基因及幹細胞科技頂尖研究員合作，開發抗衰老NB-1產品系列及其他去斑、美白、抗敏及纖體產品。憑藉蔡博士於美容及護膚業超過30年之經驗，加上研究及開發人員之優越背景，自然美於研究及開發美容及護膚產品方面具備競爭優勢。

截至二零零八年六月三十日止六個月，本集團之研究及開發成本總額為1,000,000港元(二零零七年上半年：900,000港元)。

新產品

繼二零零三年底成功推出旗艦產品－抗衰老NB-1系列後，本集團進一步推出NB-1美白系列、NB-1防敏感及NB-1細緻毛孔系列。截至二零零八年六月三十日止六個月，本集團已售出超過156,000套／件(二零零七年上半年：62,000套／件)NB-1系列產品，帶來營業額111,500,000港元(二零零七年上半年：48,400,000港元)，佔回顧期內產品銷售總額逾三分之一。

本集團於二零零七年四月在台灣推出零售品牌「Fonperi」，Fonperi產品透過大型超級市場及藥房等零售渠道銷售，其中包括6名主要客戶屈臣氏、家樂福、愛買、大潤發、惠康及全家以及10名批發商。於台灣，共有3,903個銷售點售賣「Fonperi」產品。截至二零零八年六月三十日，已售出逾142,600件產品，營業額達7,900,000港元。

本集團於二零零八年首六個月繼續豐富產品種類，並推出36款新產品，其中包括12款「Fonperi」新產品及7款新健康食品。

資訊科技

本集團開始實施由甲骨文開發之企業資源規劃系統，以串連本集團價值鏈主要決策程序。企業資源規劃系統預期可提升本集團資訊傳遞，藉此更準確及適時作出生產計劃及銷售預測。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Information Technology (Continued)

The implementation of the ERP system in Taiwan was completed in 2004. There were three logistic centres in the PRC operated by the Group. The Warehouse Management System (WMS) is now linked to Oracle ERP system. The ERP system in the PRC is now under the implementation stage.

In order to improve operating efficiency, the Group has developed a B2B portal for our franchisee to order goods online. In addition, we also have a B2C portal in our website for retail customers to shop online.

Human Resources

As at 30 June 2008, the Group had a total of 994 employees, of which 777 were based in PRC, 197 in Taiwan and 20 in other areas. Total remuneration (excluding directors' emoluments) for the period ended 30 June 2008 was appropriately HK\$49.0 million (1H2007: HK\$38.1 million), including retirement benefits cost of HK\$5.3 million (1H2007: HK\$3.9 million). Competitive remuneration packages are maintained to attract, retain and motivate capable staff and are reviewed on a periodical basis.

The Group maintains good employee relations and is committed to providing 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.

In addition, the Group has adopted a share option scheme on 11 March 2002, for the purpose of providing incentives and reward 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. On 16 July 2008, the Group granted options to certain employees to subscribe a maximum of 2,213,456 shares, subject to achieving certain performance targets. The stock options could be vested at a ratio of 50%, 30% and 20% for a three-year period. On 7 July 2008, there were 639,430 ordinary shares of the Company allotted and issued in connection with the exercise of vested portion of employee stock options granted in previous year.

The Directors also strengthened its professional management team by recruiting chief operational officer and some key management positions like head of sales and head of marketing from multinational companies for the PRC and Taiwan markets. The Board believes that the recruitment of more industry experts will be beneficial to the Group's expansion and long-term development in future.

業務回顧(續)

資訊科技(續)

台灣之企業資源規劃系統實施工作已於二零零四年完成。本集團於中國大陸運作三間物流中心。倉庫管理系統現已與甲骨文企業資源規劃系統連接。中國大陸之企業資源規劃系統現處於實施階段。

為改善營運效率，本集團開發商業對商業(B2B)入門網站，供加盟者網上訂購貨品。此外，本集團亦於網站內另設有商業對客戶(B2C)入門網站，供零售顧客網上購物。

人力資源

於二零零八年六月三十日，本集團合共聘有994名僱員，其中777名派駐中國，台灣有197名，其他地區則有20名。截至二零零八年六月三十日止期間，總酬金(不包括董事酬金)約為49,000,000港元(二零零七年上半年：38,100,000港元)，其中包括退休福利成本5,300,000港元(二零零七年上半年：3,900,000港元)。為招聘、留聘及鼓勵表現卓越之僱員，本集團保持具競爭力之酬金組合，並定期檢討。

本集團與僱員維持良好合作關係，著重向僱員提供培訓及發展，更定期為集團聘用之美容師及加盟者提供專業培訓課程，從而提升及確保所提供服務之質素及一貫性。

此外，本集團已於二零零二年三月十一日採納認股權計劃，以獎勵及獎賞對本集團業務成就有所貢獻之合資格參與人士。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。於二零零八年七月十六日，本集團向若干僱員授出認股權，於達成若干表現目標後可認購最多2,213,456股股份。認股權可於三年內按50%、30%及20%比率歸屬。於二零零八年七月七日，於去年授出且已歸屬部分僱員認股權獲行使時，本公司配發及發行639,430股普通股。

董事亦聘請曾任職跨國公司人員出任營運總監以及銷售總監和市場策劃主管等若干主要管理職位，專責中國大陸及台灣市場，以壯大本集團之專業管理隊伍。董事會相信，增聘行業專才將有利本集團日後之擴展工作及長遠發展。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Capital Expenditures

The Group's major capital expenditures were related to self-owned spas and machinery in our factories. There were HK\$7.5 million additions to fixed assets for the first six months of 2008 (1H2007: HK\$8.4 million), comprising cost for renovation as well as addition of furniture and fixtures for our self-owned spas, which amounted to HK\$3.6 million and HK\$2.2 million respectively.

Franchisees are responsible for the capital expenditures of their spas.

OUTLOOK

China

Rising purchasing power and growing product awareness will lead to the expansion of skin care products market in China. Thus, the PRC market remains as the Group's strategic focus in the foreseeable future. With the strengthening of selling skills training and product knowledge of the franchisees, together with new products introduced and further expansion of the franchise network, average sales per store is expected to further improve. Also, the Group has entered into a sales and purchase agreement to acquire the entire equity interest in a related company which principally engaged in the research, development and manufacture of health supplements. Through this acquisition, the Group can further strengthen its position in expanding health supplements business and improving its overall competitive edge.

Taiwan

In spite of high expectation towards the newly elected Taiwan President, Taiwan's economy has not gone through much tangible changes during the first six months of 2008. As both stock market and retail market are expected to remain stagnant in the coming months, we will focus more on our core business of franchising spa products.

For both markets, new products, especially health supplements, will be introduced to reach extended family and friends of our existing client base.

業務回顧(續)

資本開支

本集團主要資本開支與自資經營水療中心及本集團廠房機器相關。於二零零八年首六個月，本集團添置固定資產7,500,000港元(二零零七年上半年：8,400,000港元)，當中包括就自資經營水療中心進行翻新工程以及添置傢具及裝置之成本分別為3,600,000港元及2,200,000港元。

加盟者須承擔其水療中心的資本開支。

前景

中國

國民之購買力上升及增加對產品之認知將有助中國護膚品市場日益壯大。因此，中國大陸市場於可見將來仍為本集團之策略重點。本集團透過加強培訓加盟者之銷售技巧及對產品之認知，加上推出新產品及進一步擴充經營網絡，每間店舖平均銷售額可望進一步改善。此外，本集團已訂立買賣協議，收購一家主要從事研究、開發及製造健康食品之關連公司全部股本權益。本集團透過是次收購擴充健康食品業務及改善其整體競爭優勢，進一步鞏固地位。

台灣

儘管各界對新任台灣總統寄予厚望，台灣經濟於二零零八年首六個月並無實質變動。由於預期未來數個月之股市及零售市場繼續不景，本集團將更著重加盟水療產品之核心業務。

就該兩個市場而言，本集團將推出新產品，特別是健康食品，務求將現有客戶基礎伸展至彼等之親友層面。

Corporate Governance

企業管治

CORPORATE GOVERNANCE

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 2008 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.

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

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2008, except for the following deviation:

企業管治

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，董事會已成立具明確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須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常規成立提名委員會。

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。本公司截至二零零八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。

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，並不時向董事會提供建議。

遵守企業管治常規守則

本公司明白良好企業管治對提升本公司管理水平以及保障股東整體利益之重要性。董事會認為，本公司於截至二零零八年六月三十日止六個月已遵守上市規則附錄14所載企業管治常規守則之守則條文，惟下列偏離情況除外：

CORPORATE GOVERNANCE (Continued)

Code provision E.1.2

This code provision stipulates that the chairman of the board of a listed issuer should attend the issuer's annual general meeting. Dr. Tsai Yen Yu, the Chairperson of the Company, has been heavily committed to business operations of the Group in the Mainland China and Taiwan. Despite her utmost intention to be present at the Company's 2008 annual general meeting held on 12 June 2008, business circumstances made it impossible. However, although she was unable to attend, she had duly arranged for Dr. Su Chien Cheng, an executive director of the Company who is well versed in all the business activities and operations of the Group, to attend on her behalf and to chair the meeting and to respond to shareholders' questions.

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.

企業管治(續)

守則條文E.1.2

此守則條文規定上市發行人董事會主席須出席發行人之股東週年大會。本公司主席蔡燕玉博士忙於處理本集團於中國大陸及台灣之業務運作。儘管彼極希望出席本公司於二零零八年六月十二日舉行之二零零八年股東週年大會，惟因公務羈身以致未克出席。然而，儘管蔡燕玉博士未能出席大會，彼已正式安排熟悉本集團一切業務活動及運作的本公司執行董事蘇建誠博士代彼出席及主持大會，並回應股東提問。

遵守標準守則

本公司已採納上市規則附錄10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。

Other Information

其他資料

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

During the six months ended 30 June 2008, 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 2007.

On 16 July 2008, the Group granted options to certain employees to subscribe a maximum of 2,213,456 shares, subject to achieving certain performance targets. The stock options could be vested at a ratio of 50%, 30% and 20% for a three-year period. On 7 July 2008, there were 639,430 ordinary shares of the Company allotted and issued in connection with the exercise of vested portion of employee stock options granted in previous year.

INTERIM DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of 5.0 HK cents per share (2007: interim dividend of 3.0 HK cents and interim special dividend of 2.0 HK cents per share). The interim dividend will be distributed on or around 14 November 2008 to shareholders whose names appear on the register of members of the Company as at the close of business on 22 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 October 2008 to 24 October 2008, both dates inclusive, during which period no transfer of shares may be registered. In order to qualify for the interim 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 Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 22 October 2008. The interim dividend will be distributed on or around 14 November 2008.

購買、出售或贖回本公司上市證券

截至二零零八年六月三十日止六個月，本公司並無贖回本身任何上市證券，本公司或其任何附屬公司亦無購買或出售本公司任何上市證券。

認股權計劃

本公司於二零零二年三月十一日採納認股權計劃（「該計劃」）。該計劃詳情載於本公司已刊發之截至二零零七年十二月三十一日止年度年報。

於二零零八年七月十六日，本集團向若干僱員授出認股權，於達成若干表現目標後可認購最多2,213,456股股份。認股權可於三年內按50%、30%及20%比率歸屬。於二零零八年七月七日，於去年授出且已歸屬之部分僱員認股權獲行使時，本公司已配發及發行639,430股普通股。

中期股利

董事會議決建議派發中期股利每股5.0港仙（二零零七年：中期股利每股3.0港仙及中期特別股利每股2.0港仙）。本公司將於二零零八年十一月十四日或前後向於二零零八年十月二十二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。

暫停辦理股東登記手續

本公司將於二零零八年十月二十三日至二零零八年十月二十四日（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，所有填妥之過戶表格連同有關股票，最遲須於二零零八年十月二十二日下午四時三十分前，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1712-1716室。中期股利將於二零零八年十一月十四日或前後派發。

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 2008, in the case of Dr. Tsai, Yen Yu ("Dr. Tsai"), Mr. Lee Ming Ta ("Mr. Lee") and Dr. Su Chien Cheng ("Dr. Su Chien Cheng") and from 21 September 2007 in the case of Dr. Su Sh Hsyu ("Dr. Su Sh Hsyu"). The service contracts of the independent non-executive directors were also for a term of three years, commencing from 11 March 2008 in the case of Mr. Yeh Liang Fei ("Mr. Yeh") and Mrs. Chen Shieh Shu Chen ("Mrs. Chen") and from 21 September 2007 in the case of Mr. Chen Ching ("Mr. Chen"). These services contracts may be terminated by either party giving to the other not less than three calendar months' notice in writing. 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 Dr. Su Sh Hsyu, HK\$600,000 to Dr. Su Chien Cheng, 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, Dr. Su Chien Cheng and Dr. Su Sh Hsyu 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

本公司與全體執行董事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」)及蘇建誠博士(「蘇建誠博士」)之合約年期由二零零八年三月十一日開始；蘇詩琇博士(「蘇詩琇博士」)之合約年期由二零零七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」)之合約年期由二零零八年三月十一日開始；湛清先生(「湛先生」)之合約年期則由二零零七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。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、蘇詩琇博士獲600,000港元、蘇建誠博士獲600,000港元、葉先生獲20,000港元、陳女士獲20,000港元及湛先生獲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10%。

蔡博士、李先生、蘇建誠博士及蘇詩琇博士亦可享有管理花紅。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。

Other Information (Continued)

其他資料(續)

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2008, the interests of the directors, the chief executive 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

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	–	838,530,000 (Note 1) (附註1)	41.93%
Dr. Su Chien Cheng 蘇建誠博士	–	235,500,000 (Note 2) (附註2)	11.78%
Dr. Su Sh Hsyu 蘇詩琇博士	–	235,500,000 (Note 3) (附註3)	11.78%
Mr. Lee 李先生	838,530,000 (Note 1) (附註1)	–	41.93%

董事於股份的權益

於二零零八年六月三十日，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」）已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

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

Other Information (Continued)

其他資料(續)

DIRECTORS' INTERESTS IN SHARES (Continued)

Notes:

- (1) The two references to 838,530,000 shares relate to the same block of shares. Such block of shares are held by Efficient Market Investments Limited ("Efficient Market") which is beneficially wholly-owned by Dr. Tsai through Knightcote Enterprises Limited ("Knightcote").

Mr. Lee, the spouse of Dr. Tsai, is deemed to be interested in 838,530,000 ordinary shares of the Company.
- (2) The reference to 235,500,000 shares is held by Aventa Group Limited ("Aventa") which is beneficially wholly-owned by Dr. Su Chien Cheng through Beautivalue Holdings Limited ("Beautivalue"). Dr. Su Chien Cheng is the son of Dr. Tsai.
- (3) The reference to 235,500,000 shares is held by Fortune Bright Group Limited ("Fortune Bright") which is beneficially wholly-owned by Dr. Su Sh Hsyu through Colour Shine Holdings Limited ("Colour Shine"). Dr. Su Sh Hsyu is the daughter of Dr. Tsai.

Other than as disclosed above, none of the directors, the chief executive nor their associates had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2008.

董事於股份的權益(續)

附註：

- (1) 以上兩次提述的838,530,000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 則由蔡博士透過 Knightcote Enterprises Limited (「Knightcote」) 全資實益擁有。

蔡博士之配偶李先生被視作擁有本公司 838,530,000 股普通股之權益。
- (2) 以上提述的 235,500,000 股股份由 Aventa Group Limited (「Aventa」) 持有，而 Aventa 則由蘇建誠博士透過 Beautivalue Holdings Limited (「Beautivalue」) 全資實益擁有。蘇建誠博士為蔡博士之兒子。
- (3) 以上提述的 235,500,000 股股份由 Fortune Bright Group Limited (「Fortune Bright」) 持有，而 Fortune Bright 則由蘇詩琇博士透過 Colour Shine Holdings Limited (「Colour Shine」) 全資實益擁有。蘇詩琇博士為蔡博士之女兒。

除上文披露者外，於二零零八年六月三十日，概無董事、主要行政人員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。

Other Information (Continued)

其他資料(續)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, 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

Name of shareholder 股東姓名／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	838,530,000	41.93%
Knightcote	1 & 2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	838,530,000	41.93%
Aventa	3	Beneficial owner 實益擁有人	235,500,000	11.78%
Beautivalue	3 & 4	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	235,500,000	11.78%
Fortune Bright	5	Beneficial owner 實益擁有人	235,500,000	11.78%
Colour Shine	5 & 6	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	235,500,000	11.78%
Dr. Tsai 蔡博士	2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	838,530,000	41.93%
Dr. Su Chien Cheng 蘇建誠博士	4	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	235,500,000	11.78%
Dr. Su Sh Hsyu 蘇詩琇博士	6	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	235,500,000	11.78%
Martin Currie (Holdings) Limited 馬丁可利(控股)有限公司		Investment Manager 投資經理	174,096,000	8.70%
Keywise Capital Management (HK) Limited 凱思博投資管理(香港)有限公司		Investment Manager 投資經理	161,540,000	8.08%

主要股東

於二零零八年六月三十日，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

Other Information (Continued)

其他資料(續)

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. Efficient Market is beneficially wholly-owned by Knightcote.
2. The controlled corporation, Knightcote, is beneficially wholly-owned by Dr. Tsai. These shares are attributable to Dr. Tsai in respect of her 100% interest in Knightcote.
3. Aventa is beneficially wholly-owned by Beautivalue.
4. The controlled corporation, Beautivalue, is beneficially wholly-owned by Dr. Su Chien Cheng. These shares are attributable to Dr. Su Chien Cheng in respect of his 100% interest in Beautivalue.
5. Fortune Bright is beneficially wholly-owned by Colour Shine.
6. The controlled corporation, Colour Shine, is beneficially wholly-owned by Dr. Su Sh Hsyu. These shares are attributable to Dr. Su Sh Hsyu in respect of her 100% interest in Colour Shine.

Save as 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 2008.

主要股東(續)

附註：

1. Efficient Market由Knightcote全資實益擁有。
2. 受控制法團Knightcote由蔡博士全資實益擁有。由於蔡博士擁有Knightcote 100%權益，故該等股份屬彼所擁有。
3. Aventa由Beautivalue全資實益擁有。
4. 受控制法團Beautivalue由蘇建誠博士全資實益擁有。由於蘇建誠博士擁有Beautivalue 100%權益，故該等股份屬彼所擁有。
5. Fortune Bright由Colour Shine全資實益擁有。
6. 受控制法團Colour Shine由蘇詩琇博士全資實益擁有。由於蘇詩琇博士擁有Colour Shine 100%權益，故該等股份屬彼所擁有。

除上文披露的權益外，本公司並無獲知會於二零零八年六月三十日於本公司已發行股本之任何其他有關權益或淡倉。

Condensed Consolidated Income Statement

簡明綜合收益表

For the six months ended 30 June 2008 截至二零零八年六月三十日止六個月

(With comparatives for the six months ended 30 June 2007)

(連同截至二零零七年六月三十日止六個月的比較數字)

(Expressed in thousands of Hong Kong dollars (HK\$'000))(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	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
		Note 附註	
Turnover	營業額	4	315,651
Cost of sales	銷售成本		(50,679)
Gross profit	毛利		264,972
Other income	其他收益		23,107
Distribution and selling costs	分銷及銷售費用		(69,168)
Administrative expenses	行政開支		(38,535)
Other expenses	其他支出		(12,089)
Share of loss of an associate	應佔一家聯營公司虧損		-
Share of profit of a jointly controlled entity	應佔一家共同控制實體溢利		-
Profit before taxation	除稅前溢利	5	168,287
Income tax expense	所得稅開支	6	(18,509)
Profit for the period	期內溢利		149,778
Attributable to:	應佔：		
Equity holders of the Company	本公司股東盈利		149,655
Minority interests	少數股東權益		123
			74,329
			(33)
			149,778
			74,296
Dividends	股利	7	100,032
Earnings per share	每股盈利	8	
- Basic	- 基本		7.48 HK cents
			港仙
- Diluted	- 攤薄		7.48 HK cents
			港仙
			3.72 HK cents
			港仙
			Not applicable
			不適用

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

At 30 June 2008 於二零零八年六月三十日

(with comparatives at 31 December 2007)

(連同二零零七年十二月三十一日的比較數字)

(Expressed in thousands of Hong Kong dollars (HK\$'000))(以千港元為單位)

			At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
	Notes 附註			
Non-current assets		非流動資產		
Investment property		投資物業	4,854	4,544
Property, plant and equipment		不動產、廠場及設備	230,760	218,025
Prepaid lease payments		自用土地租賃款	9,990	9,516
Goodwill		商譽	25,741	24,562
Available-for-sale investments		可供出售投資	9,126	9,126
Deferred taxation assets		遞延稅項資產	7,448	7,550
			287,919	273,323
Current assets		流動資產		
Inventories		存貨	82,192	71,017
Trade and other receivables	9	貿易及其他應收賬款	79,585	98,971
Prepaid lease payments		自用土地租賃款	279	262
Held-for-trading investments		持作買賣投資	70,080	-
Bank balances and cash		銀行結存及現金	710,409	588,741
			942,545	758,991
Current liabilities		流動負債		
Trade and other payables	10	貿易及其他應付賬款	86,210	90,306
Dividend payable		應付股利	200,002	2
Deferred income		遞延收益	10,390	9,763
Taxation payable		應付稅項	12,268	4,693
			308,870	104,764
Net current assets		流動資產淨值	633,675	654,227
Total assets less current liabilities		總資產減流動負債	921,594	927,550

Condensed Consolidated Balance Sheet (Continued)

簡明綜合資產負債表(續)

		Notes	At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
		附註		
Non-current liability	非流動負債			
Retirement benefit obligations	退休福利責任	11	<u>13,140</u>	<u>11,899</u>
			<u>908,454</u>	<u>915,651</u>
Capital and reserves	股本及儲備			
Share capital	股本	12	<u>200,000</u>	200,000
Reserves	儲備		<u>701,915</u>	<u>709,626</u>
Equity attributable to equity holders of the Company	本公司股東應佔權益		<u>901,915</u>	909,626
Minority interests	少數股東權益		<u>6,539</u>	<u>6,025</u>
Total equity	總權益		<u>908,454</u>	<u>915,651</u>

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2008 截至二零零八年六月三十日止六個月

(Expressed in thousands of Hong Kong dollars (HK\$'000))(以千港元為單位)

For the six months ended 30 June 2008
截至二零零八年六月三十日止六個月
(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	Capital Surplus	Share Premium	Statutory Reserve	Exchange Reserve	Share option reserve	Retained profits	Total	Total	
		股本	股本盈餘	股份溢價	法定儲備	匯兌儲備	認股權儲備	保留溢利	總計	少數股東權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元
THE GROUP	本集團										
At 1 January 2008	於二零零八年 一月一日	200,000	42,554	336,758	150,722	63,203	101	116,288	909,626	6,025	915,651
Net gain recognized directly in equity:	直接於權益確認之 收益淨額:										
Exchange difference arising from translation of overseas operations	折算海外業務 匯率差額	-	-	-	-	42,400	-	-	42,400	391	42,791
Recognition of share-based payments	確認股份付款	-	-	-	-	-	234	-	234	-	234
		200,000	42,554	336,758	150,722	105,603	335	116,288	952,260	6,416	958,676
Profit for the period	期內溢利	-	-	-	-	-	-	149,655	149,655	123	149,778
Dividends declared*	已宣派股利*	-	-	(200,000)	-	-	-	-	(200,000)	-	(200,000)
At 30 June 2008	於二零零八年 六月三十日	200,000	42,554	136,758	150,722	105,603	335	265,943	901,915	6,539	908,454

* Dividends declared represent the final dividend and final special dividend for 2007 and do not include the interim dividend for 2008.

* 已宣派股利指二零零七年之末期股利及末期特別股利，但不包括二零零八年之中期股利。

Condensed Consolidated Statement of Changes in Equity (Continued)

簡明綜合權益變動表(續)

The comparative figures for 2007 are set out as follows:
二零零七年之比較數字載列如下：

		For the six months ended 30 June 2007 截至二零零七年六月三十日止六個月 (Unaudited) (未經審核)						Minority interests 少數股東權益		
		Attributable to shareholders of the Company 本公司股東應佔								
		Share Capital 股本	Capital Surplus 股本盈餘	Share Premium 股份溢價	Statutory Reserve 法定儲備	Exchange Reserve 匯兌儲備	Retained profits 保留溢利	Total 總計		Total 總計
		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
THE GROUP	本集團									
At 1 January 2007	於二零零七年一月一日	200,000	42,554	336,758	106,803	26,124	166,500	878,739	432	879,171
Net gain/(loss) recognized directly in equity:	直接於權益確認之收益/(虧損)淨額：									
Exchange difference arising from translation of overseas operations	折算海外業務匯率差額	-	-	-	-	14,597	-	14,597	85	14,682
Transfer to statutory reserve	轉撥至法定儲備	-	-	-	4,716	-	(4,716)	-	-	-
Formation of non-wholly owned subsidiary	成立非全資附屬公司	-	-	-	-	-	-	-	4,951	4,951
		200,000	42,554	336,758	111,519	40,721	161,784	893,336	5,468	898,804
Profit for the period	期內溢利	-	-	-	-	-	74,329	74,329	(33)	74,296
Dividends declared*	已宣派股利*	-	-	-	-	-	(85,000)	(85,000)	-	(85,000)
At 30 June 2007	於二零零七年六月三十日	200,000	42,554	336,758	111,519	40,721	151,113	882,665	5,435	888,100

* Dividends declared represent the final dividend and final special dividend for 2006 and do not included the interim dividend and interim special dividend for 2007.

* 已宣派股利指二零零六年之末期股利及末期特別股利，但不包括二零零七年之中期股利及中期特別股利。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 June 2008 截至二零零八年六月三十日止六個月

(With comparatives for the six months ended 30 June 2007)

(連同截至二零零七年六月三十日止六個月的比較數字)

(Expressed in thousands of Hong Kong dollars (HK\$'000))(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	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
	Note 附註		
Cash generated from operations	經營業務產生之現金	179,630	162,382
Overseas taxation paid	已付海外稅項	(10,598)	(17,238)
Net cash from operating activities	經營活動所得現金淨額	169,032	145,144
Investing activities	投資活動		
Purchase of property, plant and equipment	購置不動產、廠場及設備	(7,549)	(8,351)
Proceeds from disposal of property, plant and equipment	出售不動產、廠場及設備所得款項	60	96
Purchase of held-for-trading investments	購買持作買賣投資	(70,080)	-
Acquisition of subsidiaries	收購附屬公司	-	(5,229)
Interest received	已收利息	3,384	2,615
Net cash used in investing activities	投資業務所用現金淨額	(74,185)	(10,869)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	94,847	134,275
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	588,741	356,243
Effect of foreign exchange rate changes	匯率變動之影響	26,821	10,860
Cash and cash equivalents at 30 June, represented by bank balances and cash	於六月三十日之現金及現金等價物 (指銀行結存及現金)	710,409	501,378

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

As of 30 June 2008 於二零零八年六月三十日

(With comparatives for the six months ended 30 June 2007 and as of 31 December 2007)

(連同截至二零零七年六月三十日止六個月及二零零七年十二月三十一日的比較數字)

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

(除另有列明外，以千港元為單位)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated accounts have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at their fair values. The accounting policies adopted are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2007, except as described below.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2008.

IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

1. 編製基準及會計政策

未經審核綜合賬目根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16之適用披露規定及香港會計師公會(「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」編製。

簡明綜合財務報表乃按照歷史成本基準編製，並就重估按公平值列賬之投資物業作出修正。所採納會計政策與編製本集團截至二零零七年十二月三十一日止年度綜合財務報表所遵從者貫徹一致，惟下述者除外。

本集團於本期間首次應用香港會計師公會所頒佈，且於二零零八年一月一日或之後開始之本集團財政年度生效之以下新訂準則、修訂及詮釋(「新香港財務報告準則」)。

國際財務報告詮釋委員會 — 詮釋第11號	國際財務報告準則 第2號—集團及 庫存股份交易
國際財務報告詮釋委員會 第12號	服務經營權安排
國際財務報告詮釋委員會 第14號	國際會計準則第19號 — 界定福利資產限額、 最低資金規定及其 相互關係

採納新香港財務報告準則對目前或過往會計期間業績及財務狀況之編製及呈報並無重大影響，因此，毋須前期調整。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combination ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

1. 編製基準及會計政策(續)

本集團並無提早應用以下已頒佈惟尚未生效之新訂及經修訂準則、修訂或詮釋。

香港會計準則第1號 (經修訂)	財務報表之呈列 ¹
香港會計準則第23號 (經修訂)	借貸成本 ¹
香港會計準則第27號 (經修訂)	綜合及獨立財務報表 ²
香港財務報告準則第2號 (修訂本)	歸屬條件及註銷 ¹
香港財務報告準則第3號 (經修訂)	業務合併 ²
香港財務報告準則第8號	營運分部 ¹
香港(國際財務報告 詮釋委員會) — 詮釋第13號	顧客長期支持計劃 ³

¹ 於二零零九年一月一日或之後開始之年度期間生效

² 於二零零九年七月一日或之後開始之年度期間生效

³ 於二零零八年七月一日或之後開始之年度期間生效

採納香港財務報告準則第3號(經修訂)可能對收購日期為於二零零九年七月一日或之後開始首個年度申報期間初或之後之業務合併會計處理方法造成影響。香港會計準則第27號(經修訂)將影響母公司於附屬公司擁有權益變動但不會導致喪失控制權之會計處理方法，而將其列作股本交易。

本公司董事預期，應用其他新訂或經修訂準則及詮釋，對本集團業績及財務狀況並無重大影響。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

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, impairment of goodwill, allowances for trade receivable and inventories and the determination of income tax.

3. SEGMENT INFORMATION

(a) Geographical segment

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

An analysis of the Group's revenue and contribution to segment results and segmental assets and liabilities by geographic segments based on customers location, irrespective of the origin of the goods/services, is presented below:

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、商譽減值、貿易應收賬款及存貨撥備以及所得稅項釐定。

3. 分部資料

(a) 地域分部

本集團之業務位於中華人民共和國(「中國大陸」)、台灣、香港、澳門及馬來西亞。

本集團按客戶所在地而定之地域分部(不論貨品/服務來源地)劃分之收入、對分部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 2008 截至二零零八年六月三十日止六個月			
		PRC 中國大陸 (unaudited) (未經審核) HK\$'000 千港元	Taiwan 台灣 (unaudited) (未經審核) HK\$'000 千港元	Others 其他地區 (unaudited) (未經審核) HK\$'000 千港元	Total 總計 (unaudited) (未經審核) HK\$'000 千港元
Turnover	營業額	235,452	75,847	4,352	315,651
Segment results	分部業績	135,249	28,152	(5,855)	157,546
Unallocated expenses	未撥配支出				(5,149)
Unallocated income	未撥配收益				15,890
Profit before taxation	除稅前溢利				168,287
Income tax expense	所得稅開支				(18,509)
Profit for the period	期內溢利				149,778

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

3. SEGMENT INFORMATION (Continued)

(a) Geographical segment (Continued)

3. 分部資料(續)

(a) 地域分部(續)

		For the six months ended 30 June 2007			
		截至二零零七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	<u>139,282</u>	<u>50,565</u>	<u>3,341</u>	<u>193,188</u>
Segment results	分部業績	<u>84,135</u>	<u>17,748</u>	<u>(1,830)</u>	100,053
Unallocated corporate expenses	未撥配公司支出				(6,886)
Unallocated income	未撥配收益				2,615
Share of loss of an associate	應佔一家聯營公司虧損				(348)
Share of profit of a jointly controlled entity	應佔一家共同控制實體溢利				<u>19</u>
Profit before taxation	除稅前溢利				95,453
Income tax expense	所得稅開支				<u>(21,157)</u>
Profit for the period	期內溢利				<u>74,296</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

3. 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

3. 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 2008 截至二零零八年六月三十日止六個月			For the six months ended 30 June 2007 截至二零零七年六月三十日止六個月		
		Turnover (unaudited) (未經審核) HK\$'000 千港元	Other income (unaudited) (未經審核) HK\$'000 千港元	Capital expenditure (unaudited) (未經審核) HK\$'000 千港元	Turnover (unaudited) (未經審核) HK\$'000 千港元	Other income (unaudited) (未經審核) HK\$'000 千港元	Capital expenditure (unaudited) (未經審核) HK\$'000 千港元
Cosmetics products and beauty services	美容產品及美容服務	315,651	-	7,549	193,188	-	8,351
Investment properties	投資物業	-	73	-	-	3,362	-
Others	其他	-	23,034	-	-	25,642	-
		315,651	23,107	7,549	193,188	29,004	8,351

Segment Assets 分部資產

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Cosmetics products and beauty services	美容產品及美容服務	434,398	428,495
Investment property	投資物業	4,854	4,544
		439,252	433,039

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

4. 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. 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

2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
307,795	181,958
7,590	9,099
266	2,131
315,651	193,188

5. PROFIT BEFORE TAXATION

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

Crediting:	計入：
Interest income on bank deposits	銀行存款利息收益
Realized gain on disposal of short-term investments	出售短期投資之已變現收益
Realized exchange gain	已變現匯兌收益

5. 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

2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
3,384	2,615
1,842	1,406
12,506	-

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

5. PROFIT BEFORE TAXATION (Continued)

5. 除稅前溢利(續)

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
Charging:	扣除：		
Net loss on disposals of property, plant and equipment	出售不動產、廠場及設備 之虧損淨額	251	87
Staff costs, excluding directors' emoluments	員工成本 (不包括董事酬金)		
– Salaries and wages	– 薪金及工資	43,706	34,147
– Pension costs	– 退休金成本		
– PRC	– 中國大陸	3,530	2,606
– Taiwan	– 台灣	1,654	1,187
– Hong Kong and other regions	– 香港及其他地區	91	111
Directors' emoluments (salaries and allowances)*	董事酬金 (薪金及津貼)*	2,123	2,089
Depreciation of property, plant and equipment	不動產、廠場及 設備之折舊	8,359	9,171
(Written back) allowance for obsolete inventories	陳舊存貨(撥回)撥備	(462)	1,852
Provision for doubtful debts	呆賬撥備	5,245	1,824
Written off of uncollectible financial refunds receivable	撇銷未能收回應收財務退款	4,431	–
Operating lease expense on land and buildings	土地及樓宇之 經營租賃開支	8,418	8,385
Research and development costs	研發成本	956	892

* Included in directors' remuneration were fees of HK\$1,494,000 (2007: HK\$1,494,000), payable to directors during the report period.

* 董事酬金中包括於報告期內應付董事之袍金1,494,000港元(二零零七年：1,494,000港元)。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

6. 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 2008 (2007: 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.

6. 所得稅開支

由於本集團於截至二零零八年六月三十日止六個月於香港並無應課稅溢利(二零零七年：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	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
Group:	本集團：		
Overseas taxation	海外稅項	18,407	17,238
Deferred taxation	遞延稅項	102	3,919
Taxation for the period	期內稅項	18,509	21,157

7. DIVIDENDS

7. 股利

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
2007 Interim, paid, of 3.0 HK cents per ordinary share	二零零七年已派付之中期股利 每股普通股3.0港仙	-	60,000
2007 Interim Special, paid, of 2.0 HK cents per ordinary share	二零零七年已派付之中期特別股利 每股普通股2.0港仙	-	40,000
2008 Interim, proposed, of 5.0 HK cents per ordinary share	二零零八年擬派之中期股利 每股普通股5.0港仙	100,032	-
		100,032	100,000

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

7. DIVIDENDS (Continued)

The directors proposed an interim dividend of 5.0 HK cents per share. This proposed dividend has not been recognised as a liability at the balance sheet date.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to equity holders of approximately HK\$149,655,000 for the six months ended 30 June 2008 (2007: HK\$74,329,000) divided by weighted average number of approximately 2,000,000,000 ordinary shares (2007: 2,000,000,000) in issue during the period.

The calculation of the diluted earnings per share is based on the Group's unaudited profit attributable to equity holders of approximately HK\$149,655,000 for the six months ended 30 June 2008 (2007: HK\$74,329,000) divided by weighted average number of approximately 2,000,136,325 ordinary shares for the purposes of diluted earnings per share (2007: no dilutive potential shares).

9. TRADE AND OTHER RECEIVABLES

7. 股利(續)

董事擬派中期股利每股5.0港仙。於結算日，此擬派股利並無確認為負債。

8. 每股盈利

每股基本盈利乃根據本集團截至二零零八年六月三十日止六個月之未經審核股東應佔溢利約149,655,000港元(二零零七年：74,329,000港元)除期內已發行普通股加權平均數約2,000,000,000股(二零零七年：2,000,000,000股)計算。

每股攤薄盈利乃根據本集團截至二零零八年六月三十日止六個月未經審核股東應佔溢利149,655,000港元(二零零七年：74,329,000港元)除期內就計算每股攤薄盈利之普通股加權平均數約2,000,136,325股(二零零七年：無具潛在攤薄影響的股份)計算。

9. 貿易及其他應收賬款

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Trade receivables	貿易應收賬款	51,704	59,351
Prepayments and deposits	預付款項及押金	13,212	14,064
Financial refunds receivable	應收財務退款	-	9,834
Other receivables	其他應收賬款	14,669	15,722
		<u>79,585</u>	<u>98,971</u>
Total trade and other receivables	貿易及其他應收賬款總額		98,971

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

9. TRADE AND OTHER RECEIVABLES (Continued)

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:

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Within 180 days	180日內	36,862	44,874
181 days to 365 days	181日至365日	6,585	5,096
1 to 2 years	1至2年	6,064	7,391
Over 2 years	2年以上	2,193	1,990
		51,704	59,351

The fair value of the Group's trade and other receivables at 30 June 2008 was approximate to the corresponding carrying amount.

10. TRADE AND OTHER PAYABLES

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Trade payables	貿易應付賬款	19,562	21,813
Deposits from customers	客戶押金	27,107	25,389
Other tax payables	其他應付稅項	5,841	12,743
Other payables	其他應付賬款	33,700	30,361
Total trade and other payables	貿易及其他應付賬款總額	86,210	90,306

9. 貿易及其他應收賬款(續)

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：

本集團貿易及其他應收賬款於二零零八年六月三十日之公平值與其相應賬面值相若。

10. 貿易及其他應付賬款

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

10. TRADE AND OTHER PAYABLES (Continued)

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

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Within 180 days	180日內	19,410	21,795
181 days to 365 days	181日至365日	134	-
1 to 2 years	1至2年	-	2
Over 2 years	2年以上	18	16
		19,562	21,813

The fair value of the Group's trade and other payables at 30 June 2008 was approximate to the corresponding amount.

11. RETIREMENT BENEFIT OBLIGATIONS

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (unaudited) (未經審核) HK\$'000 千港元
Obligations on:	責任：		
- defined contribution plans	- 定額供款計劃	-	-
- defined benefits plans	- 定額福利計劃	13,140	11,899
		13,140	11,899

10. 貿易及其他應付賬款(續)

於結算日之貿易應付賬款賬齡分析如下：

	At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Within 180 days	19,410	21,795
181 days to 365 days	134	-
1 to 2 years	-	2
Over 2 years	18	16
	19,562	21,813

本集團貿易及其他應付賬款於二零零八年六月三十日之公平值與其相應賬面值相若。

11. 退休金責任

	At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (unaudited) (未經審核) HK\$'000 千港元
Obligations on:		
- defined contribution plans	-	-
- defined benefits plans	13,140	11,899
	13,140	11,899

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

11. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Movement in the liability recognised in the balance sheet:

		For the six months ended 30 June 2008 截至 二零零八年 六月三十日 止六個月 (unaudited) (未經審核) HK\$'000 千港元	For the year ended 31 December 2007 截至 二零零七年 十二月三十一日 止年度 (unaudited) (未經審核) HK\$'000 千港元
Accrued retirement benefit obligations, beginning	期初應計退休責任	11,899	11,317
Total expense (Note)	總支出(附註)	1,684	870
Contributions paid	已付供款	(1,256)	(356)
Currency realignments	匯率折算差額	813	68
Accrued retirement benefit obligations, ending	期末應計退休責任	<u>13,140</u>	<u>11,899</u>

Note: Actuarial valuation of the pension plan is performed by a qualified actuary annually. Last actuarial valuation was made as at 31 December 2007. 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.

11. 退休金責任(續)

於資產負債表確認之負債變動如下：

附註：退休金計劃每年由合資格精算師進行精算估值。上一次精算估值於二零零七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。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

12. SHARE CAPITAL

12. 股本

		Nominal value 面值	
		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (unaudited) (未經審核) HK\$'000 千港元
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	400,000	400,000
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	200,000	200,000

13. NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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

13. 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。

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
Operating profit before working capital changes	營運資金變動前之經營溢利	182,861	106,586
Increase in inventories	存貨增加	(10,713)	(6,265)
Decrease in trade and other receivables	貿易及其他應收賬款 減少	9,710	50,264
(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	(3,469)	11,554
Increase in retirement benefit obligations	應計退休責任增加	1,241	243
Cash generated from operations	經營業務之現金流入	179,630	162,382

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

14. 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.

14. 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

2008 二零零八年 (unaudited) (未經審核) HK\$'000 千港元	2007 二零零七年 (unaudited) (未經審核) HK\$'000 千港元
<u>18</u>	<u>19</u>
<u>503</u>	<u>463</u>
<u>7,644</u>	<u>1,419</u>

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。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

15. 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:

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Within one year	一年內	15,685	14,807
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	25,146	22,412
Over five years	超過五年	6,201	6,010
		47,032	43,229

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 future minimum lease payments of HK\$31,000 (As at 31 December 2007: HK\$203,000) within one year.

15. 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 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
Within one year	15,685	14,807
In the second to fifth years inclusive	25,146	22,412
Over five years	6,201	6,010
	47,032	43,229

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於一年內之未來最低租金付款為31,000港元(二零零七年十二月三十一日：203,000港元)

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

16. CAPITAL COMMITMENTS

16. 資本承擔

		At 30 June 2008 於二零零八年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	At 31 December 2007 於二零零七年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
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	627	1,545

17. SUBSEQUENT EVENTS

On 20 August 2008, the Group has entered into the Sale and Purchase Agreement to acquire the entire interest of Shanghai Natural Beauty Bio-Med Co. Ltd. (上海自然美生物醫學有限公司), a connected party of the Group, at a consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936).

17. 結算日後事項

於二零零八年八月二十日，本集團訂立買賣協議，收購本集團關連人士上海自然美生物醫學有限公司全部權益，代價為3,313,966美元(約相當於25,848,936港元)。

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