

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)



"Qi" of Beauty

INTERIM REPORT 2005

二零零五年中期報告

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Chan Yan Kwan, Andy CPA, FCCA

MEMBERS OF THE AUDIT COMMITTEE

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

MEMBERS OF THE REMUNERATION COMMITTEE

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

REGISTERED OFFICE

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111 Connaught Road Central
Hong Kong

LEGAL ADVISERS

Fong & Ng
In association with King & Wood (PRC lawyers)
and Goodmans
Room 1101, 11th Floor
9 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

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

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

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

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

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



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CHAIRPERSON'S STATEMENT

I am pleased to present our Interim Report for the half year ended 30 June 2005 and to record a solid performance by Natural Beauty during this period.

Performance

In the first half of the year, Group turnover increased by 8.1% to HK\$163.1 million. Profit attributable to shareholders was HK\$32.8 million, an increase of 5.0% when compared with the HK\$31.2 million for the first half of 2004.

The Group's operating profits for the six months ended 30 June 2005 increased by 25.4% to HK\$49.7 million, as compared with the corresponding period in 2004. This growth mainly came from the PRC market.

Further details of the Group's financial performance are set out in the Management's Discussion and Analysis which forms part of this Interim Report.

Earnings per share were 1.64 HK cents (1H 2004: 1.56 HK cents).

The Board of Directors has resolved to declare an interim dividend of 0.9 HK cents per share (1H 2004: 0.75 HK cents) and a special dividend of 0.4 HK cents (1H 2004: Nil). Total dividend for the interim amounted to HK\$1.3 HK cents, representing a dividend payout of 80%.

Business review

We started our brand revamping exercise in late 2004 to revitalize our brand. Recently our new image also won the best slogan and most creative graphics award for the 2005 Longshi Global Chinese-Language Print Advertisement Competition in PRC. We believe our brand is now more appealing to our targeted younger customers aged between 25 and 39.

主席報告書

本人謹此欣然提呈截至二零零五年六月三十日止半年度之中期報告，自然美於期內表現穩健。

表現

本集團上半年之營業額增加8.1%至163,100,000港元。股東應佔溢利為32,800,000港元，較二零零四年上半年31,200,000港元增加5.0%。

本集團截至二零零五年六月三十日止六個月之經營溢利較二零零四年同期增加25.4%至49,700,000港元，此增長主要源自中國大陸市場。

有關本集團財務表現之進一步詳情載於組成本中期報告其中部分之管理層討論及分析內。

每股盈利為1.64港仙（二零零四年上半年：1.56港仙）。

董事會議決宣派中期股利每股0.9港仙（二零零四年上半年：0.75港仙）及特別股利每股0.4港仙（二零零四年上半年，無）。中期期內派付股利合共1.3港仙，派息率為80%。

業務回顧

我們於二零零四年年底開始重新設計品牌，令形象煥然一新。我們的新形象最近更榮獲中國大陸二零零五年Longshi Global Chinese-Language Print Advertisement比賽最佳標語及最具創意圖像設計大獎。我們深信，現時之公司品牌更能吸引年齡介乎25至39歲之較年青目標客戶。



In PRC, approximately 300 stores had upgraded or in the process of upgrading their shop front with our new revamped image for a refreshing new look. We plan to complete the revamp in PRC by the end of 2005/early 2006. We are also introducing a franchisee reward program to provide incentives for existing franchisees to open new spas and to accelerate the shop revamp process.

The effect of the revamping work and deployment of a 4A advertising agency as well as our dual track management by both local subsidiaries and headquarters' expert team introduced in the 1st quarter have been proven very successful. Our turnover in the PRC witnessed a double-digit growth and our operating profit in the PRC also surged by 54.7% in the first half of this year when compared to the same period in 2004.

Turnover in Taiwan dropped slightly by 2.2%. With our effective management, we still managed to achieve an increment growth of 2.9% for the operating profits in Taiwan.

The upgrade of Taiwan franchisee spa with our new revamped image is scheduled to start in January 2006.

We are running our spas in Hong Kong directly during the period, which were entrusted in the past, as we believe Hong Kong is a strategic location to increase our exposure and enhance our brand image. We closed a spa and opened a new concept boutique spa during the first half of 2005. The boutique spa only started its full operations since the end of April this year. As a result, the spas in Hong Kong recorded operating loss during the period under review.

Outlook

With the successful revamp of brand image and the franchisee reward program, the PRC operations will continue to demonstrate robust growth in terms of turnover and operating profits.

中國大陸約300家分店已經或現正按全新形象更新店面裝潢，務求令客戶耳目一新。我們計劃於二零零五年年底／二零零六年年初前完成全國分店翻新工作，並推出加盟商獎勵計劃，鼓勵現有加盟商開設新水療中心及加快店面翻新工作。

翻新工程、委聘4A廣告代理，以及於第一季就當地附屬公司與總部專業隊伍實施雙線管理均取得理想成果。中國大陸業務於本年度上半年之營業額錄得雙位數增長，而在中國產生之經營溢利亦較二零零四年同期躍升54.7%。

台灣業務之營業額輕微減少2.2%。透過有效管理，我們於台灣產生之經營溢利仍能達致2.9%之年度增長。

我們計劃於二零零六年一月起按全新形象翻新於台灣之加盟水療中心。

由於我們深信，香港乃擴闊覆蓋層面及提升品牌形象之策略據點，故於香港過往以委託方式經營之水療中心，現由我們直接經營。我們於二零零五年上半年結束一家水療中心，另開設全新概念水療中心。該概念水療中心自本年度四月底全面投入運作。因此，香港水療中心於回顧期內錄得經營虧損。

前景

成功重整品牌形象及推出加盟商獎勵計劃，中國大陸業務之營業額及經營溢利定能繼續強勢增長。



Turnover in Taiwan is expected to maintain in the similar level for the whole year compared to last year, and we expect a modest growth in profitability.

Although Hong Kong market is highly competitive and the labor cost is relatively high, we expect the operations in Hong Kong will break even by end of 2006 under the company's direct management and its advertising efforts introduced in September 2005. We are also considering other alternatives to increase our brand and image exposure with lower costs in Hong Kong such as opening concept stores in shopping malls.

As for the Malaysia market, the growth in term of sales and profitability will be moderate.

Overall, as the economy in China continue to prosper and the increasing demand for skin-care and health products from our target customers in the Greater China Region, we are confident in the prospects of our business. With the concerted efforts of the management and our staff, we endeavour to achieve promising returns for our shareholders.

Note of thanks

I would like to thank all employees for their hard work and dedication of our shareholders and business partners for their continued support.

Dr. Tsai Yen Yu

Chairperson

Hong Kong, 12 September 2005

預期台灣之營業額全年計將維持與去年相若水平，且能達致溫和盈利增長。

儘管香港市場競爭非常劇烈，且員工成本相對較高，憑藉本公司實施直接管理及於二零零五年九月積極推出之市場推廣工作，預期香港業務可於二零零六年年底前達致收支平衡。我們現正考慮其他於香港以較低成本提升品牌知名度及形象之方法，如於各大購物商場開設概念店。

馬來西亞市場方面，銷售及盈利均將達致溫和增長。

總括而言，隨著中國經濟持續蓬勃發展及大中華區內客戶群對護膚與保健產品之需求不斷增加，我們對業務前景充滿信心。憑著管理層及員工之努力，我們將竭力為股東創建可觀回報。

致謝

本人謹此向全體員工之努力及竭誠以及股東與業務夥伴之鼎力支持致以衷心謝意。

主席

蔡燕玉博士

香港，二零零五年九月十二日

MANAGEMENT DISCUSSION AND ANALYSIS

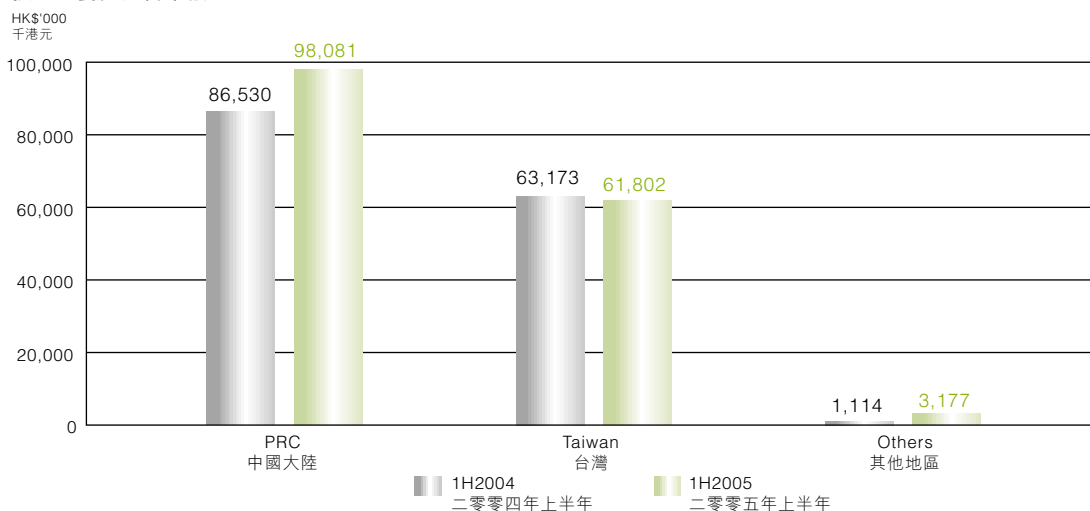
Financial Review

管理層討論及分析

財務回顧

Turnover by geographical region	按地區劃分之營業額	1H2005		1H2004		Changes	
		二零零五年上半年		二零零四年上半年		變動	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	中國大陸	98,081	60.2%	86,530	57.4%	11,551	13.3%
Taiwan	台灣	61,802	37.9%	63,173	41.9%	(1,371)	-2.2%
Others	其他地區	3,177	1.9%	1,114	0.7%	2,063	185.2%
Total	總計	163,060	100.0%	150,817	100.0%	12,243	8.1%

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



Turnover increased by approximately 8.1% or HK\$12.2 million to HK\$163.1 million for the six months ended 30 June 2005, compared to HK\$150.8 million for the same period last year.

Turnover from the PRC market increased by 13.3%, or 11.6 million to HK\$98.1 million for the six months ended 30 June 2005, compared to HK\$86.5 million for the same period in 2004. The growth was driven by increasing demand in the PRC market and was attributable to the dual track management over franchisees of both local subsidiaries and the headquarters' expert team. The brand revamping work started in the first quarter also led to increased selling price of products from March 2005, resulting a 13.3% year-on-year growth in turnover for the first six months of 2005 against the same period last year.

截至二零零五年六月三十日止六個月，營業額較去年同期150,800,000港元增加約8.1%或12,200,000港元至163,100,000港元。

截至二零零五年六月三十日止六個月，源自中國大陸市場之營業額較二零零四年同期86,500,000港元增加13.3%或11,600,000港元至98,100,000港元。有關增幅主要源自就本地附屬公司與總部專業隊伍之加盟店採取雙線管理方針，另於首季開始翻新店舖帶動產品售價自二零零五年三月上調，導致二零零五年首六個月營業額較去年同期增長13.3%。

Taiwan reported a drop of 2.2% in turnover to HK\$61.8 million for the first six months of 2005 compared to HK\$63.2 million in the corresponding period in 2004, due to the increase in selling price in March 2005.

於二零零五年首六個月，台灣之營業額較二零零四年同期63,200,000港元減少2.2%至61,800,000港元，此乃由於二零零五年三月售價上調所致。

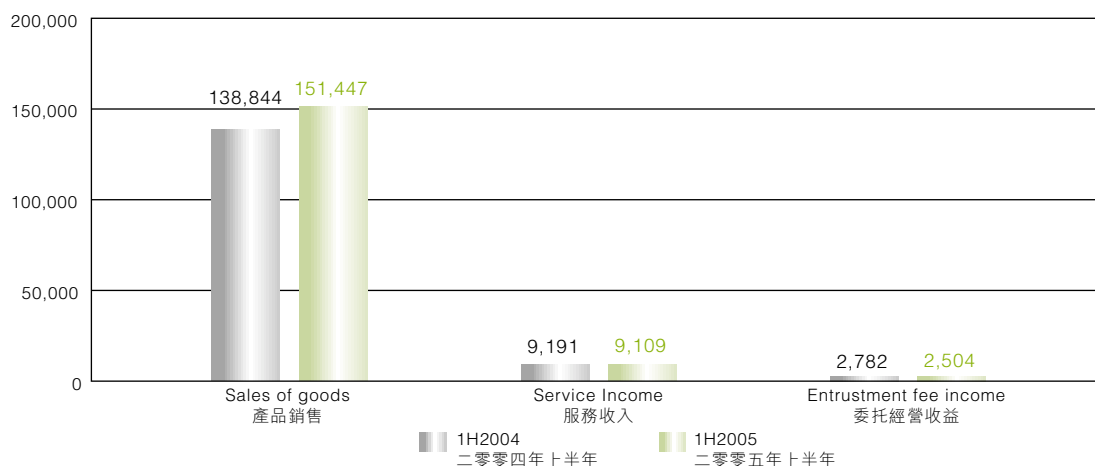
Other markets include Hong Kong and Malaysia. Hong Kong was under entrustment in past two years and is now under group's direct management. Malaysia has demonstrated a strong growth of over 180% in turnover in the first six months of 2005 compared to the corresponding period last year. Contribution from these markets were still immaterial to the Group and accounted for less than 2% of the total turnover.

其他市場包括香港及馬來西亞。香港業務於過去兩年以委托方式經營，現由本集團直接管理。馬來西亞於二零零五年首六個月之營業額錄得顯著升幅，較去年同期飆升超過180%。此等市場於本集團業務比重仍然輕微，佔整體營業額不足2%。

Turnover by activities	按業務劃分之營業額	1H2005		1H2004		Changes	
		二零零五年上半年		二零零四年上半年		變動	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
Sales of goods	產品銷售	151,447	92.9%	138,844	92.1%	12,603	9.1%
Service Income	服務收入	9,109	5.6%	9,191	6.1%	(82)	-0.9%
Entrustment fee income	委托經營收益	2,504	1.5%	2,782	1.8%	(278)	-10.0%
Total	總計	163,060	100.0%	150,817	100.0%	12,243	8.1%

Turnover by Activities
按業務劃分之營業額

HK\$'000
千港元





Products

The Group manufactures and sells three main types of products, namely skin care products, health supplements and aromatherapeutic products under the NB and Bio-up brand names. Sales of products are primarily made through spas and dedicated counters and are the Group's key revenue contributor, accounting for HK\$151.4 million, or 92.9% for the six months ended 30 June 2005, compared to HK\$138.9 million, or 92.1% for the corresponding period in 2004, representing a 9.1% increase. Gross margin of products remain stable at 84.3%.

The increase in products sales is mainly attributable to the revamp of brand image, increase in retail price, better management over franchisees, and effective marketing efforts.

Services

The Group provides skin treatments, beauty and spa services through its self-owned and operated spas. Service income is generated from 23 self-owned spas as the Group does not share any service income generated in the franchised spas with franchisees under the current franchise programme. Income from these services slightly dropped by less than 1%.

While it is necessary to establish self-owned stores in new markets as model spas, the Group considers it would be more profitable as a whole to allocate resources to stimulate product sales through franchisees instead of operating our own spas, due to the higher overhead costs incurred. The Group continues to entrust certain of our spas in explored markets to reputable operators.

產品

本集團以NB及Bio-up品牌製造及銷售護膚、保健及香薰三大類產品，主要透過水療中心及專櫃銷售產品，為本集團主要收入來源，於截至二零零五年六月三十日止六個月之銷售額為151,400,000港元或92.9%，較二零零四年同期之138,900,000港元或92.1%增加9.1%。產品之邊際毛利則維持穩定於84.3%之水平。

產品銷售增加主要由於重整品牌形象、零售價上調、更妥善管理加盟店以及有效市場推廣。

服務

本集團亦透過自資經營的水療中心提供肌膚護理、美容及spa服務。由於根據現時之加盟經營計劃，本集團並不分佔加盟經營者之水療中心所得任何服務收益，因此服務收益僅源自23間自資經營的水療中心。該等服務產生之收益輕微減少少於1%。

儘管本集團需要於新市場設立自資經營的水療中心作為模範，由於本集團認為，自資經營水療中心的開支較高，故劃撥資源透過加盟店刺激產品銷售整體而言利潤較為豐厚，因此，本集團將繼續將於已開發市場之若干水療中心委託予優秀經營者經營。



Entrustment income

In order to allocate our financial and human resources more efficiently, the Group had 19 entrustment arrangements in the PRC as at 30 June 2005 (31 December 2004: 18), ranging from one to five years, where our self-owned spas were entrusted to reputable operators in the local areas. The operators will be responsible for all the profits and losses of the operations and the Group receives a fixed annual entrustment income. The Group sells products to the operators as one of our franchises.

The Group believes the entrustment arrangement will be a win-win situation for both the operators and the Group. Local operators can better serve the specific needs of the local customers, and hence generate more revenue through product sales and services. The Group, on the other hand, can secure recurrent revenue from annual entrustment income while keeping the distribution network, and at the same time, re-allocate our resources to explore new markets.

The entrustment income decreased by 10.0% to HK\$2.5 million for the six months ended 30 June 2005 compared to HK\$2.8 million for the same period in 2004 as the entrustment in Hong Kong was terminated effective from 1 January 2005.

Gross Margin

Gross margin of the Group improved from 77.0% for the full year in 2004 to 78.7% for the first six months this year. The improvement of gross margin was attributable to the increase of retail price of products by 5% in March 2005. Gross margin for the first six months on year-on-year comparison, decreased from 82.2% to 78.7%, as for the first half of 2004 there was over HK\$20 million sales related to one of our flagship products, NB-1, launched in late 2003. More discounts were offered for all products in the second half of 2004 to boost sales, and resulted in 77.0% for the overall gross margin for the full year in 2004.

委託經營收益

為更有效分配財務及人力資源，於二零零五年六月三十日，本集團於中國訂有19項委託安排（二零零四年十二月三十一日：18項），據此，本集團多家自資經營水療中心委託予當地優秀經營者經營，經營年期由一至五年不等。經營者將自負盈虧，而本集團則每年收取定額委託經營收益。作為加盟業務之一，本集團亦向經營者銷售產品。

本集團相信，委託安排將為經營者及本集團締造雙贏局面。本地經營者可提供更迎合本地顧客特定需要的服務，亦可帶來更多產品及服務收益。另一方面，本集團可每年獲取穩定委託經營收益，並可鞏固分銷據點，從而重新調配資源以開拓新市場。

截至二零零五年六月三十日止六個月，委託經營收益較二零零四年同期2,800,000港元減少10.0%至2,500,000港元，此乃由於香港之委託安排自二零零五年一月一日起終止。

邊際毛利

本集團邊際毛利由二零零四年全年77.0%改善至本年度首六個月之78.7%。邊際毛利有所改善，乃由於二零零五年三月產品零售價上調5%。與去年相比，本年度首六個月之邊際毛利由82.2%減至78.7%，此乃由於二零零四年上半年逾20,000,000港元銷售源自二零零三年年底推出之旗艦產品之一NB-1。於二零零四年下半年，所有產品均推出折扣優惠以刺激銷售，致令二零零四年全年整體邊際毛利為77.0%。

Other Operating Income

Other operating income mainly includes rental income, interest income and financial refunds. It increased by HK\$7.5 million or 55% to HK\$21.1 million for the six months ended 30 June 2005 from HK\$13.6 million for the six months ended 30 June 2004. The increase was mainly attributable to financial refunds of HK\$12.2 million (1H 2004: HK\$6.9 million) related to the PRC subsidiaries recognized during the period. The financial refunds were granted by local finance bureaus and are subject to annual review. The subsidiaries have been receiving financial refunds for the past years since its first profitable year.

Distribution Cost

Distribution costs reduced by HK\$10.6 million, or 16.1% from HK\$65.6 million for six months ended 30 June 2004 to HK\$55.0 million for the same period this year. The reduction is mainly achieved by centralizing our advertising budget and deployed a 4A advertising agent, to improve our advertising & marketing efficiency. Although we have reduced our advertising and promotional expenses by HK\$16.3 million, or 41% from HK\$39.8 million for six months ended 30 June 2004 to HK\$23.5 million for the same period this year, our turnover, especially in PRC, has demonstrated a strong and persistent growth trend.

Administrative Expense

Administrative expense increased by HK\$1.9 million, or 6.1% from HK\$31.6 million for six months ended 30 June 2004 to HK\$33.5 million for the same period this year. The increase was mainly due to additional salaries and bonuses paid in first half of 2005 compared to same period in 2004.

Other Operating Expense

Other operating expense increased by HK\$10.4 million is mainly represented by HK\$1.2 million of donation, HK\$5.5 million of loss on disposal of fixed assets, HK\$2.3 million for the provision of inventory obsolescence, and other miscellaneous expenses. No such expenses was incurred in the same period last year.

其他經營收益

其他經營收益主要包括租金收益、利息收益及財務退款，於截至二零零五年六月三十日止六個月增加7,500,000港元或55%至21,100,000港元，而截至二零零四年六月三十日止六個月則為13,600,000港元。經營收益增加主要歸因於期內確認中國附屬公司財務退款12,200,000港元（二零零四年上半年：6,900,000港元）。有關財務退款由當地財政局授出，並須每年檢討。附屬公司自首個獲利年度起過往年度一直獲取有關財務退款。

分銷成本

分銷成本由截至二零零四年六月三十日止六個月之65,600,000港元減少10,600,000港元或16.1%至本年度同期55,000,000港元。分銷成本減少主要由於本集團中央管理集中廣告開支預算及聘請4A廣告代理商，以改善本集團之廣告及市場推廣效益。儘管本集團之廣告及推廣開支由截至二零零四年六月三十日止六個月之39,800,000港元減少16,300,000港元或41%至本年度同期之23,500,000港元，本集團之營業額（尤其是中國）彰顯強勁及持續增長趨勢。

行政開支

行政開支由截至二零零四年六月三十日止六個月之31,600,000港元增加1,900,000港元或6.1%至本年度同期之33,500,000港元。行政開支增加主要由於二零零五年上半年較二零零四年同期支付較多薪金及花紅。

其他經營支出

其他經營支出增加10,400,000港元，主要為捐款1,200,000港元、出售固定資產虧損5,500,000港元、滯銷存貨撥備2,300,000港元及其他雜項開支。去年同期並無產生有關開支。

Taxation

Taxation expenses increased by HK\$8.8 million, or 103.5% from HK\$8.4 million for the six months ended 30 June 2004 compared to HK\$17.2 million for the first six months in 2005. The increase was mainly driven by higher turnover and operating profits in the PRC.

Effective tax rate for the six-month period ended 30 June 2004 and 2005 were 21.5% and 34.6% respectively. The annual effective tax rate for the year ended 31 December 2004 was 36.7%. The relatively low level of effective tax rate for the six months ended 30 June 2004 was due to the fact that only HK\$0.6 million of profits tax provision was made in Taiwan, as the directors believed that the tax incentive program granted by the Taiwan government would reduce most of the profits tax in 2004. The program involved various calculation including time apportionment, hence the benefits of the tax incentive program only started to crystallize in the first half of 2005, resulting a drop of effective tax rate by 2.1 percentage points for the period under review.

As a result, the profit for the period increased by 5.2% to HK\$32.4 million for the six months ended 30 June 2005 compared to HK\$30.8 million for the corresponding period last year.

Profit attributable to equity holders of the Company increased by 5.0% to HK\$32.8 million for the six months ended 30 June 2005 compared to HK\$31.2 million for the corresponding period last year.

稅項

稅項開支由截至二零零四年六月三十日止六個月之8,400,000港元增加8,800,000港元或103.5%至二零零五年首六個月之17,200,000港元。稅項增加主要由中國較高營業額及經營溢利所帶動。

截至二零零四年及二零零五年六月三十日止六個月期間之實際稅率分別為21.5%及34.6%。截至二零零四年十二月三十一日止年度之年度實際稅率為36.7%。截至二零零四年六月三十日止六個月之實際稅率較低，乃因董事認為台灣政府授出之稅務優惠計劃可減少二零零四年之大部分所得稅，故僅就台灣作出600,000港元所得稅撥備。該計劃涉及多項包括時間比例等之計算，因此，稅務優惠計劃之益處於二零零五年上半年方始實現，導致回顧期內之實際稅率減少2.1%。

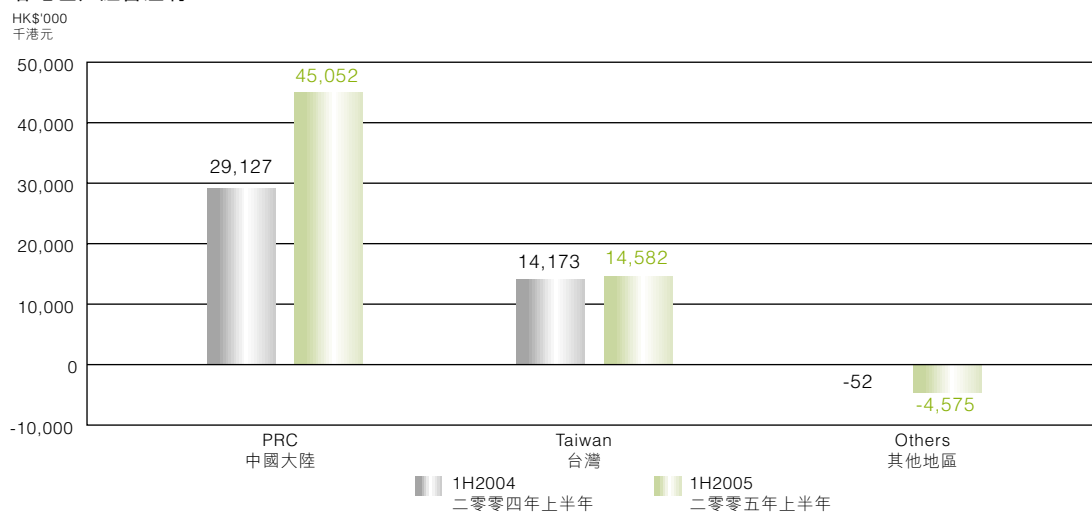
因此，於截至二零零五年六月三十日止六個月，期內溢利增加5.2%至32,400,000港元，去年同期則為30,800,000港元。

於截至二零零五年六月三十日止六個月，本公司股本持有人應佔溢利增加5.0%至32,800,000港元，去年同期則為31,200,000港元。

Segment Performance 分部表現

Operating profits by geographical region	按地區劃分之 經營溢利	1H2005		1H2004		Changes	
		二零零五年上半年		二零零四年上半年		變動	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元		千港元		千港元	
PRC	中國大陸	45,052	90.7%	29,127	73.5%	15,925	54.7%
Taiwan	台灣	14,582	29.4%	14,173	35.8%	409	2.9%
Others	其他地區	(4,575)	-9.2%	(52)	-0.1%	(4,523)	8698.1%
Unallocated	未撥配	(5,385)	-10.9%	(3,628)	-9.2%	(1,757)	48.4%
Total	總計	49,674	100.0%	39,620	100.0%	10,054	25.4%

Operating Profits by Geographical Region 各地區之經營溢利



PRC

Turnover of the Group's operations in the PRC increased by 13.3%, or HK\$11.6 million to HK\$98.1 million for the six months ended 30 June 2005, compared to HK\$86.5 million for the same period in 2004. The improvement is driven by improved sales from the brand revamping work started in late 2004, and also benefited from the increased retail price of products from March 2005, resulting in a year-on-year growth of 13.3% in turnover for the first six months of 2005 against same period last year. Gross profit increased by HK\$7.6 million to HK\$77.1 million for the six months ended 30 June 2005.

Distribution expense, as a percentage of turnover, reduced from 34.9% in the first half of 2004 to 23.8% for the first six months in this year. The drop in distribution was mainly attributable to the reduction of advertising & promotion cost, as most of our advertising resources were allocated to a 4A advertising agent, which has a stronger media-buying power, to achieve the operating efficiency. This effort is proven successful as turnover in the PRC surged by 13.3% despite the reduction of advertising costs.

Administrative expense also reduced by HK\$3.2 million as a result of entrusting some of the operations to reputable operators and reduction of headcount from centralizing logistics through our collaboration with China Post.

Operating profit, as a result, increased by 54.7%, or HK\$15.9 million from HK\$29.1 million for six months ended 30 June 2004 to HK\$45.1 million this year.

Taiwan

The Group's operations in Taiwan reported a decrease of 2.2% in turnover to HK\$61.8 million for the first six months of 2005 compared to HK\$63.2 million in the corresponding period in 2004, due to the increase in selling price in March 2005.

中國大陸

中國營業額增加13.3%或11,600,000港元至截至二零零五年六月三十日止六個月之98,100,000港元，二零零四年同期則為86,500,000港元。營業額改善乃由二零零四年年底開始之品牌重整工作改善銷售額所帶動，亦歸因於二零零五年三月產品零售價上調，致令二零零五年首六個月之營業額較去年同期錄得年度增長13.3%。截至二零零五年六月三十日止六個月之毛利增加7,600,000港元至77,100,000港元。


分銷開支佔營業額之百分比由二零零四年上半年之34.9%減至本年度首六個月之23.8%。分銷開支減少主要由於本集團就提升營運效益調配廣告資源聘用具備強勁傳媒購買力之4A廣告代理商，因而令廣告及推廣成本減少。有關工作成效顯著，不單廣告成本減少，中國營業額更飆升13.3%。

由於本集團將部分營運委託予多名優秀經營者經營及透過與中國郵政合作中央處理物流以減少人手，行政開支亦因而減少3,200,000港元。

經營溢利因而由截至二零零四年六月三十日止六個月之29,100,000港元增加54.7%或15,900,000港元至本年度之45,100,000港元。

台灣

本集團之台灣業務於二零零五年首六個月之營業額較二零零四年同期63,200,000港元減少2.2%至61,800,000港元，乃因二零零五年三月售價上調所致。



Distribution expense, as a percentage of turnover, also reduced from 52.4% in the first half of 2004 to 45.0% for the first six months this year. Similar to the PRC market, the drop in distribution was mainly attributable to the reduction of advertising & promotion cost, as most of our advertising resources were allocated to a 4A advertising agent, which has a stronger media-buying power, to achieve the operating efficiency.

Administrative expense increased by HK\$2.1 million for the first six months of 2005, compared to the same period in 2004. The main reason was the increase in salaries and miscellaneous expenses paid in the first half of this year compared to same period last year.

Despite the decrease in turnover, the overall operating profit, increased by HK\$0.4 million, or 2.9% to HK\$14.6 million for the first six months of 2005, compared to HK\$14.2 million for the same period in 2004.

Others

Other markets include Hong Kong and Malaysia.

The spas in Hong Kong were under entrustment in the past two years and the entrustment arrangement was terminated effective from 1 January 2005. The spas are now under the group's direct management. We closed down one of the spas in Kowloon and re-opened a concept boutique spa in Central during the first half of 2005. Since the boutique spa was still in development stage, the spas in Hong Kong were operating at a loss. A provision of HK\$2.3 million was also made for the closure of the spa.

The Group's operations in Malaysia demonstrated a strong growth of over 180% in turnover in the first six months of 2005 compared to corresponding period last year. It also recorded a HK\$0.4 million profit for the first half of 2005. As of 30 June 2005, there were a total of 46 franchisees in Malaysia.

The operations in Hong Kong and Malaysia are still insignificant to the Group and accounted for less than 2% of the total turnover.

分銷成本佔營業額之百分比亦由二零零四年上半年減少52.4%至本年度首六個月之45.0%。與中國大陸相似，分銷開支減少主要由於本集團就提升營運效益調撥廣告資源聘用具備強勁傳媒購買力之4A廣告代理商，因而令廣告及推廣成本減少。

二零零五年首六個月之行政開支較二零零四年同期增加2,100,000港元。主要原因為本年度上半年較去年同期支付較多薪金及雜項開支。

儘管營業額減少，二零零五年首六個月整體經營溢利增加400,000港元或2.9%至14,600,000港元，二零零四年同期則為14,200,000港元。

其他地區

其他市場包括香港及馬來西亞。

香港水療中心業務於過去兩年以委託方式經營，而委託安排已於二零零五年一月一日終止。水療中心現由集團直接管理。於二零零五年上半年，本集團結束其中一間位於九龍之水療中心，另於中環重開一間概念店。由於該概念水療中心仍在開發階段，故香港水療中心錄得虧損。本集團亦就結束水療中心作出2,300,000港元撥備。

本集團馬來西亞業務於二零零五年首六個月之營業額較去年同期錄得強勁增長超過180%，於二零零五年上半年亦錄得400,000港元溢利。於二零零五年六月三十日，馬來西亞共設有46家加盟店。

香港及馬來西亞業務對本集團比重仍然輕微，佔總營業額不足2%。

Business Review

Distribution Channel

The Group principally derives income through our unique distribution channels, namely spas and counters in department stores. There were a total of 2,099 store outlets as at 30 June 2005, of which 1,972 were spas and 127 were counters. All spas can provide hydrotherapy, facial, body care and skin care analysis to our customers and counters in department stores usually provide skin care analysis. The spas are mainly categorized by the size of the store. The average store sizes for Class A, B and C are 240, 120 and 60 square meters respectively.

業務回顧

分銷渠道

本集團收益主要源自其獨一無二的分銷渠道，分別為水療中心及百貨公司專櫃。於二零零五年六月三十日，本集團設有合共2,099間店舖，其中1,972間為水療中心，另外127間則為專櫃。各水療中心均向顧客提供水療、面部及身體護理以及皮膚分析服務，而百貨公司專櫃一般提供皮膚分析。水療中心主要以店舖面積按A、B及C級分類，平均面積分別為240、120及60平方米。

Store Number by Type At 30 June 2005	按種類劃分之店舖數目 於二零零五年六月三十日	Class A A級	Class B B級	Class C C級	Counter 專櫃	Total 總計
Taiwan	台灣	7	104	429	–	540
PRC	中國大陸	75	495	814	127	1,511
HK	香港	2	–	–	–	2
Malaysia	馬來西亞	–	–	46	–	46
Total	總計	84	599	1,289	127	2,099

There were a total of 1,925 franchisee spas as of 30 June 2005, and 174 spas and counters were owned by the Group, of which 134 were self-owned and 40 of them were entrusted to reputable operators. We had an additional of 56 counters as at 30 June 2005 compared to 31 December 2004, of which most of the new counters were opened in cities outside Shanghai.

於二零零五年六月三十日，本集團有合共1,925間水療中心加盟店，另有174間由本集團擁有自資經營的水療中心及專櫃，其中134間屬自資經營，另40間則委託信譽昭著經營者經營。於二零零五年六月三十日，與二零零四年十二月三十一日相比，本集團開設額外56個專櫃，其中大部分新專櫃於上海以外城市設立。

Store Number by Ownership At 30 June 2005	按擁有權劃分之店舖數目 於二零零五年六月三十日	Franchisee			Total 總計
		owned 加盟者擁有	Entrusted 委託經營	Self-owned 自資經營	
Taiwan	台灣	531	-	9	540
PRC	中國大陸	1,348	40	123	1,511
HK	香港	-	-	2	2
Malaysia	馬來西亞	46	-	-	46
Total	總計	1,925	40	134	2,099

Average sales per store in PRC increased by HK\$12,000, or 23% to HK\$65,000 per store for the first six months ended 30 June 2005.

截至二零零五年六月三十日止首六個月，於中國每家店舖之平均銷售增加12,000港元或23%至65,000港元。

Average sales per store in Taiwan, despite recession and increased competition, achieved to increase by HK\$16,000, representing a year-on-year increase of 16% to HK\$116,000 for the first six months ended 30 June 2005.

截至二零零五年六月三十日止首六個月，儘管面對經濟衰退及競爭加劇之不利因素，於台灣每家店舖之平均銷售仍能增加16,000港元至116,000港元，較去年升幅達16%。

Average sales per store	每家店舖平均銷售	1H2005	1H2004	1H2005	1H2004	Changes	Changes
		二零零五年上半年	二零零四年上半年	二零零五年上半年	二零零四年上半年		
		Average store	Average store	Average sales per store	Average sales per store	Changes	Changes
		平均店舖數目	平均店舖數目	每家店舖平均銷售	每家店舖平均銷售	變動	變動
				HK\$	HK\$	HK\$	%
				港元	港元	千港元	
PRC	中國大陸	1,516.5	1,641.0	65,000	53,000	12,000	22.6%
Taiwan	台灣	531.0	631.0	116,000	100,000	16,000	16.0%
Group Average	本集團平均	2,047.5	2,272.0	78,000	66,000	12,000	18.2%

Liquidity and Financial Management

As at 30 June 2005, the Group's total shareholders' funds were approximately HK\$795.1 million including share capital and reserves of approximately HK\$200.0 million and HK\$595.1 million respectively. The Group continued to maintain a strong financial position with cash and bank balances plus investment securities (which are mainly money market funds, bond funds and commercial papers) in aggregate of approximately HK\$340.8 million with no external bank borrowing or any charge on assets. Net Cash inflow from operating activities was approximately HK\$61.0 million for the six months ended 30 June 2005. Accordingly, the Group has adequate resources to fund its future operation.

In terms of gearing, as at 30 June 2005, the Group had a negative gearing level (defined as net debt divided by shareholders' funds) as the Group has a net cash balance at the period end date. Current ratio of the Group (defined as the current assets divided by the current liabilities) as at 30 June 2005 was approximately 6.0 times (as at 31 December 2004: approximately 4.9 times). As at 30 June 2005, the Group had no material contingent liabilities or outstanding contracted capital commitments.

Treasury Policies and Exposure to Fluctuations in Exchange Rates

The Group derives most of its revenue from the PRC and Taiwan as its operations are mainly concentrated in these two areas. The Group did not engage in highly leverage or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management and with no external bank borrowing during the current period. The Group does not have significant exposure to foreign exchange fluctuations. Periodic review of the Group's exposure to foreign exchange risk will be conducted and derivative financial instruments may be used to hedge against such risks when necessary.

流動資金及財務管理

於二零零五年六月三十日，本集團之股東資金總額約為795,100,000港元，當中包括股本及儲備分別約200,000,000港元及595,100,000港元。本集團繼續維持雄厚之現金及銀行結存加主要為貨幣市場資金、債券資金及商業票據之證券投資合共約340,800,000港元，另並無對外銀行借貸或任何資產抵押。截至二零零五年六月三十日止六個月，經營業務所得現金流入淨額約為61,000,000港元，因此，本集團具備充裕財務資源，以應付其日後營運所需。

資產負債比率方面，於二零零五年六月三十日，本集團錄得負數資產負債比率（界定為淨負債除以股東權益），此乃由於本集團於本期間結算日均有淨現金結餘。於二零零五年六月三十日，本集團的流動比率（界定為流動資產除以流動負債）約為6.0倍（於二零零四年十二月三十一日：約4.9倍）。於二零零五年六月三十日，本集團並無重大或然負債或未償還已計約資本承諾。

理財政策及匯率波動風險

由於本集團業務主要集中於中國大陸及台灣，故其收益主要源自此兩個地方。本集團並無買賣具高度槓桿效應或屬投機性質之衍生工具產品。就此，本集團繼續採取審慎方針管理財務風險，且於本期間並無任何對外銀行借貸。本集團並無面對重大外匯波動風險。本集團會定期檢討其外匯風險，或會於需要時採用衍生財務工具對沖有關風險。

Employment, Training and Recruitment

As at 30 June 2005, the Group had a total of 934 employees of which 724 were based in the PRC, 183 in Taiwan and 27 in Hong Kong and other region, total remuneration for the period ended 30 June 2005 was approximately HK\$29.9 million. Remuneration package of the Group are maintained at a competitive level to attract, retain and motivate high performing staff and are reviewed on a periodical basis.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Audit Committee

The audit committee comprises three independent non-executive directors of the Company. It has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The unaudited financial statements of the Company for the six months ended 30th June 2005 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.

僱傭、培訓及人才招攬

於二零零五年六月三十日，本集團合共聘有934名僱員，其中724名派駐中國大陸，183名駐於台灣，27名於香港及其他地區工作。截至二零零五年六月三十日止期間之酬金總額約為29,900,000港元。為吸引、留聘及鼓勵表現卓越的僱員，本集團保持具競爭力的酬金組合，並定期檢討。

本集團與僱員一向維持良好合作關係，並且著重員工的培訓及發展，定期為本集團所聘用美容師及加盟經營者提供專業培訓課程，以提升及維持所提供服務之質素及一致性。

企業管治及其他資料

本公司致力達致高企業管治水平，以妥為保障及提升股東利益。

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

審核委員會

審核委員會由本公司三名獨立非執行董事組成。委員會已採納條款符合企業管治守則守則條文之職權範圍書。本公司截至二零零五年六月三十日止六個月之未經審核財務報表已由審核委員會審閱，委員會認為該等報表符合適用會計原則、法律規定及上市規則，並已作出充分披露。

Remuneration Committee

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

Compliance with the Code on Corporate Governance Practices

None of the Directors of the Company is aware of any information that would reasonably indicated that the Company is not, or was not any part of the accounting period covered by the 2005 interim financial statements, in compliance of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

Compliance with the Model Code

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

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

During the period ended 30 June 2005, 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.

薪酬委員會

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

遵守企業管治常規守則

本公司董事並無得悉有任何資料合理地顯示本公司現時或於二零零五年中期財務報表所涵蓋會計期間內任何時間曾經不遵守上市規則附錄14所載企業管治常規守則。

遵守標準守則

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

購買、出售或贖回本公司上市證券

截至二零零五年六月三十日止期間，本公司並無贖回本身任何上市證券，本公司及其附屬公司亦無購買或出售本公司任何上市證券。

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 2004. There were no outstanding options at the beginning and at the end of the period. No option were granted, exercised, cancelled or lapsed during the six months ended 30 June 2005.

DIRECTORS' SERVICE CONTRACTS

The Company entered into a director's service contract with each of the executive directors which renewed with same terms for another three years from 11 March 2005, in the case of Dr. Tsai Yen Yu ("Dr. Tsai"), Mr. Lee Ming Ta ("Mr. Lee"), Mr. Su Chien Cheng ("Mr. Su") and from 21 September 2004 in the case of Dr. Su Sh Hsyu ("Dr. Su"). The Company also entered into a service contract with each of the independent non-executive directors, which also renewed with same terms for another one year from 11 March 2005, in the case of Mr. Yeh Liang Fei and Mrs. Chen Shieh Shu Chen and three years from 21 September 2004, in the case of Mr. Chen Ching. The aggregate annual remuneration pursuant to such service contracts is HK\$2,988,000 (as to HK\$1,000,000 to Dr. Tsai, HK\$700,000 to Mr. Lee, HK\$600,000 to Mr. Su, HK\$600,000 to Dr. Su, HK\$20,000 to Mr. Yeh Liang Fei, HK\$20,000 to Mrs. Chen Shieh Shu Chen and HK\$48,000 to Mr. Chen Ching) subject to an annual increment at the discretion of the directors of not more than 10% of the annual remuneration immediately prior to such increase.

Each of Dr. Tsai, Mr. Lee, Mr. Su and Dr. Su is also entitled to a management bonus to be determined by the Board. The aggregate amount of the bonuses payable to these executive directors will not exceed 15% of the audited consolidated profit after taxation and minority interests but before extraordinary items of the Group in respect of that financial year of the Company.

購股權計劃

本公司已於二零零二年三月十一日採納購股權計劃（「計劃」）。計劃詳情載於本公司已刊發之截至二零零四年十二月三十一日止年度年報。於期初及期終時均無任何尚未行使購股權。截至二零零五年六月三十日止六個月內，並無任何購股權獲授出、行使、註銷或失效。

董事服務合約

本公司與各執行董事訂立董事服務合約，蔡燕玉博士（「蔡博士」）、李明達先生（「李先生」）及蘇建誠先生（「蘇先生」）之合約年期按相同條款續期，由二零零五年三月十一日開始為期三年；蘇詩琇博士（「蘇博士」）之合約年期由二零零四年九月二十一日開始。本公司亦與各獨立非執行董事訂立服務合約，葉良輝先生及陳謝淑珍女士之合約年期亦按相同條款續期，由二零零五年三月十一日開始為期一年；譚清先生之合約年期則由二零零四年九月二十一日開始為期三年。根據該等服務合約的年度酬金總額為2,988,000港元（蔡博士獲1,000,000港元、李先生獲700,000港元、蘇先生獲600,000港元、蘇博士獲600,000港元、葉良輝先生獲20,000港元、陳謝淑珍女士獲20,000港元及譚清先生獲48,000港元），董事每年可酌情增加酬金，惟增幅不得超過於緊接該增加前之年度酬金的10%。

蔡博士、李先生、蘇先生及蘇博士亦享有由董事會釐定之管理花紅。應付該等執行董事的花紅總額不得超逾本公司有關財政年度的本集團除稅及少數股東權益後但未計特殊項目前的經審核綜合溢利之15%。

SHARE OPTION SCHEME (continued)

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

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2005, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long positions in shares and underlying shares of the Company

Ordinary shares

Name of director	Number of ordinary shares				Other interests	Percentage of the issued share capital of the Company	Number of share options
	Personal interests	Family interests	Corporate interests	Other interests			
董事姓名	個人權益	家族權益	公司權益	其他權益	佔本公司已發行股本百分比	購股權數目	
Dr. Tsai 蔡博士	-	-	1,500,000,000 (Notes 1) (附註1)	-	75.00%	-	
Mr. Su 蘇先生	-	-	225,000,000 (Note 2) (附註2)	-	11.25%	-	
Dr. Su 蘇博士	-	-	225,000,000 (Note 2) (附註2)	-	11.25%	-	
Mr. Lee 李先生	-	1,500,000,000 (Note 1) (附註1)	-	-	75.00%	-	

購股權計劃 (續)

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。

董事於證券的權益

於二零零五年六月三十日，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）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第352條存置的登記冊，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所的權益如下：

(a) 於本公司股份及相關股份的好倉

普通股

DIRECTORS' INTERESTS IN SECURITIES (continued)

Notes:

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

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

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

Other than as disclosed above, none of the directors, the chief executive or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO as at 30 June 2005.

董事於證券的權益 (續)

附註:

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

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

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

除上文披露者外，於二零零五年六月三十日，概無董事、行政總裁或彼等之聯繫人士於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的證券中擁有任何個人、家族、公司或其他權益。



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that, the following shareholders had notified the Company of relevant interests in the issued capital of the Company.

主要股東

於二零零五年六月三十日，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。

Long position in shares and underlying shares of the Company

Ordinary shares of HK\$0.10 each of the Company

於本公司股份及相關股份的好倉

本公司每股面值0.10港元的普通股

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

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

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

Other than the interests disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2005.

INTERIM AND SPECIAL DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of 0.9 HK cents per share (2004: interim dividend of 0.75 HK cents) and a special dividend of 0.4 HK cents per share (2004: Nil). The interim dividend and special dividend will be distributed on around 20 October 2005 to shareholders whose names appear on the register of members of the Company as at the close of business on 29 September 2005.

主要股東 (續)

附註:

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

除上文披露的權益外，於二零零五年六月三十日，本公司並無獲知會於本公司已發行股本之任何其他有關權益或淡倉。

中期及特別股利

董事會議決建議派發中期股利每股0.9港仙（二零零四年：中期股利0.75港仙）及特別股利每股0.4港仙（二零零四年：無）。本公司將於二零零五年十月二十日向於二零零五年九月二十九日營業時間結束時名列本公司股東名冊的股東派發中期股利及特別股利。



CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2005 to 29 September 2005, both dates inclusive, during which period no transfer of shares may be registered. In order to qualify for the interim and special dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 27 September 2005.

By order of the Board

Dr. Tsai Yen Yu

Chairman

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

Hong Kong, 12 September 2005

暫停辦理股東登記手續

本公司將於二零零五年九月二十八日至二零零五年九月二十九日(包括首尾兩天)期間暫停辦理股東登記手續,期間不會辦理任何股份過戶登記。為符合資格獲取中期股利及特別股利,所有填妥之過戶表格連同有關股票最遲須於二零零五年九月二十七日下午四時正前交回本公司之香港股份過戶登記分處香港證券登記有限公司,地址為香港皇后大道東183號合和中心17樓。

承董事會命

主席

蔡燕玉博士

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

香港,二零零五年九月十二日

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2005

截至二零零五年六月三十日止六個月

(With comparatives for the six months ended 30 June 2004)

(連同截至二零零四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	
		2005	2004
		二零零五年	二零零四年
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
		(restated)	
		(重列)	
		HK\$'000	HK\$'000
		千港元	千港元
	Note 附註		
Turnover	3	163,060	150,817
Cost of sales		(34,690)	(26,796)
Gross profit		128,370	124,021
Other operating income		21,064	13,587
Distribution costs		(55,016)	(65,572)
Administrative expenses		(33,540)	(31,598)
Other operating expenses		(11,204)	(818)
Profit from operations	4	49,674	39,620
Share of loss of an associate		(52)	(349)
Profit before taxation		49,622	39,271
Income tax expense	5	(17,185)	(8,446)
Profit for the period		32,437	30,825
Attributable to:			
Equity holders of the Company		32,791	31,221
Minority interests		(354)	(396)
		32,437	30,825
Dividends	6	26,000	15,000
Earnings per share	7		
– Basic		1.64 HK cents	1.56 HK cents
– Diluted		Not applicable	Not applicable
		不適用	不適用

CONDENSED CONSOLIDATED BALANCE SHEET

AS OF 30 JUNE 2005

(With comparatives as of 31 December 2004)

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

簡明綜合資產負債表

於二零零五年六月三十日

(連同於二零零四年十二月三十一日的比較數字)

(以千港元為單位)

		As at 30 June 2005 二零零五年 六月三十日 (unaudited) (未經審核)	As at 31 December 2004 二零零四年 十二月三十一日 (audited) (經審核) (restated) (重列)
		HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產		
Investment properties	投資物業	8 161,947	160,459
Property, plant and equipment	不動產、廠場及設備	8 195,591	192,956
Intangible assets	無形資產	8 1,358	2,137
Goodwill	商譽	8 13,676	16,801
Interest in an associate	於一家聯營公司之權益	553	605
Other long-term receivables	其他長期應收賬款	15,348	5,158
Investments in securities	投資證券	6,786	6,786
Deferred taxation assets	遞延稅項資產	6,348	4,729
		401,607	389,631
Current assets	流動資產		
Inventories	存貨	55,938	55,726
Trade and other receivables	貿易及其他應收賬款	9 99,242	124,576
Investments in securities	投資證券	128,436	94,378
Bank balances and cash	銀行結存及現金	212,386	235,920
		496,002	510,600
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付賬款	10 60,873	55,514
Deferred income	遞延收益	10,887	9,172
Taxation payable	應付稅項	10,916	20,749
		82,676	85,435
Net current assets	流動資產淨值	413,326	425,165
Total assets less current liabilities	總資產減流動負債	814,933	814,796
Non-current liabilities	非流動負債		
Retirement benefit obligations	退休福利責任	11 10,885	10,165
		804,048	804,631

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

AS OF 30 JUNE 2005

(With comparatives as of 31 December 2004)

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

簡明綜合資產負債表 (續)

於二零零五年六月三十日

(連同於二零零四年十二月三十一日的比較數字)

(以千港元為單位)

			As at 30 June 2005 二零零五年 六月三十日 (unaudited) (未經審核)	As at 31 December 2004 二零零四年 十二月三十一日 (audited) (經審核) (restated) (重列)
			HK\$'000 千港元	HK\$'000 千港元
Capital and reserves	股本及儲備			
Share capital	股本	12	200,000	200,000
Reserves	儲備		595,050	594,969
			<hr/>	<hr/>
Equity attributable to equity holders of the Company	本公司股東應佔權益		795,050	794,969
Minority interests	少數股東權益		8,998	9,662
			<hr/>	<hr/>
Total equity	權益總額		804,048	804,631
			<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2005

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

簡明綜合權益變動表

截至二零零五年六月三十日止六個月

(以千港元為單位)

(Unaudited)
(未經審核)

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2005
(Expressed in thousands of Hong Kong dollars (HK\$'000))

簡明綜合權益變動表(續)

截至二零零五年六月三十日止六個月
(以千港元為單位)

The comparative figures for 2004 are set out as follows:

二零零四年之比較數字載列如下:

		(Unaudited) (未經審核)							Minority interests	
		Attributable to shareholders of the Company 本公司股東應佔						少數股東權益		
		Share Capital 股本	Capital Surplus 股本盈餘	Share Premium 股份溢價	Revaluation Reserve 重估儲備	Statutory Reserve 法定儲備	Exchange Reserve 匯兌儲備	Accumulated profits 累計溢利		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
At 1 January 2004, as previously reported as equity	於二零零四年一月一日，原呈報為權益	200,000	42,554	336,758	14,236	66,702	(18,169)	108,308	-	750,389
At 1 January 2004, as previously reported as minority interest	於二零零四年一月一日，原呈報為少數股東權益	-	-	-	-	-	-	-	10,199	10,199
At 1 January 2004, as restated	於二零零四年一月一日，重列	200,000	42,554	336,758	14,236	66,702	(18,169)	108,308	10,199	760,588
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	-	-	-	-	-	11,679	-	-	11,679
		200,000	42,554	336,758	14,236	66,702	(6,490)	108,308	10,199	772,267
Profit for the period	期內溢利	-	-	-	-	-	-	31,221	(396)	30,825
Dividends paid	已派股利	-	-	-	-	-	-	(30,000)	-	(30,000)
At 30 June 2004	於二零零四年六月三十日	200,000	42,554	336,758	14,236	66,702	(6,490)	109,529	9,803	773,092

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(With comparatives for the six months ended 30 June 2004)

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

簡明綜合現金流量表

截至二零零五年六月三十日止六個月

(連同截至二零零四年六月三十日止六個月的比較數字)

(以千港元為單位)

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
		(restated)	
		(重列)	
		HK\$'000	HK\$'000
		千港元	千港元
	Note 附註		
Cash generated from operations	經營業務產生之現金	89,621	75,382
Overseas taxation paid	已付海外稅項	(28,637)	(11,227)
Net cash from operating activities	經營活動所得現金淨額	60,984	64,155
Investing activities	投資活動		
Acquisition of property, plant and equipment	購置不動產、廠場及設備	(18,887)	(10,346)
Proceeds from disposals of property, plant and equipment	出售不動產、廠場及設備所得款項	1,195	488
Net increase in trading securities	買賣證券增加淨額	(34,783)	(29,286)
Interest received	已收利息	1,580	652
Increase in intangible assets	無形資產增加	-	(158)
Net cash used in investing activities	投資業務所用現金淨額	(50,895)	(38,650)
Financing activities	融資業務		
Dividends paid	派付股利	(35,000)	-
Fixed compensation paid to minority interest	向少數股東權益支付定額補償	(305)	-
Net cash used in financing activities	融資活動所用現金淨額	(35,305)	-
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(25,216)	25,505
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	235,920	170,265
Effect of foreign exchange rate changes	匯率變動之影響	1,682	(125)
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	212,386	195,645
represented by bank balances and cash	以銀行結餘及現金代表		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2005

(With comparatives for the six months ended 30 June 2004 and as of 31 December 2004)

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

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the Hong Kong Accounting Standard (“HKASs”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations of the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim accounts were not audited but have been reviewed by the Audit Committee.

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and basis of preparation adopted in these condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2004 except as described below.

簡明綜合財務報表附註

於二零零五年六月三十日

(連同截至二零零四年六月三十日止六個月及於二零零四年十二月三十一日的比較數字)

(除另有說明外，所有款項均以千港元為單位)

1. 會計政策及編製基準

未經審核簡明綜合中期財務報表乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄16之適用披露規定，以及香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」及其他有關香港會計準則及香港財務報告準則(「香港財務報告準則」)詮釋而編製。中期賬目未經審核，惟已由審核委員會審閱。

除若干金融工具及投資物業以公平值計算外，簡明財務報表乃根據歷史成本基準編製。

簡明中期財務報表採用之會計政策及編製基準與編製本集團截至二零零四年十二月三十一日止年度年度財務報表所採用者貫徹一致，惟下文所述者除外。



1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

In the current period, the Group has applied, for the first time, a number of new HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

- (a) Presentation of minority interests has been changed with adoption of HKAS 1 “Presentation of Financial Statements” and HKAS 27 “Consolidated and Separate Financial Statements”. Minority interests now form part of the total equity as presented in the Group’s consolidated balance sheet. In the Group’s consolidated income statements, minority interests are now presented as an allocation of profit and loss.

1. 會計政策及編製基準 (續)

於本期間，本集團首次應用由香港會計師公會所頒佈於二零零五年一月一日或之後會計期間生效之多項新訂香港財務報告準則、香港會計準則及詮釋（下文統稱「新香港財務報告準則」）。應用新香港財務報告準則導致收益表、資產負債表及權益變動表之呈報方式有變。呈報方式之變動已追溯應用。採納新香港財務報告準則導致本集團下列範疇之會計政策出現對目前或過往會計期間業績之編製及呈報方式構成影響之變動。

- (a) 自採納香港會計準則第1號「財務報表之呈報」及香港會計準則第27號「綜合及獨立財務報表」後，少數股東權益之呈報有變。少數股東權益現組成本集團綜合資產負債表所呈報權益總額一部分。於本集團之綜合收益表內，少數股東權益現呈報為溢利及虧損分配。



1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

(b) In previous periods, goodwill arising on acquisitions was capitalised and amortised on the straight-line basis over its estimated useful life. The Group has applied the relevant transitional provision in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1 January 2005 onwards and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses after initial recognition. The carrying amount of negative goodwill previously recognised is derecognised and credited to retained profits. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. The carrying amount of goodwill of approximately HK\$3,126,000 was considered to be impaired with a corresponding decrease in goodwill as at 30 June 2005.

1. 會計政策及編製基準(續)

(b) 於過往期間，收購所產生商譽撥充資本及按其估計可使用年期以直線法攤銷。本集團已應用香港財務報告準則第3號有關過渡條文。就早前於資產負債表撥充資本之商譽而言，本集團已自二零零五年一月一日起終止攤銷商譽，有關商譽將最少每年及於進行收購之財政年度檢測有否出現減值。於二零零五年一月一日後之所進行收購產生之商譽經初步確認後按成本減累計減值虧損計算。早前確認之負商譽賬面值會剔除確認及計入保留溢利。由於是項會計政策變動，本期間並無扣除任何商譽攤銷。於二零零五年六月三十日，賬面值約3,126,000港元之商譽被視為已減值，並作出相應扣減。



1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

(c) In the current period, the Group has, for the first time, applied HKAS 40 Investment Property. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 January 2005 onwards. The amount held in investment property revaluation reserve at 1 January 2005 which amounted to HK\$16,741,000 has been transferred to the Group's retained earnings.

1. 會計政策及編製基準(續)

(c) 於本期間，本集團首次應用香港會計準則第40號投資物業。本集團選用公平價值模式就其投資物業列賬，該模式規定投資物業公平價值變動所產生盈虧將直接於產生期間之溢利或虧損中確認。於過往期間，按以往之準則，投資物業乃按公開市值計算，重估盈餘或虧絀會計入或於投資物業重估儲備扣除，惟倘此儲備之結餘不足以彌補重估減少者則除外，而於此情況下，重估減少較投資物業重估儲備結餘多出之金額會自收益表扣除。倘減少先前已自收益表扣除及其後出現重估增加，該增加會計入收益表，惟以先前扣除之減少為限。本集團已應用香港會計準則第40號有關過渡條文，並選擇自二零零五年一月一日起採用香港會計準則第40號。於二零零五年一月一日之投資物業重估儲備金額16,741,000港元已轉撥至本集團保留溢利。

2. SEGMENT INFORMATION

(a) Geographical segment

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

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

2. 分部資料

(a) 地域分部

本集團之業務主要位於中華人民共和國（香港除外，「中國大陸」）、台灣及其他地區。

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

		For the six months ended 30 June 2005			
		截至二零零五年六月三十日止六個月			
		PRC	Taiwan	Others	Total
		中國大陸	台灣	其他地區	總計
		unaudited	unaudited	unaudited	unaudited
		未經審核	未經審核	未經審核	未經審核
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Turnover	營業額	98,081	61,802	3,177	163,060
Other operating income	其他經營收益	16,290	4,342	432	21,064
Total revenue	總收入	<u>114,371</u>	<u>66,144</u>	<u>3,609</u>	<u>184,124</u>
Segment results	分部業績	<u>45,052</u>	<u>14,582</u>	<u>(4,575)</u>	55,059
Unallocated corporate expenses	未撥配公司支出				<u>(5,385)</u>
Profit from operations	經營溢利				49,674
Share of loss of an associate	應佔一家聯營公司虧損				<u>(52)</u>
Profit before taxation	除稅前溢利				49,622
Income tax expense	所得稅開支				<u>(17,185)</u>
Profit for the period	期內溢利				<u>32,437</u>

2. SEGMENT INFORMATION (continued)
(a) Geographical segment (continued)

2. 分部資料 (續)
(a) 地域分部 (續)

For the six months ended 30 June 2004

截至二零零四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
		(restated)	(restated)	(restated)	(restated)
		(重列)	(重列)	(重列)	(重列)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Turnover	營業額	86,530	63,173	1,114	150,817
Other operating income	其他經營收益	9,677	3,723	187	13,587
Total revenue	總收入	<u>96,207</u>	<u>66,896</u>	<u>1,301</u>	<u>164,404</u>
Segment results	分部業績	<u>29,127</u>	<u>14,388</u>	<u>(52)</u>	43,463
Unallocated corporate expenses	未撥配公司支出				<u>(3,843)</u>
Profit from operations	經營溢利				39,620
Share of loss of an associate	應佔一家聯營公司虧損				<u>(349)</u>
Profit before taxation	除稅前溢利				39,271
Income tax expense	所得稅開支				<u>(8,446)</u>
Profit for the period	期內溢利				<u>30,825</u>

2. 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

2. 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 2005

截至二零零五年六月三十日止六個月

	Other operating		Capital	
	Turnover	income	Total	expenditure
	其他			
	營業額	經營收入	總計	資本開支
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Cosmetics products and beauty services	163,060	16,465	179,525	18,887
Investment properties	-	4,599	4,599	-
	163,060	21,064	184,124	18,887

For the six months ended 30 June 2004

截至二零零四年六月三十日止六個月

	Other operating		Capital	
	Turnover	income	Total	expenditure
	其他			
	營業額	經營收入	總計	資本開支
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Cosmetics products and beauty services	150,817	10,890	161,707	14,183
Investment properties	-	2,697	2,697	-
	150,817	13,587	164,404	14,183

Segment Assets

分部資產

	As at 30 June 2005	As of 31 December 2004
	二零零五年六月三十日	二零零四年十二月三十一日
	HK\$'000	HK\$'000
	千港元	千港元
Cosmetics products and beauty services	735,662	739,772
Investment properties	161,947	160,459
	897,609	900,231

3. 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	委托經營收益

3. 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

2005 二零零五年 (unaudited) (未經審核) <i>HK\$'000</i> 千港元	2004 二零零四年 (unaudited) (未經審核) <i>HK\$'000</i> 千港元
151,447	138,844
9,109	9,191
2,504	2,782
<hr/>	<hr/>
163,060	150,817

4. PROFIT FROM OPERATIONS

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

4. 經營溢利

簡明綜合收益表內的經營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	
		2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (unaudited) (未經審核) HK\$'000 千港元
Crediting:	計入：		
Interest income on bank deposits	銀行存款利息收益	1,580	652
Realized gain on disposal of short-term investments	出售短期投資之 已變現收益	<u>671</u>	<u>215</u>
Charging:	扣除：		
Net loss on disposals of property, plant and equipment	出售不動產、廠場及設備 之淨虧損	4,014	4,438
Staff costs, excluding directors' emoluments	員工成本(不包括 董事酬金)	29,439	20,704
– Salaries and wages	– 薪金及工資	29,439	20,704
– Pension costs	– 退休金成本		
– PRC	– 中國大陸	1,912	2,330
– Taiwan	– 台灣	780	927
– Hong Kong and other regions	– 香港及其他地區	147	19
Directors' emoluments (salaries and allowances)*	董事酬金(薪金及津貼)*	481	367
Depreciation of property, plant and equipment	不動產、廠場及設備 之折舊	12,179	12,238
Provision for write-down of inventory	存貨減值撥備	2,285	–
Provision for doubtful debts	呆賬撥備	1,414	–
Operating lease expense on land and buildings	土地及樓宇之經營租賃 開支	4,169	7,982
Research and development costs	研發成本	873	504
Amortization of other long-term assets	其他長期資產攤銷	454	3,214
Impairment loss on goodwill	商譽減值虧損	<u>3,126</u>	<u>–</u>

* Included in directors' remuneration were fees of HK\$44,000 (2004: HK\$20,000), paid to independent non-executive directors during the report period.

* 董事酬金中包括於報告期內付予獨立非執行董事之袍金44,000港元(二零零四年: 20,000港元)。

5. 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 2005 (2004: 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.

5. 所得稅開支

由於本集團於截至二零零五年六月三十日止六個月並無在香港賺取任何應課稅溢利(二零零四年: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。

Group:	本集團:
Overseas taxation	海外稅項
Deferred taxation	遞延稅項
Taxation for the period	期內稅項

For the six months ended 30 June	
截至六月三十日止六個月	
2005 二零零五年 (unaudited) (未經審核)	2004 二零零四年 (unaudited) (未經審核) (restated) (重列)
HK\$'000 千港元	HK\$'000 千港元
18,804	8,321
(1,619)	125
17,185	8,446

6. DIVIDENDS

6. 股利

		For the six months ended 30 June 截至六月三十日止六個月	
		2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (unaudited) (未經審核) HK\$'000 千港元
2004 Interim, paid, of 0.75 HK cents per ordinary share	二零零四年已派付之中期股利 每股普通股0.75港仙	-	15,000
2005 Interim, proposed, of 0.90 HK cents per ordinary share	二零零五年擬派之中期股利 每股普通股0.90港仙	18,000	-
2005 Special, proposed, of 0.40 HK cents per ordinary share	二零零五年擬派之特別股利 每股普通股0.40港仙	8,000	-
		26,000	15,000

The directors proposed an interim dividend of 0.9 HK cents per share and a special dividend of 0.4 HK cents per share. These proposed dividend are not reflected as dividend payable in the current period financial statements, but will be reflected as an appropriation of retained earnings for the period ended 30 June 2005.

董事擬派中期股利每股0.9港仙及特別股利每股0.4港仙。此擬派股利並無於本期間財務報表反映為應付股利，惟將反映為截至二零零五年六月三十日止期間之保留盈利撥配。

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to shareholders of approximately HK\$32,791,000 for the six months ended 30 June 2005 (2004: HK\$31,221,000) divided by weighted average number of approximately 2,000,000,000 ordinary shares (2004: 2,000,000,000) in issue during the period.

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

8. CAPITAL EXPENDITURE

7. 每股盈利

每股基本盈利乃根據本集團截至二零零五年六月三十日止六個月之未經審核股東應佔溢利約32,791,000港元(二零零四年:31,221,000港元)除以期內已發行普通股加權平均數約2,000,000,000股(二零零四年:2,000,000,000股)計算。

由於本公司並無具潛在攤薄影響的股份，故並無呈列每股攤薄盈利。

8. 資本支出

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

		Property, plant and equipment 不動產、廠場 及設備 HK\$'000 千港元	Freehold investment properties 具有永久業權 之投資物業 HK\$'000 千港元	Intangible assets 無形資產 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Opening net book amount (audited)	期初賬面淨值 (經審核)	192,956	160,459	2,137	16,801	372,353
Addition	增添	18,887	-	-	-	18,887
Disposal	出售	(4,907)	-	-	-	(4,907)
Impairment charge for the period	期內減值開支	-	-	-	(3,126)	(3,126)
Depreciation/amortisation charge	折舊/攤銷費用	(12,179)	-	(454)	-	(12,633)
Reclassification	重新分類	324	-	(324)	-	-
Currency realignment	匯率折算差額	510	1,488	(1)	1	1,998
Closing net book amount (unaudited)	期終賬面淨值 (未經審核)	195,591	161,947	1,358	13,676	372,572

9. TRADE AND OTHER RECEIVABLES

Trade receivables	貿易應收賬款
Prepayment and deposits	預付款項及押金
Financial refunds receivable	應收財務退款
Other receivables	其他應收賬款

Trade receivables were generated from credit sales with general credit terms of one to six months.

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

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

9. 貿易及其他應收賬款

As of 30 June 2005	As of 31 December 2004
於二零零五年 六月三十日 (unaudited) (未經審核)	於二零零四年 十二月三十一日 (audited) (經審核)
HK\$'000 千港元	HK\$'000 千港元
43,168	59,282
12,906	25,178
11,642	9,962
31,526	30,154
99,242	124,576

貿易應收賬款來自信貸銷售，信貸期一般為一至六個月。

於結算日之貿易應收賬款賬齡分析如下：

As of 30 June 2005	As of 31 December 2004
於二零零五年 六月三十日 (unaudited) (未經審核)	於二零零四年 十二月三十一日 (audited) (經審核)
HK\$'000 千港元	HK\$'000 千港元
39,714	57,971
2,679	288
30	293
745	730
43,168	59,282

10. TRADE AND OTHER PAYABLES

Trade payables	貿易應付賬款
Rental deposits received	已收租賃按金
Other tax payables	其他應付稅項
Other payables	其他應付賬款

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

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

10. 貿易及其他應付賬款

As of 30 June 2005 於二零零五年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	As of 31 December 2004 於二零零四年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
9,605	10,118
7,620	6,499
3,940	2,650
39,708	36,247
60,873	55,514

於結算日之貿易應付賬款賬齡分析如下：

As of 30 June 2005 於二零零五年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	As of 31 December 2004 於二零零四年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
9,522	9,971
-	-
83	147
9,605	10,118

11. RETIREMENT BENEFIT OBLIGATION

11. 退休金責任

		As of 30 June 2005 於二零零五年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	As of 31 December 2004 於二零零四年 十二月三十一日 (audited) (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	10,885	9,172
		10,885	9,172

Movement in the liability recognised in the balance sheet:

於資產負債表確認之負債變動如下:

		For the six months ended 30 June 2005 截至 二零零五年 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 2004 截至 二零零四年 十二月三十一日 止年度 (audited) (經審核) HK\$'000 千港元
Accrued retirement benefit obligations, beginning	期初應計退休責任	10,165	8,376
Total expense (Note)	總支出(附註)	780	1,443
Contributions paid	已付供款	(614)	(384)
Currency realignments	匯率折算差額	554	730
Accrued retirement benefit obligations, ending	期末應計退休責任	10,885	10,165



11. RETIREMENT BENEFIT OBLIGATION (continued)

Note: Actuarial valuation of the pension plan is performed by a qualified actuary annually. Last actuarial valuation was made as at 31 December 2004. 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.

12. SHARE CAPITAL

Authorised:
– 4,000,000,000 ordinary shares
of HK\$0.10 each

Issued and fully paid:
– 2,000,000,000 ordinary shares
of HK\$0.10 each

法定：
– 4,000,000,000股
每股面值0.10港元
普通股

已發行及繳足股款：
– 2,000,000,000股
每股面值0.10港元
普通股

11. 退休金責任 (續)

附註： 退休金計劃每年由合資格精算師進行精算估值。上一次精算估值於二零零四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。

12. 股本

Nominal value 面值	
As of 30 June 2005 於二零零五年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	As of 31 December 2004 於二零零四年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
400,000	400,000
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	
		2005	2004
		二零零五年	二零零四年
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
			(restated)
			(重列)
		HK\$'000	HK\$'000
		千港元	千港元
Operating profit before working capital changes	營運資金變動前之經營溢利	66,895	59,978
(Increase)/decrease in inventories	存貨(增加)/減少	(212)	8,095
Decrease in trade and other receivables	貿易及其他應收賬款減少	15,144	11,882
Increase/(decrease) in trade, other payables, and deferred income	貿易、其他應付賬款及遞延收益增加/(減少)	7,074	(5,459)
Increase in retirement benefit obligations	應計退休責任增加	720	886
Cash generated from operations	經營業務之現金流入	89,621	75,382

14. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, 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

年內，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

2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (unaudited) (未經審核) HK\$'000 千港元
480	61
104	98
1,331	208

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。

14. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

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

14. 關連及有關連人士交易 (續)

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

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

15. COMMITMENTS

Commitments under operating leases

At 30 June 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Not later than one year	一年內
Later than one year and not later than five years	一年後但於五年內
Later than five years	五年後

16. SUBSEQUENT EVENTS

There was no significant subsequent event as of 30 June 2005.

17. COMPARATIVE FIGURES

The presentation of certain comparative figures in the condensed consolidated income statement has been revised. The directors are of the opinion that this revised presentation is more appropriate after considering the nature of the items. The major change is financial refund of HK\$6,850,000 from taxation reclassified as other operating income and income from trading securities of HK\$215,000 reclassified as other operating income.

15. 承諾

經營租賃承諾

於二零零五年六月三十日，本集團根據不可撤銷經營租賃於日後支付的最低租賃款項總額如下：

As of 30 June 2005 於二零零五年 六月三十日 (unaudited) (未經審核) HK\$'000 千港元	As of 31 December 2004 於二零零四年 十二月三十一日 (audited) (經審核) HK\$'000 千港元
8,871	9,285
17,444	17,679
1,101	1,966
27,416	28,930

16. 結算日後事項

於二零零五年六月三十日，並無任何重大結算日後事項。

17. 比較數字

簡明綜合收益表內若干比較數字之呈列方式已作出修訂。董事於考慮各項目之性質後認為，經修訂呈列方式更為合適。主要變動為將財務退款6,850,000港元由稅項重新分類為其他經營收益，而買賣證券之收益215,000港元則重新分類為其他經營收益。

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(又名蔡燕萍博士)(主席)

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蘇建誠先生

蘇詩琇博士

葉良輝先生

(獨立非執行董事)

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陳謝淑珍女士

譚清先生

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