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Corporate Profile 公司簡介



NATURAL IS THE SOURCE OF BEAUTY 自然就是美

Natural Beauty Bio-Technology Limited ("Natural Beauty" or the "Company") is one of the leading researchers, manufacturers and distributors of quality skin care, beauty and aromatherapeutic products in the Greater China region. As at 31 December 2003,

the Company has around 2,300 distribution outlets in the Greater China region.

自然美生物科技有限公司（「自然美」或「本公司」）乃大中華地區最卓越的優質護膚品、彩粧品及芳香療法產品研究專家、製造商及分銷商之一。截至二零零三年十二月三十一日止，本公司於大中華地區之經銷專門店數目約2,300間。

The Company is entrusted with the belief of "Natural is the source of beauty". The Company's self-developed products are marketed under the NB® or Bio-up brand names and are well known for its use of natural ingredients extracted from plants.

本公司崇尚「自然就是美」的理念。本公司自行開發產品均以NB®或Bio-up品牌行銷，有關產品以抽取天然植物精華成份研製而成著稱。

The ordinary shares of Natural Beauty were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2002.

自然美之普通股於二零零二年三月二十八日在香港聯合交易所有限公司（「聯交所」）主板上市。



Corporate Information 公司資料

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
Ms. Su Sh Hsyu
(*Non-executive Director*)
Mr. Yeh Liang Fei
(*Independent Non-executive Director*)
Mrs. Chen Shieh Shu Chen
(*Independent Non-executive Director*)

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Lee Wai Kam, Hyman AHKSA, FCCA

MEMBERS OF THE AUDIT COMMITTEE

Mr. Yeh Liang Fei
Mrs. Chen Shieh Shu Chen

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4th Floor, Manson House
74-78 Nathan Road
Kowloon
Hong Kong

董事會

蔡燕玉博士
(又名蔡燕萍博士) (主席)
李明達先生
蘇建誠先生
蘇詩琇女士
(非執行董事)
葉良輝先生
(獨立非執行董事)
陳謝淑珍女士
(獨立非執行董事)

法定代表

李明達先生
蘇建誠先生

公司秘書

李偉鑑 AHKSA, FCCA

審核委員會成員

葉良輝先生
陳謝淑珍女士

註冊辦事處

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

總辦事處及香港主要營業地點

香港
九龍
彌敦道74-78號
文遜大廈4樓

Corporate Information 公司資料

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building, 10 Chater 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

United World Chinese Commercial Bank
No. 32, 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

核數師

畢馬威會計師事務所
執業會計師
香港
中環
遮打道10號太子大廈8樓

法律顧問

方和吳正和律師行
聯同金杜律師事務所（中國大陸律師）及
高文律師事務所
香港
皇后大道中9號
11樓1101室

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中1號

台灣土地銀行
台灣
台北
敦化南路2段76號

世華聯合商業銀行
台灣
台北
敦化南路2段32號

中國農業銀行
上海市分行
中國
上海
中山東一路26號3樓

交通銀行
上海市分行閘北支行
中國
上海
211恆通路

Financial Highlights

財務摘要

RESULTS

業績

Year ended 31 December

截至十二月三十一日止年度

| | | 2003 二零零三年 | 2002 二零零二年 | 2001 二零零一年 | 2000 二零零零年 | 1999 一九九九年 |
|---|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | Restated 重列 | | | |
| | | 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 |
| Turnover | 營業額 | 320,086 | 323,251 | 254,566 | 205,514 | 199,548 |
| Gross profit | 毛利 | 258,894 | 236,475 | 190,746 | 161,900 | 156,597 |
| Profit from ordinary activities before taxation | 除稅前日常業務溢利 | 83,525 | 94,097 | 105,356 | 95,582 | 91,643 |
| Income tax | 所得稅 | (30,084) | (27,174) | (35,638) | (25,505) | (24,580) |
| Profit from ordinary activities after taxation | 除稅後日常業務溢利 | 53,441 | 66,923 | 69,718 | 70,077 | 67,063 |
| Minority interests | 少數股東權益 | 701 | 1,335 | 1,325 | 56 | 962 |
| Profit attributable to shareholders | 股東應佔溢利 | 54,142 | 68,258 | 71,043 | 70,133 | 68,025 |

Financial Highlights

財務摘要

ASSETS AND LIABILITIES

資產及負債

As at 31 December

截至十二月三十一日

| | | 2003 二零零三年 | 2002 二零零二年 | 2001 二零零一年 | 2000 二零零零年 | 1999 一九九九年 |
|-------------------------|--------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | Restated 重列 | | | |
| | | 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 |
| Non-current assets | 非流動資產 | 410,143 | 412,409 | 388,587 | 356,433 | 316,329 |
| Current assets | 流動資產 | 431,272 | 458,761 | 258,902 | 247,202 | 260,042 |
| Total assets | 總資產 | 841,415 | 871,170 | 647,489 | 603,635 | 576,371 |
| Current liabilities | 流動負債 | 72,451 | 99,436 | 158,101 | 127,758 | 183,145 |
| Non-current liabilities | 非流動負債 | 8,376 | 7,598 | 6,776 | 6,665 | 6,080 |
| Total liabilities | 總負債 | 80,827 | 107,034 | 164,877 | 134,423 | 189,225 |
| Minority interests | 少數股東權益 | 10,199 | 20,322 | 28,269 | 4,316 | 11,467 |
| Net assets | 資產淨值 | 750,389 | 743,814 | 454,343 | 464,896 | 375,679 |

Notes:

附註:

- (1) The summary of the consolidated results, assets and liabilities of the Company and its subsidiaries (the "Group") for each of the years ended 31 December 1999 and 2000 have been extracted from the Company's prospectus dated 19 March 2002. However, the presentation of certain items in the consolidated results for the years from 1999 to 2001 has been revised, such as reclassification of the financial refunds from taxation to profit before taxation. The summary of the consolidated results, assets and liabilities of the Group includes the results, assets and liabilities of the Company and its subsidiaries as if the current structure of the Group has been in existence throughout the years ended 31 December 1999, 2000, 2001, 2002 and 2003 and is presented on the bases set out in Note 1(b) to the financial statements.
- (2) In order to comply with Hong Kong Statement of Standard Accounting Practice 12 (revised) "Income Taxes", the Group adopted a new accounting policy for income tax in 2003. Figures for the year in 2002 have been adjusted for comparison purposes. Figures for the years from 1999 to 2001 have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.

- (1) 本公司及其附屬公司(「本集團」)截至一九九九年及二零零零年十二月三十一日止年度各年的綜合業績、資產及負債摘錄自本公司所刊發日期為二零零二年三月十九日的招股章程。然而，一九九九至二零零一年之綜合業績若干項目之呈列方式已經修訂，包括將稅項中之財務退款重新分類為除稅前溢利。本集團的綜合業績、資產及負債概要包括本公司及其附屬公司的業績、資產及負債，猶如本集團現有架構於截至一九九九年、二零零零年、二零零一年、二零零二年及二零零三年十二月三十一日止各年度一直存在，並根據財務報表附註1(b)所載的基準呈列。

- (2) 為了符合香港會計實務準則第12號(經修訂)「所得稅」之規定，本集團於二零零三年就所得稅採納新訂會計政策。二零零二年度之數字已作調整，以供比較之用，惟由於重列由一九九九年至二零零一年之數字將會導致延誤及帶來開支，不符合股東利益，故並無重列。

Chairman's Statement 主席報告書



Dr. Tsai Yen Yu, Chairman
蔡燕玉博士，主席

Dear fellow shareholders,

OVERVIEW

Challenging as it was in year 2003, our Group has made significant achievement in progressing our business towards a sustainable growth path. In our industry, the two crucial factors that underline success are distribution and products. It is in these two areas that the Group has achieved great success in the past year.

As a skincare and beauty products distributor and services provider operating predominantly in China and Taiwan, the onset of SARS which lasted seven months from March to September in 2003 dealt a severe blow to our business. Customers were inhibited to visit our spa centers and beauty salons, that are our primary sales outlets. In the first half of 2003, sales dropped 26.9% to HK\$103.4 million. However there was a clear trend of picking up in the second half of the year, which testifies to the resilience and strong business foundation of our Group. Sales in the second half of 2003 was around HK\$216.7 million. On a yearly basis, our revenue were down less than around 1.0% to HK\$320.1 million compared to 2002.

敬啟者：

回顧

二零零三年乃充滿挑戰的一年，本集團取得卓越成就，引領業務踏上穩健增長的軌道。分銷及產品乃業內兩大成功關鍵。本集團於去年在此兩項範疇上均成績斐然。

作為雄據中台市場的護膚及美容產品經銷商兼服務供應商，二零零三年三月至九月的七個月期間突然爆發非典型肺炎，對我們的業務造成一定的打擊。客戶暫停親臨我們的水療中心及美容中心，而該等中心乃我們的主要銷售專門店，故於二零零三年上半年，銷售減少26.9%至103,400,000港元。然而，下半年明顯呈現好轉趨勢，足證本集團的反彈能力雄厚，業務根基穩固。二零零三年下半年之銷售約為216,700,000港元，而全年收入則較二零零二年下降少於1.0%至320,100,000港元。

Chairman's Statement 主席報告書

During the year, our Group incurred higher costs in advertising and promotions as we tried to expand our sales channels further as well as to launch new products. Higher product discounts were offered to our franchisees in a bid to encourage more sales from them. These costs and expenses, while important to the Group's long-term growth, affected our bottomline during the year.

For 2003, our Group recorded a net profit of HK\$54.1 million, down 20.7% from that of 2002. The slowing down of revenue and profit was due to the exceptional circumstances of a mass outbreak of SARS, which we believe is a one-time event. We are confident that our Group will be steered back to its growth path from 2004.

MAJOR ACHIEVEMENTS

On the business side, however, our Group has lost no time in embarking on a number of fundamental tasks that would help secure its market share and position itself for growth. We have completed the acquisition of all 25 resellers in PRC, turning them from third party companies into subsidiaries of the Group. As group companies, they will supply to our over 2,300 stores at a single platform using a unified system of inventory management, logistics and sales and distribution. The full control of the distribution network gives us competitive advantages and raises the entry barrier for international brands when they are allowed to sell to the PRC domestic market under WTO.

In November 2003, we officially launched the biotechnological anti-aging product, NB-1. Considered our flagship product, NB-1 was an instant market success. A total of around 16,000 units were sold within two months, earning sales of around HK\$42 million for the Group. Five years in the making, the product was the result of close collaboration with Harvard NB Bio-Science LLC, run by Dr. Chen Ji Dai, who is one of the first Chinese scientists to complete the human genome. Patent for NB-1 is currently under application. The successful launch of this product has greatly strengthened our brand credibility and enhanced our goodwill amongst customers.

年內，本集團銳意進一步擴充銷售渠道及推出新產品，故產生較高廣告及宣傳費用。我們向總經銷商提供較高產品折扣優惠，以收促銷之效。該等費用及開支對本集團長遠發展均重要攸關，惟對我們於年內之盈利構成影響。

於二零零三年，本集團錄得純利54,100,000港元，較二零零二年減少20.7%。收入及溢利減少，乃因廣泛爆發非典型肺炎之突發事件所致，惟我們認為此乃偶發事件。我們有信心本集團將能於二零零四年重回增長軌道。

主要成就

然而，於業務方面，本集團密鑼緊鼓地開展多項有助鞏固其市場佔有率及地位之基礎工作，務求促進業務增長。我們已完成收購中國全數25家經銷商，使之從第三方公司轉為本集團之附屬公司。作為集團公司，他們將運用單一平台上的統一存貨管理、物流及銷售與分銷系統，向我們逾2,300家店鋪供貨，提供支援。全面掌握分銷網絡為我們帶來競爭優勢，對透過世界貿易組織獲准於中國本地市場銷售之國際品牌，亦形成發展障礙。

於二零零三年十一月，我們正式推出生物科技抗老產品NB-1。作為我們的旗艦產品，NB-1旋即進佔市場，於短短兩個月內售出共約16,000件產品，為本集團帶來銷售約42,000,000港元。此項產品乃本集團與Harvard NB Bio-Science LLC緊密合作之成果，經五年悉心研製而成。Harvard NB Bio-Science LLC由首批完成人體基因排列的中國科學家之一陳基岱博士主理。本集團現正申請NB-1專利權。此項產品成功面市，大大加強客戶對我們品牌的信心並提升我們的聲譽。

Chairman's Statement 主席報告書

COST CONTROL AND SALES CHANNEL EXPANSION

To combat the dampened sales, particular in the first half of the year, a number of measures were undertaken to mitigate the adverse effects. Our Group has undertaken a number of cost containment measures to keep costs in line with sales, including seeking rental reduction from landlords; our directors also voluntarily reduced their remuneration. We have also explored a number of alternative sales channels to continue to reach out to customers. For example, in Taiwan, we commissioned airtime in a TV sales channel to actively promote our products.

In the aftermath of SARS we have made a strategic change to our sales and distribution, from relying on sales generated from spas and beauty saloons to a more product-centric approach. This calls for more aggressive push of the NB brand name so that our product will have direct customer appeal and can be sold in a much broader distribution channels, such as sales counters at department stores.

At present, we have over 2,300 Natural Beauty sales outlets, including around 70 self-owned and self-run spas. In addition there are around 160 dedicated sales counters at various locations, the number of which we will continue to increase in order to capture a bigger market.

FUTURE PLANS

Looking ahead, expanding our network will be a key priority for 2004. After a slow year of network expansion under the effects of SARS, our Group will redirect its focus on opening new outlets in 2004 with an aim of adding an additional 200 to 300 outlets, mostly "shop within shop", bringing the total to around 2,600. Already the largest skincare and beauty product and service provider in PRC, the additional outlets will reinforce NB's position as the undisputed leader in the marketplace.

Following the opening our own NB SPA in Four Seasons Hotel in Shanghai, we will follow our strategy of collaborating with upmarket venue providers such as five-star hotels, to operate premium spas to capture the affluent segment with high spending power.

控制成本及擴充銷售渠道

為抗衡銷情呆滯，特別是上半年度情況的影響，本集團已採取多項措施，紓緩負面影響。本集團採取多項減省成本措施，其中包括要求業主減租，而我們的董事亦自願減薪，務求令成本與銷售互相配合。我們亦另覓多個額外銷售渠道，以便不斷吸納客戶。例如，我們在台灣電視銷售渠道播出廣告，積極推廣產品。

非典型肺炎後，我們制訂策略改變銷售及分銷策略，由依賴水療中心及美容中心產生銷售，轉為著重於產品主導模式。此策略直接以產品引起顧客興趣，亦能透過如百貨公司銷售專櫃等更廣泛之分銷渠道進行銷售，加強推動自然美品牌之發展。

我們現有超過2,300家自然美銷售專門店，其中約70家為自行經營之自設水療中心。此外，我們於多個地點設有約160個銷售專櫃，我們將不斷增加專櫃數目，進佔更大市場。

未來計劃

展望將來，擴充網絡乃二零零四年之首要任務。過去一年因非典型肺炎影響拖慢了網絡擴充步伐，本集團於二零零四年將轉向集中開設新專門店，目標為增設200至300家專門店，大部分為「店中店」，令總數高達約2,600家。作為中國最大規模護膚及美容產品與服務供應商，增設專門店將毋庸置疑加強自然美的市場領導地位。

繼於上海四季酒店自設自然美SPA中心後，我們按照策略，與五星級酒店等高級場所經營商合作經營高級水療中心，以爭取消費能力較強的富裕客戶。

Chairman's Statement 主席報告書

We have high hopes in the sales of NB-1. Judging from the strong market response it attracted in the last two months of 2003, the full year sales of 2004 will be extremely promising and it will be a major source of revenue in the coming year. In addition, we will continue to expand our Biotech product range to further penetrate this lucrative market. At the same time, we are actively developing body slimming nutritional products, leveraging on our advanced knowhow in bio-technology. The second generation of our body slimming underwear is also planned for launch for the second half of 2004. The much broadened product range will further enlarge our revenue base.

All our products are sold under our NB brand, which is an important asset to us as we compete more and more with international brands. Through the years, the NB brand has developed a credible and quality image, representing meticulous R&D and manufacturing process, and having qualities that are developed with the Asian skin characteristics in mind.

To advance our Group to the next phase of growth, our mid- to long-term goal is to seek alliance with a compatible international brand of beauty products. Such an alliance will be beneficial to both as we can learn from their international experience while helping them penetrate the domestic market through our distribution network.

Rising consumerism, expansion of the middle class and the strive for beauty and healthcare has created a booming market in Greater China for Natural Beauty. With our superior products, strong brand image and extensive distribution network, we are confident that Natural Beauty has got the right formula to win and excel.

我們對NB-1的銷售信心十足。該產品於二零零三年最後兩個月的市場反應熱烈，料二零零四年全年銷售定能創下佳績，成為來年主要收入來源。此外，我們將繼續擴充生物科技產品系列，進一步搶攻此盈利潛力豐厚的市場。與此同時，我們積極善用我們的先進生物科技技術，研發纖體營養產品。我們計劃於二零零四年下半年推出第二代纖體內衣。隨着產品系列越趨多元化，我們的收入基礎亦將進一步擴大。

我們所有產品均以自然美品牌銷售，在眾多國際品牌的競爭下，自然美品牌乃我們的重要資產。多年來，我們已為自然美品牌建立優質可信的形象，產品均經過嚴謹的研發及製造程序，且專門針對亞洲人皮膚特性而研製。

為帶領本集團邁進另一個發展階段，我們的中長遠目標為與能互惠互利的國際美容產品品牌結盟。透過聯盟，我們一方面可吸收他們的國際經驗，另一方面則可幫助他們透過我們的分銷渠道進軍本地市場，以收互利互惠之效。

現今社會高舉保護消費者利益旗幟，加上中產階級之擴張以及追求美容護膚之趨勢，為自然美創造蓬勃的大中華區市場。憑藉我們的優質產品、強勁品牌形象以及廣泛的分銷網絡，我們有信心自然美正朝著成功與超越同儕的正確路向邁進。

Chairman's Statement 主席報告書

NOTE OF THANKS

Last but not least, I would like to thank for directors, shareholders, staff and business partners for their perseverance and support during the challenging time in the past year. I believe we have come through in good shape and made some real progress in solidifying our business platform. We are now in a strong position for growth in 2004, which I believe will be a very good year for Natural Beauty.

Dr. Tsai Yen Yu

Chairman

致謝

最後，本人謹此向董事、股東、員工及業務夥伴於去年艱鉅時刻對本集團堅定不移的支持致以衷心感謝。本人相信，我們已擺脫困境，且維持良好經營狀況，並已進一步鞏固業務根基。我們現時擁有強勁優勢，可望於二零零四年錄得增長。本人相信，二零零四年將是自然美的豐收年。

此致

各位股東 台照

蔡燕玉博士

主席

謹啟

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Total turnover of the Group for the year ended 31 December 2003 amounted to HK\$320,086,000 (2002: HK\$323,251,000), representing a slight decrease of approximately 1.0% when compared to 2002. The onset of the Severe Acute Respiratory Syndrome ("SARS") in Asia, which lasted seven months from March to September, dealt a severe blow to the Group's business, leading to a 27% drop in turnover in the first half of 2003 when compared with the corresponding period in 2002. As the impact of "SARS" eased in the fourth quarter, the economy gradually recovered, resulting in a relatively stable year-to-year performance in terms of product sales and service income in the Greater China region.

Profit attributable to shareholders decreased to HK\$54,142,000 (2002: HK\$68,258,000), representing a decrease of 20.7%. The decrease in profit was principally the result of the increase in the sales, marketing and



administrative expenses. To make up the decrease in sales attributable to the outbreak of SARS, the Group progressively expanded its sales channel and increased the discount rate offered to its distributors. Since the containment of SARS, the Group put more resources in marketing to promote the sales of its products and the launch of new products, as a result of which, sales and administrative expenses increased. Subsequently, higher sales, marketing and administrative expenses amounted to HK\$193,112,000 was recorded during the period, representing 60.3% (2002: 49.3%) of the Group's turnover.

財務回顧

截至二零零三年十二月三十一日止年度，本集團之總營業額為320,086,000港元（二零零二年：323,251,000港元），較二零零二年輕微下跌約1.0%。雖然期內由三月到九月亞洲區內爆發嚴重急性呼吸系統綜合症（「非典型肺炎」），歷時七個月之久，對本集團業務造成沖擊，令二零零三年上半年營業額較二零零二年同期下跌27%，但是隨着「非典型肺炎」在第四季影響減退，經濟逐步復甦，因此大中華地區產品銷售及服務收入以全年計仍獲得相對穩定的表現。

股東應佔溢利下跌至54,142,000港元（二零零二年：68,258,000港元），跌幅為20.7%。溢利下跌主要由於銷售、推廣及行政費用上升。在非典型肺炎期爆發期間，為彌補放緩之銷



情，集團銳意擴充銷售渠道，並加大給予各經銷商的折扣率；在非典型肺炎退卻後，集團為刺激產品銷售而加強市場推廣，再加上為配合新產品之推出，銷售及行政費用亦有所上升。結果，集團在期內錄得較高之銷售、推廣及行政費用，達193,112,000港元，佔集團營業額60.3%（二零零二年：49.3%）。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Geographically, the performance of both the PRC and Taiwan operations in the year 2003 was in line with our internal target. Turnover from the PRC business increased 1.5% to HK\$200,618,000, accounting for 62.7% of the total turnover of the Group. The increase was mainly attributable to the launch of several popular new products. Due to the increase in operating expenses as a result of the SARS outbreak in the region during the period, operating profits dropped 10.9% to HK\$55,126,000.

The Taiwan business contributed HK\$118,084,000 or 36.9% to the Group's total turnover, representing a 3.6% decrease. Operating profits dropped 23.7% to HK\$38,393,000. The decreases were attributed to the SARS outbreak in the region during the period.

The Group's operations in Hong Kong recorded a 95.5% drop in turnover amounted to HK\$141,000, accounting for 0.04% of the Group's total turnover and an operating loss of HK\$3,285,000. The decrease in turnover was the result of the change of operation mode to entrustment basis and the revenues and expenses of its outlets are not included by the Group.

Gross profit margin of the Group for the year ended 31 December 2003 increased to 80.9%, mainly due to the measures implemented by the Group to minimise the sales-related cost of sales and increase in the proportion of the product sale income which has comparatively higher gross profit margin. Operating profit margin dropped to 26.1% as a result of higher expenditure. Having been struck by "SARS", expansion of the Group's sales points slowed down last year and the construction of our third plant was also delayed, and capital expenditure decreased accordingly.

財務回顧 (續)

就按地域分佈而言，中國大陸及台灣業務於二零零三年之表現符合集團內部預期。中國大陸方面的營業額增加1.5%至200,618,000港元，佔集團總營業額62.7%。增長主要來自推出多種廣受市場歡迎的新產品。由於期內區內爆發非典型肺炎所影響經營支出上升，經營溢利下跌10.9%至55,126,000港元。

來自台灣業務的營業額為118,084,000港元，下跌3.6%，佔集團總營業額36.9%。經營溢利下跌23.7%至38,393,000港元。期內下跌均由區內爆發非典型肺炎所受之影響。

本集團香港業務的營業額則為141,000港元，跌幅為95.5%，佔集團總營業額0.04%。香港業務錄得經營虧損3,285,000港元。營業額下降原因是集團於期內將業務轉為委託經營，因此其店舖之收入及支出不再納入本集團之範圍計算。

截至二零零三年十二月三十一日止年度，集團邊際毛利增加至80.9%，主要由於本集團採取多項減省銷售相關成本之措施以及增加邊際毛利較高之產品銷售收益比例；而邊際經營溢利則因支出增加而下跌至26.1%。受「非典型肺炎」影響，本集團去年擴充銷售點的進度放緩，而建造第三間廠房的進度亦受阻，有關資本性支出亦相應減少。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Last year, in order to improve operational efficiency, the Group committed to streamline its structure and implement cost containment measures, including negotiations with outlet landlords and our directors for rental reduction and voluntary remuneration cut by our directors. In December 2003, the Group implemented the Oracle system in Taiwan and the efficiency of accounting and sales point system was enhanced substantially. The system not only improved our efficiency in terms of manufacturing, inventory management and product delivery, but also enhanced the platform for accessing data of our business partners and individual clients, increasing the efficiency and effectiveness of our marketing strategy and activities. In view of the advantages, the Group will implement the system in the PRC soon.

The Board recommended the payment of final dividend of 1.5 cents for the year, making the full year dividend to 2.1 cents.

PRODUCTS AND SERVICES

The Group is principally engaged in the manufacturing and sales of three types of products, namely skin care products, beauty products and aromatherapeutic products. The turnover generated from sale of products slightly increased to HK\$296,583,000 (2002: HK\$269,804,000), accounting for 92.7% of the Group's turnover. The Group successfully launched several new products during the onset of SARS, including several anti-germ aromatherapeutic products in Taiwan, Hong Kong and China. The Group further launched its high-end anti-aging NB-1 product series in November 2003. The product was well received. Over around 16,000 sets were sold within two months since its launch, making a significant contribution to the Group's turnover and earnings.

財務回顧 (續)

去年本集團致力實施精簡架構·節約成本·包括與業主商議店舖減租及董事自願減收酬金·藉此改善營運效率。與此同時·二零零三年十二月·集團於台灣成功實施了甲骨文系統·大大增強會計及銷售點系統的運作效率。該系統不但提高集團生產·存貨管理及貨品運輸各方面的營運效率·而且改進存取商業夥伴及個別客戶資料的運作平台·令集團進行市務推廣策略及活動時更具效率及效益。集團將盡快在中國實施這項甲骨文系統。

本年度董事會建議派發末期股利1.5港仙·全年派息共2.1港仙。

產品與服務

本集團主要從事製造及銷售護膚品·彩粧品及芳香療法產品三大類產品。來自產品銷售之營業額上升至296,583,000港元(二零零二年: 269,804,000港元)·佔集團營業額92.7%。在非典型肺炎肆虐期間·集團在中港台三地成功推出多項新產品·如多種防菌芳香療法產品·此外在二零零三年十一月又成功推出高檔次抗衰老產品系列NB-1。該產品獲得市場充份肯定·在短短兩個月內即售出超過約16,000套·為集團營業額及盈利帶來重大貢獻。

Management Discussion and Analysis 管理層討論及分析

PRODUCTS AND SERVICES (continued)

The Group also provides skin treatments, beauty and spa services through its self-owned and self-operated Class-A Natural Beauty SPA. As a result of less patronage to our spas during SARS and part of the self-owned outlets have been changed into entrustment basis, income from these services decreased to HK\$18,719,000, (2002: HK\$51,468,000) accounting for 5.8% of the Group's turnover for the year ended 31 December 2003. Service income is generated from self-owned and operated beauty centres and the Group does not share any service income generated from those franchised beauty centres under the current franchise programme. The Group expects the growing demand for skin treatment, beauty and spa services in the PRC will continue as the economy of the PRC continues to prosper.

DISTRIBUTION CHANNELS

For the year ended 31 December 2003, the Group has a total of approximately 2,300 beauty centres and product sales outlets in Taiwan, Hong Kong and China, including around 54 Class-A Natural Beauty SPA and 740 Class-B NB Salon SPA, 830 Class-C NB Beauty Salon, 520 Mini SPA and 160 dedicated sales counters. Of the total, around 230 stores are self-owned and operated by the Group. The Group will continue to expand its sales and distribution network in the Greater China region. It is expected that the number of sales outlets will be increased by in the range from 200 to 300, bringing the total number to over 2,600 by the end of 2004.

產品與服務 (續)

集團亦透過其自資經營的A級美容中心自然美SPA生活館提供肌膚護理、美容及SPA服務。期內，由於非典型肺炎影響顧客光顧美容中心及部份自資經營的美容中心轉變為委託經營模式，來自服務的收入下跌至18,719,000港元（二零零二年：51,468,000港元），佔集團截至二零零三年十二月三十一日止年度營業額5.8%。基於根據現行加盟計劃，本集團並不與加盟經營者分享加盟美容中心的任何服務收入，服務收入僅指自資經營美容中心的收入。本集團認為，受惠於中國大陸經濟欣欣向榮，肌膚護理、美容及SPA服務於中國大陸的需求將持續增加。

分銷渠道

截至二零零三年十二月三十一日止年度，本集團於中港台三地共擁有約2,300家美容中心及產品銷售點，其中約54間為A級自然美SPA生活館，約740間為B級自然美沙龍SPA，約830間為C級自然美專業美容中心，以及約520間Mini SPA，另有約160間專櫃。由集團自資經營的店舖約為230間。集團將繼續擴充於大中華地區的經銷專門店，預計集團經銷專門店的總數於二零零四年年底將增加200至300間至超過2,600間。

Management Discussion and Analysis

管理層討論及分析

DISTRIBUTION CHANNELS (continued)

The Group has already set up dedicated sales counters at its existing sales outlets under the concept of “shop within shop”, so as to boost product sales of the Group. Moreover, the Group has introduced the new distribution concept of “Mini SPA”, with an aim to diversify its sales network to cater for the general public market. The Group has also worked with franchisees to transform Class-C NB Beauty Salon into Class-B NB Salon SPA with a view to improve corporate image and promote sales of products with higher profit margin. The Group believes that the transformation will enhance sales capability of franchised stores, which will in turn boost the Group's product sales. In the coming year, the Group will continue to re-position more Class-C NB beauty centres as either Class-B NB Salon SPA or Mini SPA.

The Group opened its NB SPA in Four Seasons Hotel in Shanghai to capture the local affluent customers with high spending power who are beauty conscious. The Group will solicit further collaboration with five-star hotels or other high-class venue providers to operate premium beauty and spa centres in order to strengthen its presence in the Greater China region.

LIQUIDITY AND FINANCIAL MANAGEMENT

Cash generated from operations for 2003 was approximately HK\$37,601,000 (2002: HK\$85,441,000). The drop was primarily due to substantial increase in trade receivables arising from sales through agents of television direct sales and year end credit sales. As at 31 December 2003, the Group had bank balances and cash of approximately HK\$170,265,000 and trading securities (which are mainly capital guaranteed bond funds) of approximately HK\$67,642,000 with no external bank borrowing. Details of the Group's charged assets are set out in note 13 of the Company's audited financial statements.

分銷渠道 (續)

本集團已於現有經銷專門店開設銷售專櫃，即「店中店」，以增加本集團產品銷量。另外，本集團已引入名為「Mini SPA」的分銷新概念，將銷售網絡多元化，以配合普羅大眾的市場。本集團更與加盟經營者合作，將C級自然美專業美容中心轉為B級自然美沙龍SPA，改善公司形像及促銷邊際利潤更高的產品。集團相信，轉型可增強加盟專門店的銷貨能力，從而提高本集團的產品銷售。在來年，本集團會繼續將更多C級自然美專業美容中心轉型為B級自然美沙龍SPA或Mini SPA。

本集團已於上海四季酒店開設一間自然美SPA，吸引當地消費力強的愛美人士。今後，本集團將物色更多五星級酒店或其他高檔場所作為合作夥伴，開設更多的尊貴豪華型美容中心及SPA，加強集團於大中華地區的市場領導地位。

流動資金及財務管理

二零零三年來自經營業務所得的現金淨額約為37,601,000港元（二零零二年：85,441,000港元），有關跌幅主要由於透過電視直銷代理進行的銷售及年底信貸銷售產生之應收賬款導致應收賬款大幅上升所致。於二零零三年十二月三十一日，本集團有銀行結存及現金約170,265,000港元及買賣證券（主要為保本債券基金）約67,642,000港元，另外並無銀行借款。有關本集團之抵押資產，詳情載於本公司經審核財務報表附註13。

Management Discussion and Analysis 管理層討論及分析

LIQUIDITY AND FINANCIAL MANAGEMENT (continued)

In terms of gearing, as at 31 December 2002 and 2003, the Group's gearing ratio was zero (defined as net debt divided by shareholders' equity) as the Group has a net cash balance as at both year end dates. Current ratio of the Group (defined as current assets divided by current liabilities) as at 31 December 2003 was approximately 6.0 times (2002: approximately 4.6 times). As at 31 December 2003, the Group had no material contingent liabilities, other than those disclosed in its financial statements and notes thereto. With the cash and short term securities in hand, the Group's liquidity position remains strong and the Group has sufficient financial resources to finance its commitments and working capital requirements.

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 31 December 2003, approximately 71.6% of the Group's bank balances and cash was denominated in Renminbi, while approximately 2.5% was denominated in New Taiwan Dollar and the remaining 25.9% was denominated in United States Dollars and Hong Kong Dollars. 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.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2003, the Group had a total of 1,308 employees, of which 1,127 were based in the PRC and aggregate of 181 in Taiwan and Hong Kong. Total remuneration for the year ended 31 December 2003 was approximately HK\$52,042,000, including retirement benefits cost of HK\$5,616,000. Competitive remuneration packages are maintained to attract, retain and motivate capable staff and are reviewed on a periodical basis.

流動資金及財務管理(續)

關於資產負債情況，於二零零二年及二零零三年十二月三十一日，本集團資產負債比率（界定為淨負債除以股東權益）為零，因為本集團於兩個年結日均有淨現金結餘。於二零零三年十二月三十一日，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（二零零二年：約4.6倍）。於二零零三年十二月三十一日，除於財務報表及其附註所披露外，本集團並無重大或然負債。憑藉所持有的現金及短期證券，本集團流動資金狀況甚為穩建，財務資源充裕，足以應付其承諾及營運資金所需。

理財政策及所承受之匯兌風險

基於本集團業務主要集中於中國大陸及台灣，大部份收益亦來自上述兩地，並分別以人民幣及新台幣計值。於二零零三年十二月三十一日，本集團銀行結存及現金約71.6%以人民幣計值，另約2.5%為新台幣計值，餘下25.9%則以美元及港元計值。於外幣風險管理方面，本集團繼續採取保守政策，定期檢討其所承受之外幣風險，並且於需要時使用金融衍生工具對沖有關風險。

員工、培訓及發展

於二零零三年十二月三十一日，本集團在中國大陸聘有1,127名僱員及台灣加香港共聘有181名僱員，合共1,308名。截至二零零三年十二月三十一日止年度，總酬金開支約為52,042,000港元，其中包括退休福利成本5,616,000港元。為吸引、挽留及鼓勵表現卓越的僱員，本集團保持具有競爭力的酬金組合，並進行定期檢討。

Management Discussion and Analysis

管理層討論及分析

EMPLOYMENT, TRAINING AND DEVELOPMENT

(continued)

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

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

FUTURE PLANS AND PROSPECTS

Looking ahead, the year 2004 will be a year full of opportunities and challenges. The Group will continue to develop new products and to expand its market coverage and to strengthen the recognition of its brand name in the Greater China region with the PRC market as its core business focus.

With the global economy in recovery, export of Asian economies will improve and domestic spending tends to be stronger, together with the emerge of middle class, the Group expects there will be a continual growth in consumer spending and tourism with steady increase in the demand of skin care products. Amidst such background, the Group's business will be benefited. On the other hand, competition is expected to further intensify following the accession into the World Trade Organisation of China. The marco-economic adjustment policy recently adopted by the PRC Government is targeted at industries with substantial spending in fixed assets. The management believes that the policy will be of minimal impact to the Group. With high brand awareness, extensive sales and distribution networks, customer loyalty which built up through the years, we are very confident of maintaining our leading market position in the Greater China region.

員工、培訓及發展 (續)

本集團與僱員一向維持良好合作關係，並且著重員工的培訓及發展。定期為集團聘用的美容師及加盟經營者提供專業培訓課程，以提昇及保證服務水平之質量及統一性。

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

未來計劃及前景

展望未來，二零零四年將是充滿機會和挑戰的一年。集團將繼續開發新產品，擴大集團市場領域，增強品牌於大中華地區的知名度，並以中國大陸市場作為集團業務核心。

由於全球經濟復甦，亞洲區經濟出口改善及內部消費意欲旺盛，加上中產階級的興起，集團相信消費及旅遊業將持續增長，護膚品需求將穩步上升，集團業務將大大得益。另一方面，隨著中國大陸加入世界貿易組織，市場競爭將會加劇。最近中國政府採取宏觀調控措施，主要是針對一些固定投資增長過急的行業，管理層估計對本集團之影響是輕微的。憑著我們品牌的知名度、強大經銷網絡、多年經營建立起來的顧客忠誠度，我們對保持大中華區市場的領先地位充滿信心。

Management Discussion and Analysis 管理層討論及分析

FUTURE PLANS AND PROSPECTS (continued)

We will continue with our multi-brand and multi-region development strategy with particular emphasis on the PRC market where most of the growth is expected in the near future. We have set a medium term target to increase our presence in the Greater China region by opening more beauty centres and dedicated counters in the next few years. The Group is now planning to encourage franchised stores to transform more Class-C NB beauty centres into either Class-B NB Salon SPA or Mini SPA. Such transformation is expected to be completed by the end of 2006.

In addition, we will continue to leverage on our research and development capability to diversify and increase our product range to better serve different segments of the market. Products to be launched in the coming year include our bio-tech based skin care products, body shaping underwear, body slimming nutritional products and skin care products for men.

Apart from organic growth, we will also explore co-operation or alliance opportunities with international players with a view to further strengthen our position in the region on the one hand and expand internationally on the other.

Through the relentless pursuit of excellence and support from our staff, franchisees as well as our customers, we are determined to become the leading researcher, manufacturer and distributor of quality skin care, beauty and aromatherapeutic products internationally.

未來計劃及前景 (續)

我們將繼續著重於推廣集團的多元化品牌 and 多元化市場的策略，尤其集中發展預期將來增長最快的中國大陸市場。我們已制訂中期計劃目標，透過於未來數年開設更多的美容中心及專櫃，加強集團於大中華地區的市場地位。集團正有計劃地鼓勵加盟經營者將更多C級自然美專業美容中心轉型為B級自然美沙龍SPA或Mini SPA，預計二零零六年底前完成。

此外，我們將繼續利用集團的研發能力，多元化及不斷增加的產品種類，以滿足市場不同層面的需要。即將在來年推出市場的產品包括採用生物科技研製的護膚產品、女性整形內衣、瘦身營養品，以及男士保養品。

除集團內部增長外，我們將與國際業界發展合作夥伴及聯盟關係，藉此增強集團於區內及國際上的市場地位，有助集團於國際市場上發展。

集團持續不懈追求完美，加上集團員工、加盟經營者與客戶的支持，集團正銳意成為大中華，以至國際市場上最卓越的護膚品、彩粧品及芳香療法產品製造商及分銷商。

Profile of Directors and Senior Management 董事及高級管理層履歷

EXECUTIVE DIRECTORS

Dr. Tsai Yen Yu (alias Tsai Yen Pin) (“Dr. Tsai”), aged 56, is the founder and the Chairman of the Group. Dr. Tsai founded the Group in 1972 and is responsible for the Group’s overall management, strategic planning and development, and formulation of company policies and business strategy. Dr. Tsai is a renowned professional beauty expert in Taiwan as well as in the PRC and has been engaged in the beauty and skin care industry over 30 years. In these years, Dr. Tsai has been awarded numerous honours, positions and prizes including:

- Top 20 most influential businesswomen in Taiwan
- Honorary Doctor of Commerce, Dewey University, the United States of America (the “US”)
- Outstanding Entrepreneurs of Taiwan awarded by Taiwan Women’s Business Association
- Chairwoman of Industrial Cooperation Program in Tamkang University, Taiwan
- Chairwoman of Taiwan Beautician Association, Sessions VI
- Vice Chairwoman of Taiwan Golden Trademark Association, Session II
- Principal supervisor of Taiwan Intellectual Property Protection Association
- Principal consultant in National Beauty Parlor Association of the PRC
- Honorary Principal of Chungming High School in the PRC
- “Bai Yu Lan” Award by the Shanghai City Government

執行董事

蔡燕玉博士 (又名蔡燕萍) (「蔡博士」)，56歲，本集團創辦人兼主席。蔡博士於一九七二年創辦本集團，負責本集團的整體管理、策略規劃及發展、制定公司政策及業務策略。蔡博士在台灣及中國大陸為享負盛名的專業美容專家，並在美容及護膚業內擁有超過30年經驗。近年，蔡博士榮獲多項榮譽、職銜及獎項，包括：

- 台灣20個最有影響力的女企業家
- 美利堅合眾國(「美國」)杜威大學商學榮譽博士
- 台灣傑出工商婦女
- 淡江大學建教管理研究班班主任
- 台灣儀容美協會第六屆理事長
- 台灣金商標協進會第二屆副會長
- 台灣智慧財產權保護協會監事長
- 中國大陸工商聯美容工會首席顧問
- 中國大陸崇明中學榮譽校長
- 上海市政府頒授的「白玉蘭獎」殊榮

Profile of Directors and Senior Management 董事及高級管理層履歷

EXECUTIVE DIRECTORS (continued)

Lee Ming Ta (alias Lee Ming Tah), aged 56, the husband of Dr. Tsai, is an executive director of the Group and is responsible for the general administration and internal management of the Group. Prior to joining the Group in 1993, Mr. Lee had worked for various financial institutions at senior management level for over 10 years in corporate management and staff training. Mr. Lee graduated in Fengchia University in Taiwan with a bachelor degree in Banking and Insurance.

Su Chien Cheng, aged 32, the son of Dr. Tsai, is an executive director of the Group and Vice President of Natural Beauty Cosmetics Company Limited ("NB Taiwan"). He is responsible for the financial management and sales and marketing of the Group. Mr. Su graduated from the University of Westminster with a master degree of business administration and is also a doctorate candidate of the Shanghai University of Finance and Economics of the PRC. He joined the Group in 1999.

NON-EXECUTIVE DIRECTOR

Su Sh Hsyu, aged 30, the daughter of Dr. Tsai, is a non-executive director of the Group. Ms. Su graduated from the London School of Economics with a master degree of Science in Industrial Relations and Personnel Management, Industrial Relation and Human Resources Management and received a doctorate degree of the Teachers College Columbia University in the City of New York, the US in 2004. Ms. Su has been actively engaged in the marketing and business development of the Group in Taiwan and the PRC during the period from 1998 and 2000. She was appointed as a Director in 2001 and is responsible for advising the Group in respect of the strategic planning and development.

執行董事 (續)

李明達，56歲，蔡博士的丈夫，本集團執行董事，負責本集團的行政及內部管理。於一九九三年加入本集團前，李先生曾於多間財務機構任職高級管理職務，於企業管理及員工培訓工作方面擁有超過10年經驗。李先生畢業於台灣逢甲大學，擁有銀行及保險學學士學位。

蘇建誠，32歲，蔡博士的兒子，本集團執行董事兼為自然美化粧品股份有限公司（「自然美台灣」）之副總裁，負責本集團的財務管理與銷售及市場推廣工作。蘇先生畢業於英國西敏寺大學，擁有工商管理碩士學位，並為中國大陸上海財經大學的博士研究生，於一九九九年加入本集團。

非執行董事

蘇詩琇，30歲，蔡博士的女兒，本集團非執行董事，蘇女士畢業於英國倫敦政治經濟學院，擁有工業與人事管理及人力資源的關係管理碩士學位，並於二零零四年獲頒美國紐約哥倫比亞大學教育學院博士學位。蘇女士由一九九八年至二零零零年期間已積極參與本集團在台灣及中國大陸的市場推廣及業務發展，並於二零零一年獲委任為董事，負責就策略規劃與發展向本集團提供意見。

Profile of Directors and Senior Management 董事及高級管理層履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yeh Liang Fei, aged 72, worked in the police force of Taiwan for more than 40 years. Mr. Yeh held senior positions in several police bureaus in Taiwan. After his retirement from the police force, Mr. Yeh was appointed the honorary President of Ta Feng Securities Co., Ltd. in Taiwan. He is very experienced in administration and human resources management in large organisations. Mr. Yeh graduated from Central Police Officer College of Taiwan. He was appointed as the Company's independent non-executive director in March 2002.

Chen Shieh Shu Chen, aged 49, is a director of Taipei Australia International Investment Pty. Ltd., a company engaged in real estate development in Australia. Mrs. Chen is also a director of Ho Yin Garments Manufacturing Co., Ltd. in Taiwan. She has been a director of Taipei Australia International Investment Pty. Ltd. for over 10 years and is experienced in property investment, general management and global trading. Mrs. Chen graduated from Soochow University of Taiwan with a bachelor degree of Arts in History. She was appointed as the Company's independent non-executive director in March 2002.

SENIOR MANAGEMENT

Lee Yung Chiu, aged 63, is the general manager of NB Shanghai and is responsible for the Group's operations, business planning, human resources and the business operations of dedicated counters in the PRC. Mr. Lee graduated from Taiwan Nat. Taiwan University with a bachelor degree of Foreign Language and Literature. Mr. Lee is highly experienced and has over 40 years of experience in the beauty and cosmetics sector in the Greater China Region. Prior to joining the Group in 2002, he was the Chief Executive Officer of Taiwan Shiseido Cosmetics Corp. Ltd. and has held key positions in various organisations including the director of Taiwan Area Cosmetics and Toiletries Association, director of Republic of China Consumer Association and manager of Taiwan Cosmetics and Underwear One Price Friendship Association.

獨立非執行董事

葉良輝，72歲，曾服務台灣警隊逾40年。葉先生曾於台灣擔任多個警察局高級職位，並於警隊榮休後，獲委任為台灣大豐證券的榮譽董事，於大型機構行政及人力資源管理工作方面積逾豐富經驗。葉先生畢業於台灣中央警官學校，於二零零二年三月獲委任為本公司獨立非執行董事。

陳謝淑珍，49歲，為一家從事澳洲房地產發展公司台澳國際投資有限公司的董事，亦是台灣合胤製市廠有限公司董事，並在台澳國際投資有限公司擔任董事職務超過10年，在物業投資、一般管理及全球貿易工作方面經驗豐富。陳太畢業於台灣東吳大學，擁有文學士學位，主修歷史。陳太於二零零二年三月獲委任為本公司獨立非執行董事。

高級管理層

李榮秋，63歲，自然美上海總經理，負責本集團統籌運作、業務規劃、人力資源及統籌中國大陸專櫃業務等工作。李先生於台灣國立之台灣大學畢業，取得外文系及文學學士學位。李先生在大中華地區之美容及彩粧銷售業務方面積逾40年經驗。李先生於二零零二年加入本集團前，曾在台灣資生堂股份有限公司任職高層管理人員，並於多個組織擔任相關公職服務，包括台灣區化粧品洗滌公會理事、台灣消費者協會理事及台灣化粧品、內衣不二價聯誼會總幹事等等。

Profile of Directors and Senior Management 董事及高級管理層履歷

SENIOR MANAGEMENT (continued)

Lin Fu Shui, aged 54, is the Chief Executive Officer of NB Taiwan and is responsible for the Group's operations, business planning and human resources in Taiwan. Mr. Lin holds a bachelor's degree in Economics from Tunghai University of Taiwan and has over 30 years of experience in corporate management in Taiwan. Prior to joining the Group in 2002, Mr. Lin has served senior management positions in various enterprises, including Family Mart Co. Ltd. and Pao Long International Co. Ltd..

Yan Yi Ling, aged 43, is the Head of accounting and finance for NB Shanghai and is responsible for the financial management and accounting function of the Group's PRC operation. Ms. Yan holds a master degree in Statistics from West Virginia University in the US. Prior to joining the Group in 2000, Ms. Yan worked in various commercial bank holding management position and has over 10 years of working experience in internal control and business administration.

Willie Shen, aged 54, is the Head of Sales/Business Development of the NB Shanghai and is responsible for the overall management, planning and operations of the group's franchise program, the business development for franchise business and the supervision of franchise stores. Ms. Shen graduated from Shanghai Municipal Staff Sparetime College and has over 30 years of experience in the manufacturing and retail industry. Ms. Shen joined the group in 1995.

Lin Hin Ju, aged 42, is the head of Sales for NB Taiwan and is responsible for the planning, development and operation of the franchise programme in Taiwan, the supervision of the dedicated counters sales activities, marketing and promotional activities in Taiwan. Ms. Lin holds a Diploma in Apparel Design from Shih Chien University of Taiwan and has studied Business Management in Tamkang University of Taiwan and Linguistic Science in Michigan State University. Prior to joining the Group in 1993, Mr. Lin worked in a German cosmetics group and The Body Shop Taiwan.

高級管理層 (續)

林福水，54歲，台灣自然美首席執行官，負責台灣之集團統籌運作、業務規劃及人力資源等職務。林先生於台灣東海大學畢業，取得經濟學學士學位。林先生在台灣地區企業管理積逾30年經驗，於二零零二年加入本集團前，林先生曾於福客多商店股份有限公司及寶隆國際股份有限公司擔任高級主管。

顏逸翎，43歲，自然美上海會計及財務主管，負責本集團在中國大陸業務的財務管理及會計工作。顏女士擁有美國西維珍尼亞大學統計學系碩士學位。於二零零零年加入本集團前，顏女士曾於多間商業銀行擔任管理職位，並在內部管理及業務行政工作方面積逾10年工作經驗。

沈慰理，54歲，自然美上海銷售／業務發展主管，負責本集團連鎖加盟計劃的整體管理、計劃及運作以及連鎖加盟的業務開發及連鎖加盟店的監督。沈女士畢業於上海市職工大學，從事生產及零售業逾30年。沈女士於一九九五年加入本集團。

林敏如，42歲，台灣自然美銷售主管，負責規劃、拓展及經營台灣加盟業務，督導專櫃銷售業務、台灣之促銷及推廣活動等工作。林女士於台灣實踐大學畢業，取得服裝設計文憑，並在台灣淡江大學及美國密西根州立大學分別進修企業管理及語言。林女士於一九九三年加入本集團前，曾於一家德資化粧品集團及The Body Shop Taiwan工作。

Profile of Directors and Senior Management 董事及高級管理層履歷

SENIOR MANAGEMENT (continued)

Wang Pang Chi, aged 51, is the Head of administrative division for the Group and is responsible for daily overall administration and operation of the Group. Mr. Wang studied banking management in a business college at Tamsui in Taiwan and has accumulated many years of experience in corporate management. Mr. Wang joined the Group in 1981.

Fong Chiu Hsia, aged 49, is the head of accounting and finance for NB Taiwan and is responsible for the financial management and accounting function of the Group's Taiwan Business. Prior to joining the Group in 1980, Ms. Feng worked in an international accounting firm and has served management positions in a number of corporations in the region and has over 30 years of experience in accounting, finance and auditing.

COMPANY SECRETARY

Lee Wai Kam, Hyman, aged 31, is the company secretary and the financial controller of the Company and is responsible for financial planning and monitoring. He graduated from the Hong Kong Polytechnic University with bachelor's degree in accountancy and received a diploma in legal studies from the University of Hong Kong. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company in July 2002, he held senior financial positions in a Hong Kong listed company and a multi-national company and worked for an international accounting firm for more than seven years.

高級管理層 (續)

王邦畿，51歲，本集團行政主管，負責本集團日常整體行政及運作。王先生於台灣一間商科學校淡水工商管理專科學校學習，主修銀行管理，在企業管理工作方面積累多年經驗。王先生於一九八一年加入本集團。

封秋霞，49歲，台灣自然美會計及財務主管，負責本集團台灣業務之財務管理及會計工作。封女士於一九八零年加入本集團前，曾於一間國際會計師事務所工作，並於區內數間企業擔任管理職位。彼於會計、財務及審計積逾30年經驗。

公司秘書

李偉鑑，31歲，本公司公司秘書兼財務總監，負責財務策劃及監管。彼畢業於香港理工大學，取得會計學學士學位，並於香港大學取得法律文憑。彼為香港會計師公會及英國特許公認會計師公會會員。於二零零二年七月加入本公司前，彼於一家香港上市公司及一家跨國公司擔任高級財務職位，並於一家國際會計師行工作超過七年。

Director's Report 董事會報告書

The directors of Natural Beauty (the "Directors") are pleased to present their report together with the audited financial statements of Natural Beauty and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are (a) manufacturing and selling of skin care, beauty and aromatherapeutic products and (b) provision of skin treatments, beauty and spa services and skin care consulting and beauty training. Other activities and particulars of the Group's subsidiaries are set out in Note 16 to the financial statements.

SUBSIDIARIES

Particulars of the Group's subsidiaries as at 31 December 2003 are set out in Note 16 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2003 are set out in the consolidated income statement on page 39.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and results by geographical location of customers for the year ended 31 December 2003 is set out in Note 12 to the financial statements.

DIVIDENDS

An interim dividend of HK\$0.006 per share was paid to shareholders on 7 November 2003 and the Board has resolved to recommend the payment of a final dividend of HK\$0.015 per share in respect of the year ended 31 December 2003, subject to the approval by shareholders at the forthcoming annual general meeting.

自然美董事（「董事」）欣然提呈自然美及其附屬公司（下文統稱「本集團」）截至二零零三年十二月三十一日止年度的報告及經審核財務報表。

主要業務

本公司主要業務為投資控股，其附屬公司主要業務為(a)製造及銷售護膚品、彩粧品及芳香療法產品；及(b)提供肌膚護理、美容及spa服務及肌膚護理顧問服務及美容培訓。本集團附屬公司的其他業務及詳情載於財務報表附註16。

附屬公司

本集團附屬公司於二零零三年十二月三十一日的詳情載於財務報表附註16。

業績及分派

本集團截至二零零三年十二月三十一日止年度的業績載於第39頁的綜合收益表。

分類資料

本集團截至二零零三年十二月三十一日止年度按客戶所在地區劃分的營業額及業績分析載於財務報表附註12。

股利

本公司已於二零零三年十一月七日向股東派發每股0.006港元之中期股利，董事會建議就截至二零零三年十二月三十一日止年度派發末期股利每股0.015港元，惟須待股東於即將舉行之股東週年大會上予以批准。

Director's Report 董事會報告書

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 June 2004 to 24 June 2004, both dates inclusive, during which period no transfer of shares may be registered. In order to qualify for the final 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 Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 21 June 2004.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2003, the Group did not have any external bank loans and other borrowings.

RESERVES

Profit attributable to shareholders, before dividends, of HK\$54,142,000 (2002: HK\$68,258,000) have been transferred to reserves.

Details of the movements in the reserves of the Group during the year are set out in Note 30 to the financial statements.

SHARE CAPITAL

Details of the movement in share capital of the Group are set out in Note 29 to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Save as disclosed herein, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year and up to the date of this report.

暫停股份過戶登記

本公司將於二零零四年六月二十三日至二零零四年六月二十四日期間(包括首尾兩日), 暫停辦理股份過戶登記手續。為確保獲派末期股利, 所有填妥之股份過戶表格連同有關股票須於二零零四年六月二十一日下午四時正前一併送達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19樓1901-5室。

銀行貸款及其他借款

於二零零三年十二月三十一日, 本集團並無任何外部銀行貸款及其他借款。

儲備

未派股利前, 股東應佔溢利54,142,000港元(二零零二年: 68,258,000港元)已轉撥至儲備。

本集團年內儲備的變動詳情載於財務報表附註30。

股本

本集團股本的變動詳情載於財務報表附註29。

購買、贖回或出售上市證券

除本報告披露者外, 本公司或其任何附屬公司於年內及截至本報告刊發日期止概無購買、贖回或出售本公司任何上市證券。

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PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Natural Beauty Cosmetics Co., Ltd. held the following office buildings as investment properties as of 31 December 2003:

- (a) 1st-10th Floors, Nos. 186 and 188, and B1 No. 188 Section 2, Chun-Hsin Road, Hsin-Tien City, Taipei, Taiwan.
- (b) No. 1 of 3rd Floor, No. 2 of 3rd Floor, No. 3 of 3rd Floor, No. 5 of 3rd Floor and No. B3 of 3rd Floor No. 128, Section 2, Chung-Der Road, Tai Chung, Taiwan.

Details of the movements in property, plant and equipment and investment properties are set out in Note 13 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there is no restriction against such rights under the laws in the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest suppliers combined by value which are not of a capital nature, contributed to less than 30 per cent in value of suppliers purchased during the year ended 31 December 2003. The Group's five largest customers combined by value contribute to less than 30 per cent in value of the income during the year ended 31 December 2003.

物業、廠房及設備與投資物業

自然美化粧品股份有限公司於二零零三年十二月三十一日持有作投資物業之辦公大廈如下：

- (a) 台灣台北新店市中興路2段186號及188號1-10樓及188號B1。
- (b) 台灣台中崇德路2段128號3樓1號、3樓2號、3樓3號、3樓5號及3樓B3號。

本集團物業、廠房及設備與投資物業的變動詳情載於財務報表附註13。

優先購買權

本公司之公司組織章程細則並無優先購買權的條文，而根據開曼群島法例，並無對該等權力施加限制。

主要客戶及供應商

與本集團五大供應商所訂立並非屬資本性質的合約，以總值而言，佔截至二零零三年十二月三十一日止年度向供應商所作採購值少於30%。本集團五大客戶在總值方面佔截至二零零三年十二月三十一日止年度收益值少於30%。

Director's Report 董事會報告書

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Dr. Tsai Yen Yu (alias Dr. Tsai Yen Pin)
Mr. Lee Ming Ta (alias Mr. Lee Ming Tah)
Mr. Su Chien Cheng

Non-executive Director:

Ms. Su Sh Hsyu

Independent non-executive Directors:

Mr. Yeh Liang Fei
Mrs. Chen Shieh Shu Chen

In accordance with the Company's articles of association, Mr. Yeh Liang Fei and Mrs. Chen Shieh Shu Chen will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Each of the non-executive Director and the independent non-executive Directors is currently appointed for a term of three years commencing from 11 March 2002.

The biographical details of the Directors and the senior management of the Group are set out on pages 20 to 24.

董事

年內及截至本報告刊發日期止，於本公司擔任董事職務的人士如下：

執行董事：

蔡燕玉博士（又名蔡燕萍博士）
李明達先生
蘇建誠先生

非執行董事：

蘇詩琇女士

獨立非執行董事：

葉良輝先生
陳謝淑珍女士

根據本公司之公司組織章程細則，葉良輝先生及陳謝淑珍女士將輪值告退，惟符合資格，並願於即將舉行之股東週年大會膺選連任。

各非執行董事及獨立非執行董事現時任期由二零零二年三月十一日起為期三年。

本集團董事及高級管理層之履歷詳情載於第20頁至24頁。

Director's Report 董事會報告書

DIRECTORS' SERVICE CONTRACTS

Each of Dr. Tsai Yen Yu ("Dr. Tsai"), Mr. Lee Ming Ta ("Mr. Lee"), Mr. Su Chien Cheng ("Mr. Su"), Ms. Su Sh Hsyu ("Ms. Su"), Mr. Yeh Liang Fei and Mrs. Chen Shieh Shu Chen, being all the executive and non-executive Directors, has entered into a Director's service contract dated 11 March 2002 with the Company under which they have been appointed to act as executive Directors (in the case of Dr. Tsai, Mr. Lee and Mr. Su) and non-executive directors (in the case of Ms. Su, Mr. Yeh Liang Fei and Mrs. Chen Shieh Shu Chen) for an initial term of three years commencing from 11 March 2002 and shall continue thereafter until 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\$2,840,000 (as to HK\$1,000,000 to Dr. Tsai, HK\$700,000 to Mr. Lee, HK\$600,000 to Mr. Su, HK\$500,000 to Ms. Su, HK\$20,000 to Mr. Yeh Liang Fei and HK\$20,000 to Mrs. Chen Shieh Shu 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. For the year ended 31 December 2003, each of the executive Directors and a non-executive Director voluntarily agreed to waive their entitlement to certain remuneration of around HK\$2.1 million during the year ended 31 December 2003.

Each of Dr. Tsai, Mr. Lee, Mr. Su and Ms. Su is also entitled to a management bonus. The aggregate amount of the bonuses payable to these executive Directors and the non-executive Director 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. For the year ended 31 December 2003, no Director has received the management bonus.

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

董事服務合約

全體執行董事及非執行董事蔡燕玉博士（「蔡博士」）、李明達先生（「李先生」）、蘇建誠先生（「蘇先生」）、蘇詩琇女士（「蘇女士」）、葉良輝先生及陳謝淑珍女士於二零零二年三月十一日各自與本公司訂立董事服務合約，彼等根據合約獲委任為執行董事（指蔡博士、李先生及蘇先生）及非執行董事（指蘇女士、葉良輝先生及陳謝淑珍女士），初步任期由二零零二年三月十一日起為期三年，並將繼續直至任何一方給予另一方不少於三個曆月的書面通知終止為止。根據該等服務合約的首次年度酬金總額為2,840,000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、蘇女士獲500,000港元、葉良輝先生獲20,000港元及陳謝淑珍女士獲20,000港元），董事每年可酌情增加酬金，惟增幅不得超過於緊接增加前之年度酬金的10%。截至二零零三年十二月三十一日止年度，各執行董事及非執行董事自願同意豁免收取彼等截至二零零三年十二月三十一日止年度若干酬金金額約2,100,000港元。

蔡博士、李先生、蘇先生及蘇女士亦可享有管理花紅。應付所有執行董事及非執行董事的花紅總額不得超逾於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合併溢利之15%。截至二零零三年十二月三十一日止年度，概無董事收取管理花紅。

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。

Director's Report 董事會報告書

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2003, the interests of the Directors and the chief executive of the Company in the equity securities of the Company (the "Shares") and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

董事於證券的權利

於二零零三年十二月三十一日，本公司董事及行政總裁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）股本證券（「股份」）中，擁有記錄於根據證券及期貨條例第352條存置的登記冊，或根據證券及期貨條例第XV部及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：

| Name of Director 董事姓名 | Personal interests 個人權益 | Family interests 家族權益 | Number of Shares 股份數目 | | Number of share options 購股權數目 |
|--------------------------|-------------------------------|------------------------------------|---|----------------------------|-------------------------------------|
| | | | Corporate interests 公司權益 | Other interests 其他權益 | |
| Dr. Tsai 蔡博士 | — | — | 1,500,000,000 (Notes 1 and 3) (附註1及3) | — | — |
| Mr. Su 蘇先生 | — | — | 225,000,000 (Note 2) (附註2) | — | — |
| Ms. Su 蘇女士 | — | — | 225,000,000 (Note 2) (附註2) | — | — |
| Mr. Lee 李先生 | — | 1,500,000,000 (Note 1) (附註1) | — | — | — |

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.
- (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 Ms. Su each have 15% beneficial interest through Knightcote Enterprises Limited.
- (3) Dr. Tsai further held 1 ordinary share in form of trust in Natural Beauty Bio-Technology (Hong Kong) Company Limited which is beneficially owned in trust of by Great Glamour Company Limited, a wholly owned subsidiary of the Company.

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%。
- (2) 以上兩次提述的225,000,000股股份為由Efficient Market Investments Limited所持1,500,000,000股股份其中一部分，而蘇先生及蘇女士各於Efficient Market Investments Limited透過Knightcote Enterprises Limited佔有15%實益權益。
- (3) 蔡博士另外以信託形式持有1股自然美生物科技（香港）有限公司普通股，而該股份權益乃由本公司全資附屬公司Great Glamour Company Limited擁有。

Director's Report 董事會報告書

DIRECTORS' INTERESTS IN SECURITIES (continued)

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 31 December 2003.

SHARE OPTION SCHEME/DIRECTORS' RIGHTS TO ACQUIRE SHARES IN THE COMPANY

Pursuant to the Company's share option scheme approved by a resolution of the shareholders of the Company dated 11 March 2002 (the "Share Option Scheme"), the Company may grant options to full-time employees (including executive or non-executive Directors) of the Company or its subsidiaries to subscribe for the Shares at a consideration of HK\$1 for each lot of share options granted. The Share Option Scheme will remain valid for a period of 10 years commencing on 11 March 2002. Options granted may be exercised during such period as would be determined by the board of directors of the Company (the "Board") and notified to each grantee upon grant of the option, but in any event not later than 10 years from the date of grant of the option. The subscription price for Shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; and (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

董事於證券的權利 (續)

除上文披露者外，於二零零三年十二月三十一日，概無董事、行政總裁或其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。

認股權計劃／董事購買本公司股份之權利

根據由日期為二零零二年三月十一日之本公司股東決議案批准之本公司認股權計劃（「認股權計劃」），本公司可向本公司或其附屬公司之全職僱員（包括執行董事或非執行董事）授出認股權，就每批授出認股權以代價1港元認購股份。認股權計劃將於二零零二年三月十一日起十年期間持續生效。認股權承授人可於本公司董事會（「董事會」）授出認股權時決定並知會承授人的期間行使認股權，惟在任何情況下，必須於授出認股權日期起計十年內行使。根據認股權計劃，董事會對於釐訂股份認購價有絕對酌情權，惟在任何情況下，認購價不得少於以下價格之較高者：(a)授出認股權日期（必須為營業日），股份在聯交所每日報價單所示的收市價；及(b)於緊接授出有關認股權日期前五個營業日，股份於聯交所每日報價單所示的平均收市價。

Director's Report 董事會報告書

SHARE OPTION SCHEME/DIRECTORS' RIGHTS TO ACQUIRE SHARES IN THE COMPANY (continued)

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not, when aggregated with any shares subject to any other schemes, exceed 10% of the number of Shares in issue as at the date of approval of the scheme (the "Scheme Mandate Limit"). The Company may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company (or its subsidiary) under the limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted under the scheme (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

The Company may grant share options to specified participants over and above the Scheme Mandate Limit or the refreshed Scheme Mandate Limit referred to above subject to shareholders' approval in general meetings and the issue of a circular.

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company (or the subsidiary) must not exceed 30% of the relevant class of securities of the Company (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the Company (or the subsidiary) if this will result in the limit being exceeded.

認股權計劃／董事購買本公司股份之權利（續）

根據認股權計劃可能授出的認股權的有關股份數目，與任何其他計劃有關股份合計時，最多不得超過於計劃獲批准當日已發行股份數目之10%（「計劃授權限額」）。本公司可於股東大會上，向其股東徵求批准「重續」計劃規定之10%限額。然而，行使根據本公司（或其附屬公司）的所有計劃授出的所有認股權「重續」限額而可能發行的股份總數不得超過批准限額之日已發行股份的10%。先前根據計劃授出的認股權（包括根據計劃該等未行使、註銷及失效的認股權，或已行使認股權）不會計入「重續」限額內。

本公司可向指定參與者授出超過計劃授權限額或上文所述重續計劃授權限額的認股權，惟須取得股東在股東大會批准及刊發通函。

因根據認股權計劃及本公司（或附屬公司）任何其他計劃而授出發行在外但尚未行使的認股權獲行使而可予發行的股份總數，不得超過本公司（或附屬公司）不時已發行的有關類別證券的30%。如超逾限額，則不得根據本公司（或附屬公司）的任何計劃授出認股權。

Director's Report 董事會報告書

SHARE OPTION SCHEME/DIRECTORS' RIGHTS TO ACQUIRE SHARES IN THE COMPANY (continued)

The total number of Shares issued and to be issued upon exercise of the options granted to a participant of the Share Option Scheme (including both exercised and outstanding options) in any 12-month period up to the date of grant to each participant shall not exceed 1% of the Shares in issue, and any further grant of options in excess of such limit shall be approved by shareholders in general meeting with such participant and his associates abstaining from voting. The Company must also send a circular to its shareholders.

No option had been granted by the Company under the Share Option Scheme since its adoption.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

認股權計劃／董事購買本公司股份之權利（續）

於直至向各參與者授出認股權之日止之任何十二個月期間，由一名參與者行使獲授認股權（包括已行使及未行使的認股權）而發行及將予發行的股份總數，不得超過已發行股份的1%，而進一步授出超過該限額之認股權須在股東大會上取得股東批准，而參與者及其聯繫人士須就此放棄投票。本公司另須向其股東寄發通函。

本公司自採納認股權計劃以來並無授出任何認股權。

除上文披露者外，於年內任何時間，本公司或其任何附屬公司並無參與訂立任何安排，致令董事可藉收購本公司或任何其他法人團體的股份或債券獲利，而董事、行政總裁或彼等任何配偶或十八歲以下子女亦無擁有任何權利可認購本公司證券或曾行使任何該等權利。

Director's Report 董事會報告書

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following shareholders had a beneficial interest of 5% or more in the issued share capital of the Company as at 31 December 2003:

| Name 股東名稱 | Note 附註 | Number of ordinary shares 普通股數目 | Percentage of the Company's issued share capital 佔本公司 已發行股本百分比 |
|--|------------|---------------------------------------|--|
| Efficient Market Investments Limited ("Efficient Market") | 1 | 1,500,000,000 | 75.00% |
| Knightcote Enterprises Limited ("Knightcote") | 2 | 1,500,000,000 | 75.00% |
| Dr. Tsai 蔡博士 | 3 | 1,500,000,000 | 75.00% |
| Mr. Su 蘇先生 | 4 | 225,000,000 | 11.25% |
| Ms. Su 蘇女士 | 5 | 225,000,000 | 11.25% |

Notes:

附註:

- | | |
|---|---|
| 1. Efficient Market is beneficially owned by Knightcote. | 1. Efficient Market由Knightcote實益擁有。 |
| 2. Knightcote is beneficially owned by Dr. Tsai as to 70%, Mr. Su as to 15% and Ms. Su as to 15%. | 2. Knightcote分別由蔡博士、蘇先生及蘇女士實益擁有70%、15%及15%權益。 |
| 3. These shares are attributable to Dr. Tsai in respect of her 70% interest in Knightcote. | 3. 該等股份就蔡博士在Knightcote擁有70%權益而由彼所佔有。 |
| 4. These shares are attributable to Mr. Su in respect of his 15% interest in Knightcote. | 4. 該等股份就蘇先生在Knightcote擁有15%權益而由彼所佔有。 |
| 5. These shares are attributable to Ms. Su in respect of her 15% interest in Knightcote. | 5. 該等股份就蘇女士在Knightcote擁有15%權益而由彼所佔有。 |

主要股東

根據證券及期貨條例存置的主要股東名冊顯示，除了上述所披露有關若干董事的權益外，以下股東於本公司於二零零三年十二月三十一日的已發行股本中擁有5%或以上實益權益：

Director's Report 董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 34 to the financial statements, no Director had a significant beneficial interest, either direct or indirect, in any contracts of significance to the business of the Group to which the Company or any of its holding companies or subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, no Directors is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), other than those businesses of which the directors of the Company have been appointed as directors to represent the interests of the Company and/or the Group.

MANAGEMENT CONTRACT

Save as disclosed in the section headed "Financial review" under Management Discussion and Analysis, "Connected Transactions" under Directors' Report of this annual report and Note 16(c) to the financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS

Details of the connected transactions that are required to be disclosed for the year ended 31 December 2003 are set out in Notes 16(b) and 34 to the financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 5 to 6.

RETIREMENT SCHEMES

Particulars of the retirement schemes operated by the Group are set out in Note 26 to the financial statements.

董事於重大合約擁有的權益

除了財務報表附註34披露者外，年內，概無董事於對本集團業務屬重大而本公司或其任何控股公司或附屬公司為訂約方的任何合約中，直接或間接擁有重大實益權益。

董事於競爭業務擁有的權益

年內及截至本報告刊發日期止，除了本公司董事獲委任為董事以代表本公司及／或本集團的權益的該等業務外，概無董事被視為於與本集團業務直接或間接構成競爭或可能構成競爭的業務中擁有權益（定義見聯交所證券上市規則（「上市規則」））。

管理合約

除了本年報管理層討論及分析「財務回顧」及董事會報告書「關連交易」兩節，以及財務報表附註16(c)披露者外，本公司於年內並無訂立或訂有關於管理本公司整體或其中重要部分業務的合約。

關連交易

就截至二零零三年十二月三十一日止年度須予披露之關連交易詳情載於財務報表附註16(b)及34。

五年概要

本集團過去五個財政年度之業績及資產和負債概要載於第5至6頁。

退休計劃

本集團實行之退休計劃詳情載於財務報表附註26。

Director's Report 董事會報告書

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 11 March 2002 with written terms and with reference to guidance published by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2003. The Audit Committee comprised of all the independent non-executive Directors and has met six times in 2003. The Audit Committee has met to review the financial statements of the Group for the year ended 31 December 2003 prior to recommending them to the Board for approval.

CODE OF BEST PRACTICE

The Company is committed to maintain high corporate governance practices and has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDITORS

Messrs. KPMG have been appointed by the Board of the Company as auditors of the Company with effect from 9 February 2004 to fill the casual vacancy following the resignation of Messrs. PricewaterhouseCoopers on 31 December 2003.

Messrs. KPMG, being eligible, offer themselves for re-appointment. A resolution for the reappointment of Messrs. KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Dr. Tsai Yen Yu

Chairman

Hong Kong
20 May 2004

審核委員會

本公司已於二零零二年三月十一日參考香港會計師公會頒布的指引以書面條款成立審核委員會（「審核委員會」）。審核委員會的主要職責為審核及監督本集團的財務報告及內部監控程序。審核委員會已與管理層審閱本集團採納的會計原則及常規，並討論審計、內部監控及財務報告等事宜，包括審閱截至二零零三年十二月三十一日止年度之財務報表。由全體獨立非執行董事組成之審核委員會於二零零三年曾舉行六次會議。審核委員會在推薦董事會批准本集團截至二零零三年十二月三十一日止年度之財務報表前，已就此舉行會議，進行審閱。

最佳應用守則

本公司致力維持優良公司管治水平，於過去整個年度一直遵守上市規則附錄14的最佳應用守則。

核數師

畢馬威會計師事務所自二零零四年二月九日起獲本公司董事會委任為本公司核數師，以填補羅兵咸永道會計師事務所於二零零三年十二月三十一日辭任後之臨時空缺。

畢馬威會計師事務所願意並合資格膺選連任。續聘畢馬威會計師事務所為本公司核數師的決議案將於即將舉行的股東週年大會提呈。

承董事會命

主席

蔡燕玉博士

香港
二零零四年五月二十日

Auditors' Report 核數師報告書



AUDITORS' REPORT TO THE SHAREHOLDERS OF NATURAL BEAUTY BIO-TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 39 to 128 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of the financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

致自然美生物科技有限公司全體股東之 核數師報告書

(於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核刊於第39至128頁按照香港公認會計原則編製的財務報表。

董事及核數師的責任

貴公司董事的責任是編製真實和公允的財務報表。在編製這些財務報表時，董事必須貫徹採用合適的會計政策，作出審慎及合理的判斷和估計，並說明任何重大背離適用會計準則的原因。

我們的責任是根據我們審核工作的結果，對這些財務報表提出獨立意見，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

意見之基礎

我們是按照香港會計師公會頒佈的《核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製財務報表時所作的主要估計和判斷、所釐定的會計政策是否適合貴公司及貴集團的具體情況，以及有否貫徹運用並足夠披露這些會計政策。

Auditors' Report

核數師報告書

BASIS OF OPINION (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2003 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

Hong Kong,
20 May 2004

意見之基礎 (續)

我們在策劃和進行審核工作時，是以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。在提出意見時，我們亦已衡量財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

意見

我們認為，上述的財務報表均真實和公允地反映 貴公司及 貴集團於二零零三年十二月三十一日的財政狀況和 貴集團截至該日止年度的溢利及現金流量，並已按照香港《公司條例》適當地編製。

畢馬威會計師事務所

執業會計師

香港，
二零零四年五月二十日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2003 截至二零零三年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元為單位)

| | | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 (note 11) (附註11) \$'000 千元 |
|--|------------------|------------|-------------------------------|--|
| Turnover | 營業額 | 2 | 320,086 | 323,251 |
| Cost of sales/services | 銷售／服務成本 | | (61,192) | (86,776) |
| | | | 258,894 | 236,475 |
| Other revenue | 其他收入 | 3 | 20,109 | 12,676 |
| Other net (loss)/income | 其他(虧損)／收益淨額 | 3 | (583) | 7,981 |
| Distribution costs | 分銷成本 | | (123,536) | (100,118) |
| Administrative expenses | 行政開支 | | (69,576) | (59,190) |
| Other operating expenses | 其他經營支出 | | (1,777) | (3,250) |
| Profit from operations | 經營溢利 | | 83,531 | 94,574 |
| Finance costs | 融資成本 | 4(a) | (6) | (477) |
| Profit from ordinary activities before taxation | 除稅前日常業務溢利 | 4 | 83,525 | 94,097 |
| Income tax | 所得稅 | 5 | (30,084) | (27,174) |
| Profit from ordinary activities after taxation | 除稅後日常業務溢利 | | 53,441 | 66,923 |
| Minority interests | 少數股東權益 | | 701 | 1,335 |
| Profit attributable to shareholders | 股東應佔溢利 | 8 | 54,142 | 68,258 |
| Dividends attributable to the year: | 年內應佔股利： | 9 | | |
| Interim dividend declared during the year | 年內已宣派中期股利 | | 12,000 | 15,000 |
| Final dividend proposed after the balance sheet date | 結算日後擬派末期股利 | | 30,000 | 40,000 |
| | | | 42,000 | 55,000 |
| Basic earnings per share | 每股基本盈利 | 10 | \$0.027 | \$0.036 |

The notes on pages 46 to 128 form part of these financial statements.

第46至128頁之附註組成財務報表之其中部分。

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2003 於二零零三年十二月三十一日

(Expressed in Hong Kong dollars) (以港元為單位)

| | | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 (note 11) (附註11) \$'000 千元 |
|-----------------------------|--------------|------------|-------------------------------|--|
| Non-current assets | 非流動資產 | | | |
| Fixed assets | 固定資產 | 13 | | |
| – Investment properties | – 投資物業 | | 145,673 | 140,480 |
| – Other fixed assets | – 其他固定資產 | | 206,854 | 221,706 |
| | | | 352,527 | 362,186 |
| Intangible assets | 無形資產 | 14 | 3,203 | 5,266 |
| Goodwill | 商譽 | 15 | 23,625 | 11,200 |
| Interest in associate | 於聯營公司之權益 | 17 | 942 | 942 |
| Investment securities | 投資證券 | 18 | 11,282 | 11,282 |
| Deferred tax assets | 遞延稅項資產 | 28 | 9,825 | 10,490 |
| Other long-term receivables | 其他長期應收賬款 | 16(c) | 8,739 | – |
| Other assets | 其他資產 | 19 | – | 11,043 |
| | | | 410,143 | 412,409 |
| Current assets | 流動資產 | | | |
| Investments | 投資 | 20 | 67,642 | 88,133 |
| Inventories | 存貨 | 21 | 62,706 | 52,718 |
| Trade and other receivables | 貿易及其他應收賬款 | 22 | 130,659 | 101,132 |
| Cash and cash equivalents | 現金及現金等價物 | 23 | 170,265 | 216,778 |
| | | | 431,272 | 458,761 |
| Current liabilities | 流動負債 | | | |
| Trade and other payables | 貿易及其他應付賬款 | 24 | 53,675 | 69,487 |
| Deferred income | 遞延收益 | 25 | 5,244 | 18,646 |
| Current taxation | 即期稅項 | 28 | 13,532 | 11,303 |
| | | | 72,451 | 99,436 |

Consolidated Balance Sheet 綜合資產負債表

As at 31 December 2003 於二零零三年十二月三十一日
(Expressed in Hong Kong dollars) (以港元為單位)

| | | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 (note 11) (附註11) \$'000 千元 |
|--|----------|------------|-----------------------------------|--|
| Net current assets | 流動資產淨值 | | 358,821 | 359,325 |
| Total assets less current liabilities | 總資產減流動負債 | | 768,964 | 771,734 |
| Non-current liabilities | 非流動負債 | | | |
| Defined benefit liability | 定額福利負債 | 26 | 8,376 | 7,598 |
| Minority interests | 少數股東權益 | | 10,199 | 20,322 |
| Net assets | 資產淨值 | | 750,389 | 743,814 |
| Capital and reserves | 股本及儲備 | | | |
| Share capital | 股本 | 29 | 200,000 | 200,000 |
| Reserves | 儲備 | 30 | 550,389 | 543,814 |
| | | | 750,389 | 743,814 |

Approved and authorised for issue by the board of directors on 20 May 2004.

於二零零四年五月二十日由董事會批准並授權刊發。

Dr Tsai Yen Yu
蔡燕玉博士
Director
董事

Mr Lee Ming Ta
李明達先生
Director
董事

The notes on pages 46 to 128 form part of these financial statements.

第46至128頁之附註組成財務報表之其中部分。

Balance Sheet

資產負債表

As at 31 December 2003 於二零零三年十二月三十一日
(Expressed in Hong Kong dollars) (以港元為單位)

| | | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 (note 11) (附註11) \$'000 千元 |
|-----------------------------|---------------|------------|-------------------------------|--|
| Non-current assets | 非流動資產 | | | |
| Interest in subsidiaries | 於附屬公司之權益 | 16 | 546,622 | 471,527 |
| Investment securities | 投資證券 | 18 | 6,786 | 6,786 |
| | | | <u>553,408</u> | <u>478,313</u> |
| Current assets | 流動資產 | | | |
| Trade and other receivables | 貿易及其他應收賬款 | 22 | 1,836 | 424 |
| Cash and cash equivalents | 現金及現金等價物 | 23 | 7,967 | 60,144 |
| | | | <u>9,803</u> | <u>60,568</u> |
| Current liabilities | 流動負債 | | | |
| Trade and other payables | 貿易及其他應付賬款 | 24 | 2,300 | 1,416 |
| Net current assets | 流動資產淨值 | | <u>7,503</u> | <u>59,152</u> |
| Net assets | 資產淨值 | | <u>560,911</u> | <u>537,465</u> |
| Capital and reserves | 股本及儲備 | | | |
| Share capital | 股本 | 29 | 200,000 | 200,000 |
| Reserves | 儲備 | 30 | 360,911 | 337,465 |
| | | | <u>560,911</u> | <u>537,465</u> |

Approved and authorised for issue by the board of directors on 20 May 2004.

於二零零四年五月二十日由董事會批准並授權刊發。

Dr Tsai Yen Yu
蔡燕玉博士
Director
董事

Mr Lee Ming Ta
李明達先生
Director
董事

The notes on pages 46 to 128 form part of these financial statements.

第46至128頁之附註組成財務報表之其中部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2003 截至二零零三年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元為單位)

| | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 (note 11) (附註11) \$'000 千元 |
|---|---------------------|-------------------------------|--|
| Shareholders' equity as at 1 January | 於一月一日之股東權益 | | |
| – As previously reported | – 如前申報 | 734,130 | 454,343 |
| – Prior period adjustments arising from change in accounting policy for deferred tax | – 遞延稅項會計政策變動產生之前期調整 | 11 9,684 | 7,687 |
| – As restated | – 重列 | 743,814 | 462,030 |
| Surplus/(deficit) on revaluation of investment properties | 投資物業重估盈餘／(虧絀) | 30 4,696 | (1,834) |
| Exchange differences arising on translation of the financial statements of foreign entities | 國外公司之財務報表匯率折算差額 | 30 (263) | 2,890 |
| Net gains not recognised in the income statement | 收益表內未有確認收益淨額 | 4,433 | 1,056 |
| Net profit for the year: | 本年度純利: | | |
| – As previously reported | – 如前申報 | 30 54,142 | 66,472 |
| – Prior period adjustment arising from change in accounting policy for deferred tax | – 遞延稅項會計政策變動產生之前期調整 | 11 – | 1,786 |
| Net profit for the year (2002: as restated) | 本年度純利 (二零零二年: 重列) | 54,142 | 68,258 |
| Dividends declared or approved during the year | 年內已宣派或批准之股利 | 30 (52,000) | (37,960) |
| Movements in shareholders' equity arising from capital transactions with shareholders: | 股東進行股本交易產生之股東權益變動: | | |
| – Net proceeds from placing and new issue of shares | – 配售及新股發行所得款項淨額 | 29, 30 – | 250,430 |
| Shareholders' equity as at 31 December | 於十二月三十一日之股東權益 | 750,389 | 743,814 |

The notes on pages 46 to 128 form part of these financial statements.

第46至128頁之附註組成財務報表之其中部分。

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2003 截至二零零三年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

| | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|--|-------------------------------|-------------------------------|-------------------------------|
| Operating activities | 經營活動 | | |
| Profit from ordinary activities before taxation | 除稅前日常業務溢利 | 83,525 | 94,097 |
| Adjustments for: | 經調整下列各項： | | |
| – Depreciation | – 折舊 | 23,084 | 20,590 |
| – Amortisation of goodwill | – 商譽攤銷 | 4,445 | 83 |
| – Amortisation of other intangible assets | – 其他無形資產攤銷 | 2,477 | 1,098 |
| – Gain on disposal of assets held for resale | – 出售持作轉售資產之收益 | – | (5,817) |
| – Loss on disposal of fixed assets | – 出售固定資產之虧損 | 1,752 | 158 |
| – Net realised and unrealised gain on trading and other securities carried at fair value | – 以公平價值列賬之買賣及其他證券之已變現及未變現收益淨額 | (1,841) | (2,445) |
| – Interest income | – 利息收益 | (930) | (1,903) |
| – Finance costs | – 融資成本 | 6 | 477 |
| Operating profit before changes in working capital | 營運資金變動前之經營溢利 | 112,518 | 106,338 |
| Increase in inventories | 存貨增加 | (22,161) | (44) |
| Increase in trade and other receivables | 貿易及其他應收賬款增加 | (36,704) | (36,763) |
| Decrease in trade and other payables | 貿易及其他應付賬款減少 | (3,428) | (3,558) |
| (Decrease)/increase in deferred income | 遞延收益(減少)/增加 | (13,402) | 18,646 |
| Increase in defined benefit liability | 定額退休福利負債增加 | 778 | 822 |
| Cash generated from operations | 經營業務產生之現金 | 37,601 | 85,441 |
| Overseas tax paid | 已付海外稅項 | (27,534) | (38,193) |
| Net cash from operating activities | 經營活動所得現金淨額 | 10,067 | 47,248 |

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2003 截至二零零三年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元為單位)

| | Note 附註 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|--|--------------------------|-------------------------------|-------------------------------|
| Investing activities | 投資活動 | | |
| Payment for purchase of fixed assets | 購置固定資產付款 | (11,368) | (44,638) |
| Proceeds from disposals of assets held for resale | 出售持作轉售資產所得款項 | - | 29,912 |
| Proceeds from disposals of fixed assets | 出售固定資產所得款項 | 2,199 | 3,124 |
| Payment for purchase of investment securities | 購買投資證券付款 | - | (6,786) |
| Payment for purchase of associate | 收購聯營公司付款 | - | (942) |
| Acquisition of additional equity interests in non-wholly owned subsidiaries | 收購非全資附屬公司額外股本權益 | (10,185) | (14,859) |
| Prepayment for acquisition of additional equity interests in non-wholly owned subsidiaries | 預付收購非全資附屬公司額外股本權益款項 | - | (11,043) |
| Payment for purchase of subsidiary, net of cash acquired | 收購附屬公司所付款項，減所購入現金 | (7,150) | - |
| Interest received | 已收利息 | 930 | 1,903 |
| Payment for purchase of trading securities | 購置買賣證券所付款項 | (200,369) | (110,516) |
| Proceeds from sale of trading securities | 出售買賣證券所得款項 | 222,701 | 90,578 |
| Expenditure on intangible assets | 無形資產開支 | (405) | (1,006) |
| Net cash outflow in respect of assets entrustment agreements | 資產委託經營協議之現金流出淨額 | (360) | - |
| Net cash used in investing activities | 投資業務所用現金淨額 | (4,007) | (64,273) |
| Financing activities | 融資活動 | | |
| Proceeds from placing and new issue of shares | 配售及新股發行所得款項 | - | 275,000 |
| Share issuance expenses | 股份發行費用 | - | (24,570) |
| Net decrease in short-term bank borrowings, net of repayments | 短期銀行借款減少淨額，減償還款項 | - | (2,112) |
| Interest paid | 已付利息 | (6) | (477) |
| Capital contribution from minority shareholders | 獲少數股東投入資本 | - | 3,615 |
| Dividends paid | 已付股利 | (52,000) | (94,044) |
| Dividends paid to minority shareholders | 已付少數股東股利 | (287) | (188) |
| Net cash (used in)/from financing activities | 融資活動(所用)/所得現金淨額 | (52,293) | 157,224 |
| (Decrease)/increase in cash and cash equivalents | 現金及現金等價物(減少)/增加 | (46,233) | 140,199 |
| Cash and cash equivalents at 1 January | 於一月一日之現金及現金等價物 | 216,778 | 76,110 |
| Effect of foreign exchange rate changes | 匯率變動之影響 | (280) | 469 |
| Cash and cash equivalents at 31 December | 於十二月三十一日之現金及現金等價物 | 170,265 | 216,778 |

The notes on pages 46 to 128 form part of these financial statements.

第46至128頁之附註組成財務報表之其中部分。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"). A summary of the significant accounting policies adopted by the group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

1. 主要會計政策

(a) 守章聲明

此等財務報表按照香港會計師公會頒佈之所有適用香港財務申報準則（包括所有適用會計實務準則及詮釋）、香港公認會計原則及香港公司條例之規定編製。此等財務報表亦符合香港聯合交易所有限公司（「聯交所」）證券上市規則之適用披露規定。本集團採納之主要會計政策概要載於下文。

(b) 編製財務報表基準

編製財務報表採用歷史成本慣例為計算基準，經重估投資物業及下文所載會計政策所闡釋將若干證券投資計至市值修訂。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

Pursuant to a group reorganisation in connection with the listing of the company's shares on SEHK, the company became the holding company of the other companies comprising the group on 11 March 2002. The company and its subsidiaries resulting from the reorganisation have been regarded as a continuing group. Accordingly, the reorganisation has been accounted for on the basis of merger accounting, under which consolidated financial statements have been prepared as if the company had been the holding company of the other companies comprising the group throughout the year ended 31 December 2002, or since their respective dates of the incorporation or establishment, whichever is later.

(c) Subsidiaries and controlled enterprises

A subsidiary is a company in which the group, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements.

1. 主要會計政策 (續)

(b) 編製財務報表基準 (續)

根據就本公司股份於聯交所上市而進行的集團重組，本公司於二零零二年三月十一日成為組成本集團的其他公司之控股公司。本公司及其因重組而產生的附屬公司被視作持續經營的集團。因此，重組已按合併會計基準計賬，據此，編製綜合財務報表時，將本公司視作於截至二零零二年十二月三十一日止年度或自組成本集團之其他公司各自註冊成立或成立日期起計（以較短者為準）已為組成本集團之其他公司的控股公司。

(c) 附屬公司與所控制企業

附屬公司指本集團直接或間接持有其已發行股本一半以上，或控制半數以上投票權或董事會組成之公司。倘本公司可直接或間接控制其財務及經營決策以從中獲利，則該等附屬公司被視為所控制企業。

於所控制附屬公司之投資綜合計入綜合財務報表內。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and controlled enterprises

(continued)

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet separately from liabilities and the shareholders' equity. Minority interests in the results of the group for the year are also separately presented in the consolidated income statement.

Where losses attributable to the minority exceed the minority interest in the net assets of a subsidiary, the excess, and any further losses attributable to the minority, are charged against the group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. All subsequent profits of the subsidiary are allocated to the group until the minority's share of losses previously absorbed by the group has been recovered.

In the company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(c) 附屬公司與所控制企業 (續)

集團內部之結餘及交易，以及集團內部交易所產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。在無出現減值之情況下，集團內部交易產生之未變現虧損，方會按未變現收益相同之方法抵銷。

於結算日之少數股東權益指並非由本公司直接或間接透過附屬公司擁有之股本權益應佔附屬公司資產淨值部分，有關少數股東權益於綜合資產負債表與負債及股東權益分開呈列。本集團本年度業績之少數股東權益亦於綜合收益表獨立呈列。

倘少數股東應佔虧損超出一家附屬公司資產淨值之少數股東權益，則超出數額及少數股東應佔任何進一步虧損則用作抵銷本集團權益，惟少數股東有具約束性責任且能夠補償虧損之情況則作別論。所有其後產生之附屬公司溢利分配至本集團，直至收回先前由本集團承擔之少數股東應佔虧損為止。

在本公司之資產負債表中，於附屬公司之投資按成本值減去任何減值虧損列賬（見附註1(k)）。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's net assets. The consolidated income statement reflects the group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(e).

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(d) 聯營公司

聯營公司指本集團或本公司對其管理具有相當大影響力，包括參與財務及經營決策，但並非控制或共同控制其管理之實體。

於聯營公司之投資乃按權益法計入綜合財務報表，且首先按成本值入賬，其後就本集團攤佔聯營公司資產淨值於收購後之變動作出調整。綜合收益表反映本集團於本年度應佔聯營公司之收購後業績，包括任何於年內根據附註1(e)扣除或計入之正商譽或負商譽攤銷。

本集團與其聯營公司進行交易所產生之未變現溢利及虧損均按本集團所佔該聯營公司之權益抵銷，惟倘未變現虧損可證明所轉讓之資產出現減值，則會即時在收益表內確認。

在本公司之資產負債表中，於聯營公司之投資按成本值減去減值虧損入賬（見附註1(k)）。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life of 5 years. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(k)).

In respect of acquisitions of associates, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 1(k)) is included in the carrying amount of the interest in associates.

On disposal of a controlled subsidiary or an associate during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

1. 主要會計政策 (續)

(e) 商譽

綜合賬目時產生之正商譽乃指收購成本超出本集團應佔所收購可辨認資產及負債公平價值部分。就所控制附屬公司而言，正商譽按其估計可使用年期5年以直線法於綜合收益表中攤銷。正商譽按成本值減任何累積攤銷及任何減值虧損列入綜合資產負債表（見附註1(k)）。

就收購聯營公司而言，正商譽按其估計可使用年期以直線法於綜合收益表中攤銷。正商譽是按成本值減去任何累積攤銷及任何減值虧損（見附註1(k)）後計入聯營公司權益之賬面值內。

年內出售所控制附屬公司或聯營公司時，任何過往未於綜合收益表中攤銷或列作集團儲備變動之所購商譽應備數額，於計算出售盈虧時入賬。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in securities

The group's and the company's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- (iii) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

1. 主要會計政策 (續)

(f) 其他投資證券

本集團及本公司有關投資證券 (附屬公司及聯營公司之投資除外) 之政策如下:

- (i) 按持續基準持有作已定長期用途之投資分類為投資證券。投資證券按成本值減任何減值撥備於資產負債表列賬。倘公平價值降至低於賬面值, 即須作出撥備, 惟有證據顯示該減額僅屬暫時性質之情況除外, 於收益表確認為開支, 而有關撥備須就各項投資個別釐定。
- (ii) 就投資證券賬面值作出之撥備, 於導致撇減或撇銷之情況及事項不再存在, 且有具說服力憑證顯示新情況及事項將於可預見將來持續方予撥回。
- (iii) 所有其他證券 (不論持作買賣或其他用途) 均按公平價值於資產負債表列賬。公平價值之變動於產生時在收益表確認。倘證券主要從短期價格波動或證券商利潤賺取溢利而購入, 即列作買賣證券。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in securities (continued)

- (iv) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(g) Fixed assets

- (i) Fixed assets are carried in the balance sheet on the following bases:
 - investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;
 - land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(j)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and
 - all other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(j)) and impairment losses (see note 1(k)).

1. 主要會計政策 (續)

(f) 其他投資證券 (續)

- (iv) 出售投資證券所得盈虧指投資之估計出售所得款項淨額與賬面值之差額，於產生時計入收益表。

(g) 固定資產

- (i) 固定資產乃按下列基準計入資產負債表：
 - 未屆滿租約年期超過20年之投資物業，乃按每年由外聘合資格估值師評估之公開市值於資產負債表入賬；
 - 自用土地及樓宇乃按重估金額（即於重估日之公開市值減任何其後出現之累積折舊）於資產負債表入賬（見附註1(j)）。重估由合資格估值師定期進行，以確保該等資產之賬面值不會嚴重偏離該等按結算日之公平價值釐定之價值；及
 - 所有其他固定資產乃按成本值減累積折舊（見附註1(j)）及減值虧損（見附註1(k)）於資產負債表列賬。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed assets (continued)

(ii) Changes arising on the revaluation of investment properties are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of the portfolio of investment properties, immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties, had previously been charged to the income statement.

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1. 主要會計政策 (續)

(g) 固定資產 (續)

(ii) 重估投資物業產生之變動一般於儲備處理，唯一例外情況如下：

- 倘重估產生虧絀，而有關虧絀超出估值前儲備內有關投資物業組合之金額，則虧絀將自收益表扣除；及
- 倘重估產生盈餘，盈餘將計入收益表，惟僅限於先前已於收益表內扣除有關投資物業組合之重估虧絀之情況。

(iii) 倘超過現有資產原先評估的表現水平的未來經濟效益可能流入企業時，與固定資產有關而且已獲確認的其後支出便會加入資產的賬面金額。所有其他其後支出則在產生的期間確認為支出。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed assets (continued)

- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(h) Intangible assets (other than goodwill)

- (i) Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation (see note 1(j)) and impairment losses (see note 1(k)). Other development expenditure is recognised as an expense in the period in which it is incurred.

1. 主要會計政策 (續)

(g) 固定資產 (續)

- (iv) 棄用或出售固定資產時所產生之盈虧指有關資產估計出售所得款項淨額與賬面金額之差額，於棄用或出售當日於收益表中確認。於出售投資物業時，有關其先前計入投資物業重估儲備之盈餘或虧絀亦將轉撥入有關年度收益表處理。至於所有其他固定資產，任何相關重估盈餘由重估儲備轉撥至保留溢利。

(h) 無形資產 (商譽除外)

- (i) 以獲取及瞭解新科學或技術知識為目的之研究活動支出，於產生期間確認為開支。開發活動支出於產品或過程在技術及商業上切實可行，且本集團具備足夠資源及有意完成該開發項目之情況下撥充資本。撥充資本之支出包括物資成本、直接勞工及適當比例的經常開支。撥充資本之開發成本以成本值減累積攤銷（見附註1(j)）及減值虧損（見附註1(k)）列賬。其他開發支出則於產生期間確認為開支。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill)

(continued)

(ii) Other intangible assets that are acquired by the group are stated in the balance sheet at cost less accumulated amortisation (see note 1(j)) and impairment losses (see note 1(k)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

(iii) Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

(i) Leased assets

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

1. 主要會計政策 (續)

(h) 無形資產 (商譽除外) (續)

(ii) 本集團所收購的其他無形資產乃以成本值減累積攤銷 (見附註 1(j)) 及減值虧損 (見附註 1(k)) 於資產負債表內列賬。內部產生商譽及品牌支出於產生期間確認為開支。

(iii) 無形資產於收購或完成後之日後支出確認為開支，惟該項支出有可能致使資產產生超逾其先前評估表現水平之日後經濟利益，且能可靠地計算及撥歸資產之情況則除外。倘符合此等條件獲達成，則日後支出計入無形資產成本。

(i) 租賃資產

由承租人承擔所有權的絕大部分相關風險及利益的資產租賃，均列作融資租賃。出租人若沒有出讓所有權的全部相關風險及利益的資產租賃，則列作經營租賃。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

Where the group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(j) Amortisation and depreciation

- (i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years or on freehold land.
- (ii) Depreciation is calculated to write off the cost or valuation of other fixed assets over their estimated useful lives and residual rates as follows:

1. 主要會計政策 (續)

(i) 租賃資產 (續)

倘本集團透過經營租約運用資產，則根據租約支付之租金在租賃期所涵蓋的會計期間內，分期等額在收益表扣除，除非有其他更能清楚反映租賃資產所產生利益模式之基準。已收取之租賃優惠均在收益表中確認，以用作計算租賃淨付款總額。或然租金在其產生的會計期間內在收益表扣除。

(j) 攤銷及折舊

- (i) 未屆滿租約年期超過20年或位於不動產土地之投資物業毋須作出折舊撥備。
- (ii) 其他固定資產之折舊按預計可使用年期及殘值率撇銷成本或估值，折舊詳情如下：

| | Useful life 可使用年期 | Residual rates 殘值率 |
|---------------------------------|---|-----------------------|
| Land and buildings 土地及房屋建築物 | 40 – 55 years 40-55年 | 0% – 10% |
| Leasehold improvements 租賃改良 | The shorter of the unexpired period of the lease and estimated useful life 剩餘租賃年期及估計可使用年期 (以較短者為準) | 0% – 10% |
| Machinery and equipment 機器設備 | 5 – 10 years 5-10年 | 0% – 10% |
| Motor vehicles 汽車設備 | 3 – 5 years 3-5年 | 0% – 10% |
| Furniture and fixtures 傢具及裝置 | 2 – 15 years 2-15年 | 0% – 10% |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Amortisation and depreciation (continued)

- (iii) Amortisation of intangible assets is charged to the income statement on a straight-line basis over the assets' estimated useful lives as follows:

| | |
|---------------------------------|---------------|
| – capitalised development costs | 5 years |
| – patents and trademarks | 5 to 10 years |

(k) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- investments in subsidiaries and associates;
- intangible assets; and
- positive goodwill.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of such an asset exceeds its recoverable amount.

1. 主要會計政策 (續)

(j) 攤銷及折舊 (續)

- (iii) 無形資產之攤銷按資產之估計可使用年期以直線法自收益表扣除：

| | |
|----------|-------|
| – 撥充資本 | |
| 開發成本 | 5年 |
| – 專利權及商標 | 5-10年 |

(k) 資產減值

公司會於每個結算日審閱內部及外界資料來源，以判斷是否有跡象顯示下述資產可能出現減值情況或先前已確認之減值虧損已不復存在或可能已減少：

- 固定資產（按重估值列賬之物業除外）；
- 於附屬公司及聯營公司之投資；
- 無形資產；及
- 正商譽。

倘發現有任何該等跡象存在，即會估計資產之收回數額。當資產賬面金額超出其可收回數額時，減值虧損即予以確認。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

1. 主要會計政策 (續)

(k) 資產減值 (續)

(i) 計算可收回數額

資產之可收回數額乃指售價淨額或使用價值(以較高者為準)。評估使用價值時,會按可反映現行市場對貨幣之時間價值及資產特有風險之評估之稅前貼現率,將估計未來現金流量貼現至現值。倘資產所產生之現金流入實際上不獨立於其他資產所產生之現金流入,則只會就可獨立產生現金流入之最少資產組合(即產生現金單位)而釐定可收回數額。

(ii) 減值虧損撥回

就商譽以外之資產而言,倘用作釐定可收回數額之預測數字出現正面變動,即可撥回減值虧損。商譽之減值虧損僅會在該虧損乃由於預料以外性質特殊之特定外來事件所引致,且並不預期會再現,及其可收回數額之增加明顯是與該特殊因素轉回有關,方會作出撥回。

減值虧損撥回以假設資產在以往年度並無確認任何減值虧損而釐定之賬面金額為限。減值虧損撥回於有關撥回款項獲確認之年度內於收益表入賬。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

1. 主要會計政策 (續)

(l) 存貨

存貨以成本值及可變現淨值兩者之較低者入賬。

成本乃根據加權平均成本法計算，並包括所有購買成本、加工成本及其他將存貨送抵目前地點及達致目前狀況所產生之其他成本。

可變現淨值指於日常業務中之估計售價減估計完工成本及作出銷售所需估計成本。

售出存貨後，有關存貨之賬面值將於有關收入獲確認之期間確認為開支。所有將存貨撇減至可變現淨值之數額及有關存貨之虧損於撇減或出現虧損期間確認為開支。倘因存貨之可變現淨值增加而撥回撇減，則有關數額將於出現撥回期間按已確認為開支之存貨數額減少確認。

(m) 現金等價物

現金及現金等價物包括銀行及手頭現金、銀行及其他財務機構之活期存款，以及可隨時轉換為已知數額現金，並於購入時起計三個月內到期且幾乎不受價值變動風險影響之短期高度流通投資項目。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred.
- (iii) Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for employees in the PRC. Contributions to these schemes are charged to the income statement when incurred.

1. 主要會計政策 (續)

(n) 僱員福利

- (i) 薪金、年度花紅、有薪年假、假期旅遊津貼及本集團因各項非貨幣福利而產生的成本，均在本集團僱員提供相關服務的年度內累計。倘延遲付款或結算會構成重大的貨幣時間價值，則上述數額須按現值列賬。
- (ii) 根據香港強制性公積金計劃條例規定作出的強制性公積金供款，於產生時在收益表列作支出。
- (iii) 於中華人民共和國（「中國」）註冊成立之附屬公司參與中國機關為當地僱員所營辦之退休計劃。上述計劃供款於產生時在收益表列作支出。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits (continued)

- (iv) The group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

1. 主要會計政策 (續)

(n) 僱員福利 (續)

- (iv) 本集團就定額福利退休計劃所承擔之負擔淨額，乃按估計僱員因現時及過往期間服務而日後應能賺取的福利之折現值，並扣減任何計劃之資產公平價值而計算。貼現率乃參照與集團之承擔年期接近之高質素企業債券於結算日之回報率計算，由合資格精算師採用預計單位成本法計算。

當計劃之福利得到改善，該項與僱員過往服務有關之福利增長部分，乃按直至僱員有權獲享該項福利為止之平均期間以直線法於收益計算表中確認為支出。若僱員可即時享有該項福利，則即時於收益表確認為支出。

在計算本集團在計劃中所承擔數額時，倘累積未有確認精算收益或虧損超逾定額福利承擔貼現值與計劃資產公平價值兩者中較高數額的百分之十，則該部分須按參與計劃僱員之預計平均剩餘工作年期在收益計算表中確認，否則不會確認該精算收益或虧損。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits (continued)

(iv) (continued)

Where the calculation of the group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(v) When the group grants employees options to acquire shares of the company at a nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

(vi) Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

1. 主要會計政策 (續)

(n) 僱員福利 (續)

(iv) (續)

倘本集團之承擔淨額為負數，可確認之資產只限於本集團任何累積未確認之精算虧損淨額及過往服務成本之總淨額以及日後可從該計劃收回之退款或減少供款之貼現值。

(v) 倘本集團按名義代價授予僱員可認購本公司股份的購股權，則在授出當日不會確認為僱員福利成本或承擔。當購股權獲行使時，權益會按所收取款項相應增加。

(vi) 合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或僱員自願遣散而終止合約或作出補償時確認。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. 主要會計政策 (續)

(o) 所得稅

- (i) 本年度所得稅包括即期稅項及遞延稅項資產和負債的變動。即期稅項及遞延稅項資產和負債的變動均在收益表內確認，但與直接確認為股本項目相關的，則確認為股本。
- (ii) 即期稅項是按本年度應課稅收入，以在結算日已頒布或實際頒布的稅率計算的預期應繳稅項，加上以往年度應繳稅項的任何調整。
- (iii) 遞延稅項資產和負債分別由可抵扣和應課稅暫時差額產生。暫時差額是指資產和負債就財務申報的賬面值與該等資產和負債的稅基的差額。遞延稅項資產亦自未動用稅項虧損和未動用稅項抵免產生。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

(iii) (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iii) (續)

除了某些例外情況外，所有遞延稅項負債和遞延稅項資產於日後應課稅溢利有可能抵銷資產之情況下予以確認。支持確認由可抵扣暫時差額所產生遞延稅項資產的日後應課稅溢利包括撥回現有應課稅暫時差額而產生的數額；惟該等差額與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差額預計撥回的同一期間或遞延稅項資產所產生稅項虧損可轉前或結轉的期間內撥回。在決定現有應課稅暫時差額是否足以支持確認由未動用虧損和抵免所產生的遞延稅項資產時，亦會採用同一準則，即差額是否與同一稅務機關及同一應課稅實體有關，並是否預期在能動用稅項虧損和抵免的期間或多個期間撥回。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

(iii) (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iii) (續)

確認為遞延稅項資產和負債之例外情況包括暫時差額產生自不可扣減稅項的商譽；作為遞延收入處理的負商譽；不影響會計或應課稅溢利的資產或負債的初始確認（如屬業務合併一部分則除外）所產生的暫時差額；以及與投資於附屬公司有關之暫時差額，如屬應課稅差額，只限於本集團可以控制撥回時間，而且在可預見將來不大可能撥回的暫時差額；或如屬可抵扣差額，則只限於很可能在將來撥回的差額。

遞延稅項是按照資產和負債賬面值的預期變現或清償方式，根據在結算日已頒布或實際頒布的稅率計算。遞延稅項資產和負債均不貼現計算。

本集團會在每個結算日審閱遞延稅項資產的賬面值。倘預期不再可能獲得足夠應課稅溢利以動用相關的稅項利益，該有關賬面值便會調低；惟倘日後有可能獲得足夠應課稅溢利，則有關減額便會撥回。

自股息分派產生之額外所得稅乃於確認派付有關股息之責任時予以確認。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1. 主要會計政策 (續)

(o) 所得稅 (續)

(iv) 即期及遞延稅項結餘和其變動分開列示，並且不予抵銷。即期和遞延稅項資產僅會在本公司或本集團有法定行使權將即期稅項資產抵銷即期稅項負債，並符合以下附帶條件的情況下，方會分別抵銷即期和遞延稅項資產及負債：

- 即期稅項資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延稅項資產和負債：該等資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同的應課稅實體。該等實體計劃在預期有大額遞延稅項負債需要清償或可收回遞延稅項資產的每個日後期間，按淨額基準變現即期稅項資產和清償即期稅項負債，或同時變現和清償有關款額。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company or group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. 主要會計政策 (續)

(p) 撥備及或然負債

時間或數額不確定的負債的撥備於本公司或本集團因過往事項而承擔法定或推定債務，而有可能需要流出經濟效益以償付有關債務，以及能夠可靠地估計數額時予以確認。倘貨幣時間值屬重大，撥備以償付有關債務的估計開支現值入賬。

除非經濟效益流出的可能性很低，否則，倘經濟效益未必可能需要流出，或不能可靠地估計數額，有關債務將披露為或然負債。除非經濟效益流出的可能性很低，否則，可能出現的債務（其存在只會視乎一項或多項未來事項是否發生而定）亦將披露為或然負債。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Service income

Service income is recognised when services are rendered and the amount receivable can be measured reliably. Treatment fees received in advance for which services have not been rendered at the balance sheet date are shown as deferred income in the consolidated balance sheet.

(iii) Entrustment fee income

Entrustment fees arising from entrusting the group's businesses to third party operators are recognised in the income statement in equal instalments over the entrustment periods.

1. 主要會計政策 (續)

(q) 收入確認

當經濟利益有可能撥歸本集團所有，而收入及成本（如適用）能可靠衡量時，收入將按下列基準計入收益表：

(i) 出售貨品

當貨品付運至客戶之物業（即客戶接納貨品、擁有權之相關風險及回報時），收入將予以確認。收入不包括增值稅或其他銷售稅項並已扣減任何商業折扣。

(ii) 服務收益

服務收益於提供服務及可收款項能可靠計算時確認。預先收取而於結算日尚未提供服務之美容服務費於綜合資產負債表列作遞延收入。

(iii) 委託經營收益

產生自由第三方經營者委託經營本集團業務之收益，於委託經營期間分期按固定款額於收益表確認。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(iv) Barter sales

Exchange of the group's products for advertising services is regarded as exchange of dissimilar products that generates revenue. The group measures such revenue at the fair value of the goods given up. Gross profit from such barter transactions is recorded as deferred income in the balance sheet and recognised in the income statement in the same period as the relevant advertising credits are utilised.

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vi) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(vii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

1. 主要會計政策 (續)

(q) 收入確認 (續)

(iv) 互換銷售

以本集團產品換取廣告服務被視為交換不同類產品，該等交易收入入賬列為收入。本集團按換出產品的公平價值計算有關收入。來自此種互換交易產生的毛利入賬列為遞延收益，並於有關廣告服務提供之同期在收益表確認。

(v) 經營租賃之租金收益

根據經營租賃應收之租金收益於租賃期涵蓋之會計期間，分期按固定金額於收益表確認，除非其他基準更能反映源自租賃資產利益模式。所授出租賃優惠於收益表列作應收租賃款項淨額其中部分。或然租金於賺取租金之會計期間確認為收益。

(vi) 股利

投資股利收益於股東獲取派發股利的權利確定時確認。

(vii) 利息收益

銀行存款之利息收益依據未償還本金及適用息率按時間比例基準累計。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(viii) Financial refunds

Government financial refunds are recognised when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them. Financial refunds that compensate the group for expenses incurred are recognised as other revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

1. 主要會計政策 (續)

(q) 收入確認 (續)

(viii) 財務退款

將可合理確定收取政府財務退款及本集團將符合有關條件時，方可確認政府財務退款。可彌補本集團所產生開支之財務退款，於產生有關開支期間有系統於收益表確認為其他收入。

(r) 外幣換算

年內之外幣交易按交易日之匯率換算為港元。以外幣計算之貨幣資產及負債按結算日之匯率換算為港元。換算盈虧撥入收益表處理。

海外企業之業績按年內平均匯率換算為港元，而資產負債表項目則按結算日之匯率換算為港元。匯兌差額均列為儲備之變動。

出售海外企業時，計算出售時產生之溢利或虧損時，包括有關該海外企業之匯兌差額累計款項。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred.

(t) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(u) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting system, the group has chosen geographical segment information as the primary reporting format and business segment information as the secondary reporting format for the purposes of these financial statements.

1. 主要會計政策 (續)

(s) 借貸成本

借貸成本乃於產生期間在收益表內列作開支。

(t) 關連人士

就此等財務報表而言，凡本集團可直接或間接控制，或於作出財務及經營決策時對其行使重大影響力之人士（或反之亦然），或本集團與其均受他人共同控制或行使共同重大影響力之人士，均被視為與本集團有關連。關連人士可為個人或其他實體。

(u) 分部報告

分部是指本集團從事提供產品或服務（業務分部），或在特定之經濟環境內提供產品或服務（地域分部）而可以區別的組成部分，其風險及報酬均有別於其他分部。

根據本集團內部財務報告制度，就財務報表而言，本集團選擇以地域分部資料為主要報告方式，而業務分部資料則為次要報告方式。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segment reporting (continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

1. 主要會計政策 (續)

(u) 分部報告 (續)

分部收入、開支、業績、資產及負債包括直接與該分部有關之項目，亦包括可合理列入有關分部之項目。例如，分部資產可包括存貨、應收賬款及不動產、廠房及設備。分部收入、開支、資產及負債在編製綜合財務報表時抵銷之集團內部往來結餘及交易前釐定，惟屬同一分部集團公司間之結餘及交易則除外。各分部間之定價乃根據向其他外界人士所獲之相若條款計算。

分部資本開支是指在期內購入預計可於超過一個期間使用之分部資產所產生之成本總額。

未撥配項目主要包括財務及公司資產、計息貸款、借款、集團及融資開支以及少數股東權益。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

2. TURNOVER

The principal activities of the group are manufacturing and selling of skin care, beauty and aromatherapeutic products, provision of skin treatments, beauty and SPA services and skin care consulting and beauty training.

Turnover represents the sales value of goods delivered to customers and service income from provision of skin treatments, beauty and SPA services and entrustment fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

2. 營業額

本集團主要從事護膚品、彩粧品及芳香療法產品製造及銷售，提供肌膚護理、美容及SPA服務，以及肌膚護理顧問及美容培訓等業務。

營業額指交付客戶之貨品銷售價值及提供肌膚護理、美容及SPA服務之服務收入及委託經營收益。年內於營業額中確認的各主要類別收入如下：

Turnover

Sales of goods

Service income

Entrustment fee income

營業額

產品銷售

服務收入

委託經營收益

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 296,583 | 269,804 |
| 18,719 | 51,468 |
| 4,784 | 1,979 |
| 320,086 | 323,251 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

3. OTHER REVENUE AND NET (LOSS)/INCOME

3. 其他收入及(虧損)/收益淨額

Other revenue

| | |
|--|---------------------|
| Rental income from investment properties | 其他收入 來自投資物業之租金收入 |
| Rental income from other properties | 來自其他物業之租金收入 |
| Bank interest income | 銀行利息收益 |
| Financial refunds (note) | 財務退款(附註) |
| Others | 其他收益 |

Other net (loss)/income

| | |
|---|----------------------------|
| Gain on disposal of assets held for resale | 其他(虧損)/收益淨額 出售持作轉售之資產收益 |
| Loss on disposal of fixed assets | 出售固定資產虧損 |
| Net realised and unrealised gains on other securities carried at fair value | 其他按公平值列賬證券之 已變現及未變現收益淨額 |
| Net exchange loss | 匯兌虧損淨額 |

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 3,693 | 2,228 |
| 980 | 667 |
| 930 | 1,903 |
| 11,842 | 7,069 |
| 2,664 | 809 |
| 20,109 | 12,676 |
| — | 5,817 |
| (1,752) | (158) |
| 1,841 | 2,445 |
| (672) | (123) |
| (583) | 7,981 |

Note: Pursuant to the local practice of the finance bureau of the provinces in which certain of the PRC subsidiaries operate, the PRC subsidiaries are entitled to financial refunds based on a percentage of the income and other taxes paid. These financial refunds are treated as tax exempted by such finance bureaus. However, the refunds and the tax exemption treatment thereof are subject to review annually, and could be treated differently in the future. It is therefore uncertain if these subsidiaries will continue to be eligible for such financial refunds and the tax exemption treatment thereof in the future.

附註：根據中國若干附屬公司經營所在地之省份財政部門的當地慣例，中國附屬公司有權按收益及其他已繳稅款某個百分比獲得財務退款。該等財務退款被當作為該等財政部門作出之稅項豁免。然而，有關退款及稅項豁免待遇須每年審閱，故日後可能以不同方法處理。因此不能確定該等附屬公司日後將繼續有權取得該等財務退款及稅項豁免待遇。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at charging:

4. 除稅前日常業務溢利

除稅前日常業務溢利經扣除下列各項後列賬：

| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|--|--|-------------------------------|-------------------------------|
| (a) Finance costs: | (a) 融資成本： | | |
| Interest on bank overdrafts | 銀行透支利息 | <u>6</u> | <u>477</u> |
| (b) Staff costs* (excluding directors' remuneration (note 6): | (b) 員工成本* (不包括董事酬金) (附註6)： | | |
| Contributions to defined contribution plans | 定額供款計劃供款 | 4,478 | 4,208 |
| Expenses recognised in respect of defined benefits plans (note 26) | 定額福利計劃之已確認支出 (附註26) | <u>1,138</u> | <u>1,102</u> |
| Retirement costs | 退休成本 | 5,616 | 5,310 |
| Salaries, wages and other benefits | 薪金、工資及其他福利 | <u>46,426</u> | <u>43,274</u> |
| | | 52,042 | 48,584 |
| (c) Other items: | (c) 其他項目： | | |
| Cost of inventories sold* | 已售存貨成本* | 31,451 | 31,907 |
| Auditors' remuneration (audit services) | 核數師酬金 (核數服務) | 1,898 | 1,372 |
| Depreciation* | 折舊* | 23,084 | 20,590 |
| Amortisation of goodwill | 商譽攤銷 | 4,445 | 83 |
| Amortisation of other intangible assets | 其他無形資產攤銷 | 2,477 | 1,098 |
| Operating leases charges on land and buildings* – Minimum lease payments | 土地及樓宇之經營租賃支出* – 最低租金付款 | 15,664 | 17,283 |
| – Contingent rentals | – 或然租金 | 5,206 | 4,442 |
| Rentals receivable from investment properties less direct outgoings of \$443,000 (2002: \$595,000) | 投資物業之應收租金減直接支銷 443,000元 (二零零二年：595,000元) | 3,250 | 1,633 |
| Rentals receivable from other properties less direct outgoings of \$49,000 (2002: \$33,000) | 其他物業之應收租金減直接支銷 49,000元 (二零零二年：33,000元) | 931 | 634 |
| Research and development costs | 研發成本 | <u>157</u> | <u>592</u> |

* Cost of inventories sold includes \$9,844,000 (2002: \$8,205,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

* 已售存貨成本包括有關員工成本、折舊支出及經營租賃支出之9,844,000元 (二零零二年：8,205,000元)。該金額已計入上文之其他披露或附註4(b)該等類別支出各自之有關總額。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

5. 計入綜合收益表之所得稅

(a) 計入綜合收益表之稅項指：

| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 \$'000 千元 |
|--|-----------------------|-------------------------------|---|
| Current tax – Provision for Hong Kong Profits Tax | 即期稅項 – 香港利得稅撥備 | | |
| Tax for the year | 本年度稅項 | — | — |
| Current tax – Outside Hong Kong | 即期稅項 – 香港以外地區 | | |
| Tax for the year | 本年度稅項 | 31,035 | 29,753 |
| Over-provision in respect of prior years | 以往年度超額撥備 | (1,068) | (1,035) |
| | | 29,967 | 28,718 |
| Deferred tax | 遞延稅項 | | |
| Origination and reversal of temporary differences | 暫時性差額產生及撥回 | 218 | (1,544) |
| Effect of increase in tax rate on deferred tax balances at 1 January | 調高稅率對一月一日遞延稅項結餘之影響 | (101) | — |
| | | 117 | (1,544) |
| | | 30,084 | 27,174 |

No Hong Kong Profits Tax has been provided, as the group did not earn any assessable profits in Hong Kong during the year ended 31 December 2003 (2002: \$Nil).

由於本集團於截至二零零三年十二月三十一日止年度並無在香港賺得任何應課稅溢利(二零零二年:零),故並無就香港利得稅提撥準備。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(a) Taxation in the consolidated income statement represents: (continued)

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

For subsidiaries in Taiwan, income tax is also charged on the unappropriated profits at a rate of 10% (2002: 10%) in the year when the shareholders have resolved that the unappropriated profits shall be retained.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

5. 計入綜合收益表之所得稅(續)

(a) 計入綜合收益表之稅項指：(續)

香港以外地區附屬公司之稅項，已按有關稅項司法權區之適用現行稅率計算。

就台灣附屬公司而言，於股東議決保留未撥配溢利的年度，所得稅亦按10%的稅率（二零零二年：10%）對未撥配溢利作扣除。

(b) 按適用稅率計算之稅項支出與會計溢利之對賬

| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 restated 重列 \$'000 千元 |
|---|--------------------------------|-------------------------------|---|
| Profit before tax | 除稅前溢利 | 83,525 | 94,097 |
| Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned | 除稅前溢利之名義稅項，按有關稅項司法權區就溢利適用之稅率計算 | 26,434 | 21,246 |
| Tax effect of non-deductible expenses | 不扣稅支出之稅務影響 | 4,221 | 6,356 |
| Tax effect of non-taxable revenue | 非課稅收入之稅務影響 | (4,137) | (3,127) |
| Tax effect of unused tax losses not recognised | 未動用未確認稅項虧損之稅務影響 | 4,735 | 3,734 |
| Effect on opening deferred tax balances resulting from an increase in tax rate during the year | 年內調高稅率對遞延稅項期初結餘之影響 | (101) | — |
| Over-provision in prior years | 以往年度超額撥備 | (1,068) | (1,035) |
| Actual tax expense | 實際稅項支出 | 30,084 | 27,174 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

| | |
|---------------------------------|---------|
| Fees | 袍金 |
| Salaries and other emoluments | 薪金及其他酬金 |
| Discretionary bonuses | 酌情花紅 |
| Retirement scheme contributions | 退休計劃供款 |

Included in directors' remuneration were fees of \$40,000 (2002: \$32,000) paid to the independent non-executive directors during the year.

Four of the directors have waived their entitlement to certain remuneration of \$2,109,000 (2002: \$Nil) during the year ended 31 December 2003.

The remuneration of the directors is within the following bands:

| | |
|-----------------|---------------|
| \$ | 元 |
| Nil – 1,000,000 | 零 – 1,000,000 |

6. 董事酬金

根據香港公司條例第161條須予披露之董事酬金如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| — | — |
| 1,318 | 2,862 |
| — | — |
| 12 | 11 |
| 1,330 | 2,873 |

董事酬金包括年內支付予獨立非執行董事之袍金40,000元(二零零二年: 32,000元)。

截至二零零三年十二月三十一日止年度內，四名董事已豁免彼等之若干酬金，為數達2,109,000元(二零零二年: 無)。

董事酬金介乎以下組別：

| Number of directors 董事人數 | |
|-----------------------------|---------------|
| 2003 二零零三年 | 2002 二零零二年 |
| 6 | 6 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2002: four) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other three (2002: one) individuals are as follows:

| | |
|---------------------------------|---------|
| Salaries and other emoluments | 薪金及其他酬金 |
| Discretionary bonuses | 酌情花紅 |
| Retirement scheme contributions | 退休計劃供款 |

The emoluments of the three (2002: one) individuals with the highest emoluments are within the following band:

| | |
|-----------------|---------------|
| \$ | 元 |
| Nil – 1,000,000 | 零 – 1,000,000 |

7. 最高薪酬人士

五名最高薪酬人士包括兩名(二零零二年:四名)董事,其薪酬已於附註6披露。其餘三名(二零零二年:一名)人士之薪酬總額如下:

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 2,192 | 349 |
| — | — |
| 33 | — |
| 2,225 | 349 |

三名(二零零二年:一名)最高薪酬人士之酬金介乎以下組別:

Number of individuals 人數

| 2003 二零零三年 | 2002 二零零二年 |
|---------------|---------------|
| 3 | 1 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of \$25,148,000 (2002: \$34,094,000) which has been dealt with in the financial statements of the company.

Reconciliation of the above amount to the company's profit for the year:

8. 股東應佔溢利

股東應佔綜合溢利包括一項已計入本公司財務報表的溢利25,148,000元(二零零二年:34,094,000元)。

上述金額與本公司年內溢利對賬如下:

| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|---|-------------------------------|-------------------------------|-------------------------------|
| Amount of consolidated profit attributable to shareholders dealt with in the company's financial statements | 計入本公司財務報表的股東應佔綜合溢利 | 25,148 | 34,094 |
| Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year | 年內批准及派付附屬公司因上一個財政年度溢利而宣派之末期股利 | 50,298 | 4,573 |
| Company's profit for the year (note 30) | 本公司年內溢利(附註30) | 75,446 | 38,667 |

Notes on the Financial Statements
財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

9. DIVIDENDS

(a) Dividends attributable to the year

| | |
|--|---------------------------------------|
| Interim dividend declared and paid of \$0.006 per share (2002: \$0.0075 per share) | 已宣派及派付之中期股利每股0.006元(二零零二年: 每股0.0075元) |
| Final dividend proposed after the balance sheet date of \$0.015 per share (2002: \$0.02 per share) | 結算日後擬派之末期股利每股0.015元(二零零二年: 每股0.02元) |

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

| | |
|--|---|
| Final dividend in respect of the previous financial year, approved and paid during the year, of \$0.02 per share (2002: \$0.01148 per share) | 年內批准及派付有關上一個財政年度之末期股利每股0.02元(二零零二年: 每股0.01148元) |
|--|---|

9. 股利

(a) 年內應佔股利

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 12,000 | 15,000 |
| 30,000 | 40,000 |
| 42,000 | 55,000 |

於結算日後建議之末期股利並無於結算日確認為負債。

(b) 年內批准及派付有關上一個財政年度之股利

| 2003 二零零三年 \$'000 千港元 | 2002 二零零二年 \$'000 千港元 |
|--------------------------------|--------------------------------|
| 40,000 | 22,960 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the group's profit attributable to shareholders of \$54,142,000 (2002 restated: \$68,258,000) and the number of 2,000,000,000 ordinary shares (2002: proforma weighted average of 1,882,192,000 ordinary shares) in issue during the year.

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

11. CHANGES IN ACCOUNTING POLICY

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 January 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) issued by the Hong Kong Society of Accountants, the group adopted a new policy for deferred tax as set out in note 1(o). As a result of the adoption of this accounting policy, the group's profit for the year has been decreased by \$1,804,000 (2002: increased by \$1,786,000) and the group's net assets as at the year end have been increased by \$6,371,000 (2002: increased by \$9,684,000).

The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and reserves and the comparative information adjusted for the amounts relating to prior periods as disclosed in the statement of changes in equity.

12. SEGMENT REPORTING

Segment information is presented in respect of the group's geographical and business segments. Geographical segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

10. 每股盈利

每股基本盈利乃根據本集團股東應佔溢利54,142,000元(二零零二年重列: 68,258,000元)及年內已發行普通股數目2,000,000,000股(二零零二年: 備考加權平均股數1,882,192,000股普通股)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。

11. 會計政策變動

於過往年度, 遞延稅項負債按負債法就收入及開支會計與稅項處理方法間之所有重大時差所產生稅項影響作出撥備, 而合理預期有關時差將可能於可見未來出現。除非遞延稅項資產毫無合理疑問可予變現, 否則不會確認遞延稅項資產。自二零零三年一月一日起, 為遵守香港會計師公會頒佈之會計實務準則第12號(經修訂), 誠如附註1(o)所載, 本集團就遞延稅項採納一項新會計政策。由於採納此項會計政策, 本集團於本年度之溢利減少1,804,000元(二零零二年: 增加1,786,000元), 而本集團於本年度年結日之資產淨值則增加6,371,000元(二零零二年: 增加9,684,000元)。

該新會計政策已追溯應用, 而年初之保留溢利及儲備與比較資料已就權益變動表所披露過往期間之數額作出調整。

12. 分部報告

分部資料已按本集團地域及業務分部呈列, 並以地域分部資料作為主要分部報告方式, 原因為地域分部更切合本集團之內部財務報告。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

12. SEGMENT REPORTING (continued)

(i) Geographical segments

The group conducts the majority of its business activities in three geographical areas, the PRC, Taiwan and Hong Kong. Segment information is based on the area in which the customers are located. Segment assets and capital expenditure are further analysed by the geographical location of the assets. An analysis by geographical segment is as follows:

12. 分部報告 (續)

(i) 地域分部

本集團業務主要在中國大陸、台灣及香港三地經營。分部資料按客戶所在地劃分，而分部資產及資本開支則按資產所在地進一步分析。按地域分部的分析如下：

| | | 2003 二零零三年 | | | | |
|---|------------|-----------------------------|------------------------------|---------------------------------|--------------------------------------|-----------------------------|
| | | PRC 中國大陸 \$'000 千元 | Taiwan 台灣 \$'000 千元 | Hong Kong 香港 \$'000 千元 | Other region 其他地區 \$'000 千元 | Total 總計 \$'000 千元 |
| Revenue from external customers | 來自外界客戶收入 | 200,618 | 118,084 | 141 | 1,243 | 320,086 |
| Other revenue | 其他收入 | 14,224 | 5,419 | 396 | 70 | 20,109 |
| Total revenue | 總收入 | 214,842 | 123,503 | 537 | 1,313 | 340,195 |
| Segment result | 分部業績 | 55,126 | 38,393 | (3,285) | 279 | 90,513 |
| Unallocated operating income and expenses | 未撥配業務收益及支出 | | | | | (6,982) |
| Profit from operations | 經營溢利 | | | | | 83,531 |
| Finance costs | 融資成本 | | | | | (6) |
| Income tax | 所得稅 | | | | | (30,084) |
| Minority interests | 少數股東權益 | | | | | 701 |
| Profit attributable to shareholders | 股東應佔溢利 | | | | | 54,142 |
| Segment assets | 分部資產 | 416,304 | 347,663 | 14,857 | 1,177 | 780,001 |
| Unallocated assets | 未撥配資產 | | | | | 61,414 |
| Total assets | 總資產 | | | | | 841,415 |
| Segment liabilities | 分部負債 | 35,637 | 30,328 | – | 142 | 66,107 |
| Unallocated liabilities | 未撥配負債 | | | | | 14,720 |
| Total liabilities | 總負債 | | | | | 80,827 |
| Capital expenditure | 資本開支 | 9,600 | 1,328 | 440 | – | 11,368 |
| Depreciation and amortisation | 折舊及攤銷 | 21,268 | 7,463 | 1,275 | – | 30,006 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

12. SEGMENT REPORTING (continued)

(i) Geographical segments (continued)

| | | 2002 (restated) 二零零二年(重列) | | | |
|---|------------|------------------------------|------------------------------|---------------------------------|-----------------------------|
| | | PRC 中國大陸 \$'000 千元 | Taiwan 台灣 \$'000 千元 | Hong Kong 香港 \$'000 千元 | Total 總計 \$'000 千元 |
| Revenue from external customers | 來自外界客戶收入 | 197,613 | 122,522 | 3,116 | 323,251 |
| Other revenue | 其他收入 | 8,943 | 2,349 | 1,384 | 12,676 |
| Total revenue | 總收入 | 206,556 | 124,871 | 4,500 | 335,927 |
| Segment result | 分部業績 | 61,877 | 50,303 | (9,516) | 102,664 |
| Unallocated operating income and expenses | 未撥配業務收益及支出 | | | | (8,090) |
| Profit from operations | 經營溢利 | | | | 94,574 |
| Finance costs | 融資成本 | (428) | (49) | – | (477) |
| Income tax | 所得稅 | | | | (27,174) |
| Minority interests | 少數股東權益 | | | | 1,335 |
| Profit attributable to shareholders | 股東應佔溢利 | | | | 68,258 |
| Segment assets | 分部資產 | 413,180 | 364,657 | 13,599 | 791,436 |
| Unallocated assets | 未撥配資產 | | | | 79,734 |
| Total assets | 總資產 | | | | 871,170 |
| Segment liabilities | 分部負債 | 52,080 | 38,583 | 2,581 | 93,244 |
| Unallocated liabilities | 未撥配負債 | | | | 13,790 |
| Total liabilities | 總負債 | | | | 107,034 |
| Capital expenditure | 資本開支 | 21,160 | 4,319 | 6,717 | 32,196 |
| Depreciation and amortisation | 折舊及攤銷 | 14,347 | 6,603 | 821 | 21,771 |

12. 分部報告(續)

(i) 地域分部(續)

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

12. SEGMENT REPORTING (continued)

(ii) Business segments

The group comprises the following main business segments:

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

12. 分部報告 (續)

(ii) 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

2003

二零零三年

| | Turnover | Other revenue | Segment assets | Capital expenditure |
|---------------------------------------|----------------|---------------|----------------|---------------------|
| | 營業額 | 其他收入 | 分類資產 | 資本開支 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| | 千元 | 千元 | 千元 | 千元 |
| Cosmetic products and beauty services | 320,086 | 16,416 | 634,328 | 11,368 |
| Investment properties | – | 3,693 | 145,673 | – |
| | 320,086 | 20,109 | 780,001 | 11,368 |

2002 (restated)

二零零二年 (重列)

| | Turnover | Other revenue | Segment assets | Capital expenditure |
|---------------------------------------|----------------|---------------|----------------|---------------------|
| | 營業額 | 其他收入 | 分類資產 | 資本開支 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| | 千元 | 千元 | 千元 | 千元 |
| Cosmetic products and beauty services | 323,251 | 10,448 | 650,956 | 32,196 |
| Investment properties | – | 2,228 | 140,480 | – |
| | 323,251 | 12,676 | 791,436 | 32,196 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

13. FIXED ASSETS

The group

13. 固定資產

本集團

| | | Properties under construction 在建物業 \$'000 千元 | Land and buildings 土地及 房屋建築物 \$'000 千元 | Leasehold improvements 租賃改良 \$'000 千元 | Machinery and equipment 機器設備 \$'000 千元 | Motor vehicles 汽車設備 \$'000 千元 | Furniture and fixtures 傢具及裝置 \$'000 千元 | Freehold investment properties 具有永久業權 之投資物業 \$'000 千元 | Total 合計 \$'000 千元 |
|-------------------------------------|-----------------------|---|---|---|---|---|---|---|-----------------------------|
| | | | | | | | Sub-total 小計 | | |
| Cost or valuation: | 成本或估值: | | | | | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 1,513 | 148,229 | 53,396 | 10,975 | 5,275 | 275,674 | 140,480 | 416,154 |
| Exchange adjustments | 匯兌調整 | - | - | 32 | (3) | - | 22 | (42) | (20) |
| Additions | 添置 | | | | | | | | |
| - others | - 其他 | 12 | - | 7,129 | 2,674 | - | 11,368 | - | 11,368 |
| - through acquisition of subsidiary | - 透過收購附屬公司 | - | - | - | 2,057 | 42 | 2,464 | - | 2,464 |
| Disposals | 出售 | (37) | - | (4,609) | (303) | - | (5,192) | - | (5,192) |
| Surplus on revaluation | 重估盈餘 | - | - | - | - | - | - | 5,235 | 5,235 |
| Reclassification | 重新分類 | (1,488) | - | 1,488 | - | - | - | - | - |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | - | 148,229 | 57,436 | 15,400 | 5,317 | 284,336 | 145,673 | 430,009 |
| Representing: | 代表: | | | | | | | | |
| Cost | 成本 | - | 148,229 | 57,436 | 15,400 | 5,317 | 284,336 | - | 284,336 |
| Valuation - 2003 (note (b)) | 估值 - 二零零三年 (附註(b)) | - | - | - | - | - | - | 145,673 | 145,673 |
| | | - | 148,229 | 57,436 | 15,400 | 5,317 | 284,336 | 145,673 | 430,009 |
| Accumulated depreciation: | 累計折舊: | | | | | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | - | 12,810 | 12,089 | 5,874 | 2,051 | 53,968 | - | 53,968 |
| Exchange adjustments | 匯兌調整 | - | (5) | (10) | (1) | (1) | (20) | - | (37) |
| Charge for the year | 本年度折舊 | - | 2,985 | 9,511 | 1,262 | 809 | 23,084 | - | 23,084 |
| Through acquisition of subsidiary | 透過收購附屬公司 | - | - | - | 1,367 | 25 | 1,708 | - | 1,708 |
| Written back on disposal | 出售時撥回 | - | - | (1,028) | (180) | - | (33) | - | (1,241) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | - | 15,790 | 20,562 | 8,322 | 2,884 | 77,482 | - | 77,482 |
| Net book value: | 賬面淨值: | | | | | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | - | 132,439 | 36,874 | 7,078 | 2,433 | 206,854 | 145,673 | 352,527 |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 1,513 | 135,419 | 41,307 | 5,101 | 3,224 | 221,706 | 140,480 | 362,186 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

13. FIXED ASSETS (continued)

- (a) The analysis of net book value of properties is as follows:

| | |
|----------------------------|--------------|
| Outside Hong Kong, held on | 於香港境外以下列方式持有 |
| – freehold | – 永久業權 |
| – medium-term lease | – 中期租賃 |

(b) Investment properties

Investment properties of the group were revalued at 31 December 2003 by an independent firm of surveyors, Vigers Landmart Taiwai Limited, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The revaluation surplus of \$5,235,000 has been transferred to investment properties revaluation reserve (note 30).

(c) Leases

The group leases out investment properties and certain land and buildings under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals.

13. 固定資產 (續)

- (a) 物業之賬面淨值分析如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 185,883 | 181,263 |
| 92,229 | 94,636 |
| 278,112 | 275,899 |

(b) 投資物業

於二零零三年十二月三十一日，本集團之投資物業由獨立測量師行威格斯國際不動產顧問有限公司按公開市值基準重估，且參考可撥回可能產生之收入的租金收入淨額計算。重估盈餘5,235,000元已轉撥至投資物業重估儲備（附註30）。

(c) 租賃

本集團根據經營租賃出租投資物業和若干土地及房屋建築物。該等租賃之初步年期一般為一至五年，並可選擇於重新磋商所有條款當日續租。租金一般會每年增加，以反映市場租金。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

13. FIXED ASSETS (continued)

(c) Leases (continued)

The gross carrying amounts of investment properties of the group held for use in operating leases were \$145,673,000 (2002: \$140,480,000). The gross carrying amount of land and buildings of the group held for use in operating leases was \$12,817,000 (2002: \$9,908,000) and the related accumulated depreciation charge was \$937,000 (2002: \$502,000).

The group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

| | |
|---------------------------------|---------|
| Within 1 year | 一年內 |
| After 1 year but within 5 years | 一年後但五年內 |

- (d) Certain freehold investment properties of the group with a carrying amount of \$141,627,000 (2002: \$137,581,000) are pledged to a bank. The banking facilities granted by the bank were terminated in 2002 but the charge has not been released to facilitate application of banking facilities in the future.
- (e) Certain fixed assets with a total carrying amount of \$22,655,000 (2002: \$10,940,000) were entrusted to the operators of the group's subsidiaries (note 16(c)).

13. 固定資產 (續)

(c) 租賃 (續)

本集團持有作經營租賃用途之投資物業賬面總值為145,673,000元(二零零二年: 140,480,000元)，而本集團持有作經營租賃用途之土地及房屋建築物賬面總值為12,817,000元(二零零二年: 9,908,000元)，而相關累積折舊開支則為937,000元(二零零二年: 502,000元)。

本集團根據不可撤銷經營租賃於日後應收的最低租賃款項總額如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 5,102 | 2,752 |
| 7,939 | 3,248 |
| 13,041 | 6,000 |

- (d) 本集團賬面值141,627,000元(二零零二年: 137,581,000元)之若干具有永久業權之投資物業已抵押予一家銀行。由該家銀行授出之銀行融資已於二零零二年終止，惟有關抵押尚未解除，以便日後申請銀行融資。
- (e) 總賬面值22,655,000元(二零零二年: 10,940,000元)之若干固定資產由本集團旗下附屬公司經營者託管(附註16(c))。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

14. INTANGIBLE ASSETS

14. 無形資產

| | | Patents and trademarks 專利及商標 \$'000 千元 | Web site development costs 網站開發成本 \$'000 千元 | Software costs 軟件成本 \$'000 千元 | Total 總計 \$'000 千元 |
|----------------------------------|-------------------|---|--|---|-----------------------------|
| Costs: | 成本: | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 1,266 | 4,551 | 644 | 6,461 |
| Exchange adjustments | 匯兌調整 | (3) | – | – | (3) |
| Additions | 添置 | 372 | – | 33 | 405 |
| | | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 1,635 | 4,551 | 677 | 6,863 |
| Accumulated amortisation: | 累計攤銷: | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 182 | 910 | 103 | 1,195 |
| Exchange adjustments | 匯兌調整 | (12) | – | – | (12) |
| Charge for the year | 本年度攤銷 | 1,465 | 910 | 102 | 2,477 |
| | | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 1,635 | 1,820 | 205 | 3,660 |
| Net book value: | 賬面淨值: | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | – | 2,731 | 472 | 3,203 |
| | | | | | |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 1,084 | 3,641 | 541 | 5,266 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

15. GOODWILL

15. 商譽

Positive goodwill
正商譽
\$'000
千元

Cost:

成本：

| | | |
|--|-----------------------------|---------------|
| At 1 January 2003 | 於二零零三年一月一日 | 11,360 |
| Exchange adjustments | 匯兌調整 | (2) |
| Additions | 添置 | |
| – acquisition of subsidiary (note 31) | – 收購附屬公司 (附註31) | 6,114 |
| – acquisition of additional equity interests in non-wholly owned subsidiaries (note 16(b)) | – 收購非全資附屬公司額外股本權益 (附註16(b)) | 10,756 |
| | | <hr/> |
| At 31 December 2003 | 於二零零三年十二月三十一日 | <u>28,228</u> |

Accumulated depreciation:

累積折舊：

| | | |
|---------------------------|---------------|--------------|
| At 1 January 2003 | 於二零零三年一月一日 | 160 |
| Exchange adjustments | 匯兌調整 | (2) |
| Amortisation for the year | 本年度攤銷 | 4,445 |
| | | <hr/> |
| At 31 December 2003 | 於二零零三年十二月三十一日 | <u>4,603</u> |

Carrying amount:

賬面值：

| | | |
|---------------------|---------------|---------------|
| At 31 December 2003 | 於二零零三年十二月三十一日 | <u>23,625</u> |
| At 31 December 2002 | 於二零零二年十二月三十一日 | <u>11,200</u> |

Goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life of five years. The amortisation of positive goodwill for the year is included in “administrative expenses” in the consolidated income statement.

商譽以直線法於其估計可使用年期五年於綜合收益表攤銷。本年度之正商譽攤銷則計入綜合收益表「行政開支」內。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES

| | |
|-------------------------------|------------|
| Unlisted shares, at cost | 非上市股份·按成本值 |
| Amounts due from subsidiaries | 應收附屬公司款項 |

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated. All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the group financial statements.

16. 於附屬公司之權益

The company

本公司

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 286,719 | 286,328 |
| 259,903 | 185,199 |
| 546,622 | 471,527 |

應收附屬公司款項為無抵押、免息及無固定還款期。

下表載列對本集團業績、資產或負債有重大影響之附屬公司詳情。除非另有指明，否則所持股份類別均為普通股。所有該等公司均為附註1(c)所界定之所控制附屬公司，並已綜合計入本集團財務報表。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|---|------------|---|---|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Shanghai Natural Beauty Cosmetics Company Limited 上海自然美化粧品有限公司 | | PRC 中國大陸 | US\$29,980,000 美金29,980,000元 | 100% | – | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及 美容產品 |
| Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("NB Sanlian") 上海自然美三聯化粧品有限公司 (「自然美三聯」) | (a) | PRC 中國大陸 | RMB8,000,000 人民幣8,000,000元 | 90% | – | 90% | Wholesale and retail of skin care and beauty products; provision of beauty treatments 批發及零售護膚及 美容產品; 提供美容 護理服務 |
| Shanghai Natural Beauty Qingbo Cosmetics Company Limited ("NB Qingbo") 上海自然美清波化粧品有限公司 (「自然美清波」) | (a) | PRC 中國大陸 | RMB5,000,000 人民幣5,000,000元 | 90% | – | 90% | Wholesale and retail of skin care and beauty products 批發及零售護膚及 美容產品 |
| Shanghai Natural Beauty Fansi Jewellery Company Limited* 上海自然美梵斯珠寶有限公司* | | PRC 中國大陸 | RMB5,000,000 人民幣5,000,000元 | 51% | – | 51% | Sale of jewellery, craftwork, adornment, leather and horologe 銷售珠寶、工藝品、 裝飾品、皮革及鐘錶 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|--|------------|---|---|---|--|---------------------------------------|---|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Xi An Natural Beauty Mingyu Cosmetics Company Limited* 西安自然美明宇化粧品有限公司* | (b) | PRC 中國大陸 | RMB3,000,000 人民幣3,000,000元 | 81% | – | 90% | Sale of skin care and beauty products and related instruments; provision of skin care and beauty consulting 銷售護膚及美容產品及 美容器材等; 提供皮膚 護理及美容諮詢 |
| Qingdao Natural Beauty Ornaments Company Limited* 青島自然美飾品有限公司* | (b) | PRC 中國大陸 | RMB4,000,000 人民幣4,000,000元 | 81% | – | 90% | Sale of skin care and beauty products and adornment 銷售護膚及美容產品 及裝飾品 |
| Nanjing Natural Beauty Cosmetics Company Limited* 南京自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB2,000,000 人民幣2,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Chengdu Natural Beauty Cosmetics Company Limited* 成都自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB2,500,000 人民幣2,500,000元 | 81% | – | 90% | Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting and training 銷售護膚及美容產品; 提供美容護理和護膚 及美容諮詢及培訓 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|---|------------|---|---|---|--|---------------------------------------|---|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Hainan Natural Beauty Cosmetics Company Limited* 海南自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB2,500,000 人民幣2,500,000元 | 81% | – | 90% | Sale of skin care and beauty products; provision of beauty treatments and beauty consulting and training 銷售護膚及美容產品; 提供美容護理和 美容諮詢及培訓 |
| Shenzhen Natural Beauty Cosmetics Company Limited 深圳市自然美化粧品有限公司 | (b), (c) | PRC 中國大陸 | RMB4,000,000 人民幣4,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Haerbin Sanlian Natural Beauty Cosmetics Company Limited ("NB Haerbin")* 哈爾濱三聯自然美化粧品 有限公司 ("自然美哈爾濱")* | (b), (c) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 72% | – | 80% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Ningbo Hai Shu Natural Beauty Cosmetics Company Limited* 寧波海曙自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB3,500,000 人民幣3,500,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|---|------------|---|---|---|--|---------------------------------------|---|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Wuhan Natural Beauty Cultural Development Company Limited* 武漢自然美容文化發展 有限公司* | (b), (c) | PRC 中國大陸 | RMB2,500,000 人民幣2,500,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Jiangxi Natural Beauty Sanlian Cosmetics Company Limited* 江西自然美三聯化粧品有限公司* | (b) | PRC 中國大陸 | RMB3,000,000 人民幣3,000,000元 | 81% | – | 90% | Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting and training 銷售護膚及美容產品; 提供美容護理和護膚 及美容諮詢及培訓 |
| Tianjin Natural Beauty Cosmetics Company Limited* 天津自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB2,000,000 人民幣2,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Wenzhou Natural Beauty Cosmetics Company Limited* 溫州市自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB2,000,000 人民幣2,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|--|------------|---|---|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Beijing Natural Beauty Cosmetics Company Limited ("NB Beijing") 北京自然美化粧品有限公司 (「自然美北京」) | (b), (c) | PRC 中國大陸 | RMB20,000,000 人民幣20,000,000元 | 72% | – | 80% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Kunshan Natural Beauty Sanlian Cosmetics Company Limited* 昆山自然美三聯化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB1,500,000 人民幣1,500,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Longyan Natural Beauty Cosmetics Company Limited* 龍岩自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB800,000 人民幣800,000元 | 81% | – | 90% | Sale of skin care and beauty products and related instruments; provision of skin care and beauty consulting 銷售護膚及美容產品及 美容器材·提供護膚及 美容諮詢 |
| Xiangfan Natural Beauty Cosmetics Company Limited* 襄樊自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|--|------------|---|---|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Taiyuan Natural Beauty Cosmetics Company Limited* 太原市自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 81% | – | 90% | Wholesale and retail of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 批發及零售護膚及美容 產品; 提供美容護理 服務和護膚及美容 諮詢 |
| Changchun Natural Beauty Cosmetics Company Limited* 長春自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,500,000 人民幣1,500,000元 | 81% | – | 90% | Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 銷售護膚及美容產品; 提供美容護理服務和 護膚及美容諮詢 |
| Mudanjiang Natural Beauty Cosmetics Company Limited* 牡丹江市自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB800,000 人民幣800,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Lanzhou Natural Beauty Cosmetics Company Limited* 蘭州自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|---|------------|---|---|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Anshan Natural Beauty Cosmetics Company Limited* 鞍山市自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 81% | – | 90% | Sale of skin care and beauty products and related instruments; provision of skin care and beauty consulting 銷售護膚及美容產品及 美容器材; 提供護膚及 美容諮詢 |
| Henan Natural Beauty Cosmetics Company Limited* 河南自然美化粧品有限公司* | (b), (c) | PRC 中國大陸 | RMB3,000,000 人民幣3,000,000元 | 81% | – | 90% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |
| Suzhou Natural Beauty Cosmetics Company Limited* 蘇州自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,200,000 人民幣1,200,000元 | 81% | – | 90% | Sale of skin care and beauty products and related instruments 銷售護膚及美容產品及 美容器材 |
| Kunming Natural Beauty Cosmetics Company Limited* 昆明自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,000,000 人民幣1,000,000元 | 81% | – | 90% | Wholesale and retail of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 批發及零售護膚及美容 產品; 提供美容護理和 護膚及美容諮詢 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|--|------------|---|---|---|--|---------------------------------------|---|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Fuzhou Natural Beauty Cosmetics Company Limited* 福州自然美化粧品有限公司* | (b) | PRC 中國大陸 | RMB1,500,000 人民幣1,500,000元 | 81% | – | 90% | Wholesale and retail of skin care and beauty products and related instruments; provision of skin care and beauty consulting 批發及零售護膚及美容 產品及美容器材·提供 護膚及美容諮詢 |
| 上海自然美富農化粧品有限公司 | | PRC 中國大陸 | RMB500,000 人民幣500,000元 | 81% | – | 90% | Wholesale and retail of skin care and beauty products 批發及零售護膚及美容 產品 |
| Shanghai Full-Beauty Cosmetics Company Limited* 上海富麗化粧品有限公司* | | PRC 中國大陸 | US\$1,408,000 美金1,408,000元 | 100% | – | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及美容 產品 |
| Tsai Yen Ping Natural Beauty Cosmetics (Shanghai) Company Limited* 蔡燕萍自然美化粧品(上海)有限公司* | | PRC 中國大陸 | US\$180,000 美金180,000元 | 100% | – | 100% | Investment holding 投資控股 |
| Natural Beauty Cosmetics Company Limited ("NB Taiwan") 自然美化粧品股份有限公司(「自然美台灣」) | | Taiwan 台灣 | NT\$670,000,000 新台幣 670,000,000元 | 100% | – | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及美容 產品 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|---|------------|---|--|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Tian Ran Mei Bio-Technology Company Limited 天然美生物科技股份有限公司 | | Taiwan 台灣 | NT\$32,000,000 新台幣 32,000,000元 | 100% | – | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及美容 產品 |
| Da Shun Development Company Limited 達順開發股份有限公司 | | Taiwan 台灣 | NT\$90,000,000 新台幣 90,000,000元 | 100% | – | 100% | Investment holding 投資控股 |
| Jiun Yuh Investment Company Limited 駿鈺投資股份有限公司 | | Taiwan 台灣 | NT\$174,681,140 新台幣 174,681,140元 | 100% | – | 100% | Investment holding 投資控股 |
| Huei Yao Investment Company Limited 輝耀投資股份有限公司 | | Taiwan 台灣 | NT\$234,681,140 新台幣 234,681,140元 | 100% | – | 100% | Investment holding 投資控股 |
| Wan Fang Investment Company Limited 萬方投資股份有限公司 | | Taiwan 台灣 | NT\$242,681,140 新台幣 242,681,140元 | 100% | – | 100% | Investment holding 投資控股 |
| Belem Holdings Sdn. Bhd. | | Malaysia 馬來西亞 | MYR123,235,408 Class B shares MYR10,000 Class A shares B股馬來西亞幣 123,235,408元 A股馬來西亞幣 10,000元 | 100% | 100% | – | Investment holding 投資控股 |
| Billion Synergy Sdn. Bhd.* | | Malaysia 馬來西亞 | MYR2 2馬來西亞幣 | 100% | – | 100% | Wholesale of skin care and beauty products 批發護膚及美容產品 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

16. 於附屬公司之權益 (續)

| Name of company 公司名稱 | Note 附註 | Place of incorporation and operation 註冊成立 及經營地點 | Particular of issued and fully paid up capital/ registered capital 已發行繳足股本/ 註冊資本詳情 | Proportion of ownership interest 擁有權益比例 | | | Principal activity 主要業務 |
|--|------------|---|---|---|--|---------------------------------------|--|
| | | | | group's effective interest 本集團 實際權益 | held by the company 本公司 所持權益 | held by subsidiary 附屬公司 所持權益 | |
| Ice Crystal Management Limited* 水晶管理有限公司* | | British Virgin Islands ("BVI") 英屬維京群島 (「英屬維京群島」) | US\$52,000 美金52,000元 | 100% | 100% | – | Investment holding 投資控股 |
| Great Glamour Company Limited* | | BVI 英屬維京群島 | US\$50,000 美金50,000元 | 100% | 100% | – | Investment holding 投資控股 |
| Next Success International Limited* | | BVI 英屬維京群島 | US\$50,000 美金50,000元 | 100% | 100% | – | Investment holding 投資控股 |
| Fortune Investment Global Limited* | | BVI 英屬維京群島 | US\$50,000 美金50,000元 | 100% | 100% | – | Investment holding 投資控股 |
| Natural Beauty Bio-Technology (Hong Kong) Company Limited ("NB Hong Kong") 自然美生物科技(香港)有限公司 (「香港自然美」) | (c) | Hong Kong 香港 | HK\$10,000 10,000港元 | 100% | – | 100% | Sale of cosmetic products and provision of beauty treatments 銷售美容產品及提供 美容護理 |

* Company not audited by KPMG.

* 並非由畢馬威會計師事務所審核之公司。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

Notes:

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

| Name 名稱 | | Fixed amount per annum 每年預設固定分利 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 |

(b) Acquisition of additional equity interests in non-wholly owned subsidiaries

On 10 September 2002, 8 October 2002 and 28 October 2002, NB Sanlian and Chong Ming Sanlian Investment Development Company ("Chong Ming Sanlian"), an independent third party, entered into 25 Sales and Purchase Agreements ("S&P Agreements") with the respective minority shareholders ("Vendors") of the group's subsidiaries in the PRC (the "PRC subsidiaries") to acquire the equity interests of the PRC subsidiaries owned by the vendors for a total consideration of \$57,921,000 (of which the portion relating to the equity interests to be acquired by the group amounted to \$41,106,000), and to assume all management and operation rights of the PRC subsidiaries.

As of 31 December 2002, the acquisition of 11 PRC subsidiaries at a total consideration of \$21,217,000 was completed. The acquisition of the remaining 14 PRC subsidiaries, was completed during the year ended 31 December 2003 at a total consideration of \$19,889,000.

16. 於附屬公司之權益 (續)

附註:

- (a) 本集團與自然美三聯及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／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定額款項於綜合收益表確認為少數股東權益。

(b) 收購非全資附屬公司之額外股本權益

於二零零二年九月十日、二零零二年十月八日及二零零二年十月二十八日，自然美三聯及獨立第三方崇明縣三聯投資發展公司（「崇明三聯」）與本集團旗下中國大陸附屬公司（「中國大陸附屬公司」）各自之少數股東（「賣方」）訂立25項買賣協議（「買賣協議」），以收購賣方擁有之中國大陸附屬公司股本權益，總代價為57,921,000元（當中涉及本集團將予收購之股本權益合共41,106,000元），並承擔中國大陸附屬公司全部管理及經營權。

於二零零二年十二月三十一日，已完成收購11間中國大陸附屬公司，總代價為21,217,000元。收購其餘14間中國大陸附屬公司，已於截至二零零三年十二月三十一日止年度完成，總代價為19,889,000元。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

Notes: (continued)

(b) Acquisition of additional equity interests in non-wholly owned subsidiaries (continued)

Following these acquisitions, NB Sanlian owns 80% of NB Beijing and NB Haerbin and 90% of the other 23 PRC subsidiaries, and Chong Ming Sanlian owns the remaining 20% of NB Beijing and NB Haerbin and 10% of the other 23 PRC subsidiaries.

Each of the 25 acquisitions was negotiated with the 25 minority shareholders independently on an arm's length basis and on normal commercial terms. The consideration was determined based on 200% of the net asset value of the respective PRC subsidiary attributable to the equity interest acquired as at 1 July 2002 as verified by a firm of PRC certified public accountants.

In accordance with the S&P Agreements, NB Sanlian started to share the results of the PRC subsidiaries according to the new shareholding percentages from 1 July 2002.

(c) Assets entrustment agreements

In July 2002, NB Beijing entered into an Assets Entrustment Agreement with Ms Wang On Cheung (the "Operator"). Pursuant to the agreement, NB Beijing appointed the Operator to manage and operate its entire business (the "Entrusted Assets"), including the provision of SPA and beauty services, the sale of beauty and skin care products, the provision of beauty training courses and the provision of assistance to NB Beijing in the development of the franchise network. The appointment of the Operator is effective for a period of five years and the operator is required to pay NB Beijing an annual fee which is determined with reference to the net asset value of NB Beijing at the date of the agreement. The Operator is entitled to retain any profits and is obligated to bear any losses, excluding the depreciation of fixed assets, arising from the Entrusted Assets under the Operator's management and operation. NB Beijing retains the title to the fixed assets. As security for the Operator's obligations under the agreement, the Operator is required to place a security deposit with NB Beijing. Ms Wang On Cheung was a director of NB Beijing until her resignation on 15 September 2002.

16. 於附屬公司之權益 (續)

附註: (續)

(b) 收購非全資附屬公司之額外股本權益 (續)

於收購後，自然美三聯擁有自然美北京及自然美哈爾濱之80%權益及其他23間中國大陸附屬公司之90%權益，而崇明三聯擁有自然美北京及自然美哈爾濱其餘20%權益及其他23間中國大陸附屬公司其餘10%權益。

本公司已就該25項收購與25名少數股東按公平磋商基準及一般商業條款獨立磋商。代價根據各中國大陸附屬公司應佔所收購股本權益於二零零二年七月一日的資產淨值（經中國大陸執業會計師核實）的200%釐定。

根據買賣協議，由二零零二年七月一日起，自然美三聯開始按照其新股權比例分享中國大陸附屬公司的業績。

(c) 資產委託經營協議

於二零零二年七月，自然美北京與王安祥女士（「經營者」）訂立資產委託經營協議。根據該協議，自然美北京委任經營者管理及經營其全部業務（「受託管資產」），包括提供SPA及美容服務、銷售美容及護膚產品、提供美容培訓課程及就發展加盟經營網絡向自然美北京提供支援。經營者任期為期五年，而經營者須向自然美北京支付年費，有關年費經參考自然美北京於協議日期之資產淨值釐定。經營者有權保留產生自經營者管理及經營之受託管資產的任何溢利，亦須承擔任何有關虧損，惟不包括固定資產折舊。自然美北京保留固定資產所有權。作為經營者根據該協議須承擔責任之抵押，經營者須向自然美北京提供保證金。王安祥女士為自然美北京董事，直至彼於二零零二年九月十五日辭任為止。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

16. INTEREST IN SUBSIDIARIES (continued)

Notes: (continued)

(c) Assets entrustment agreements (continued)

In addition to the above, certain other subsidiaries have also entered into Assets Entrustment Agreements with various operators on terms similar to those described above. Some of the operators were the former minority shareholders of the subsidiaries concerned. In addition to the annual entrustment fees, certain assets of the subsidiaries such as inventories, trade receivables etc at the date of the agreement were transferred to the operators for a total consideration of approximately \$19,379,000 payable in instalments over the next five years.

The Operator of NB Hong Kong was Ms Niu Jia Lin, a former general manager of NB Hong Kong. In March 2004, the assets entrustment agreement was assumed by Ms Wang On Cheung, the operator of NB Beijing.

The impact of the assets entrustment agreements on the financial statements are summarised as follows:

| | |
|--|--------------|
| Net book value of fixed assets entrusted | 受託管固定資產之賬面淨值 |
| Assets transferred to operators | 轉讓予經營者之資產 |
| Entrustment fee income for the year | 本年度委託經營收益 |

As at 31 December, the following outstanding balances arising from the assets entrustment agreements with operators are included as other receivables in the balance sheet:

| | |
|---|-------------------------|
| Entrustment fees receivable | 應收委託經營收益 |
| Consideration receivable for transfer of assets to operators included under other receivables | 轉讓資產予經營者之應收代價(列作其他應收賬款) |
| – due within one year | — 一年內到期 |
| – due after more than one year | — 一年後到期 |

16. 於附屬公司之權益 (續)

附註: (續)

(c) 資產委託經營協議 (續)

除上述者外，若干其他附屬公司亦按與上述相若之條款與多名經營者訂立資產委託經營協議。若干經營者為有關附屬公司的前少數股東。除年度委託經營收益外，該等附屬公司於協議日期之存貨及貿易應收賬款等若干資產已轉讓予經營者，總代價約為19,379,000元，將於未來五年分期支付。

香港自然美之經營者為香港自然美前總經理牛嘉林女士。於二零零四年三月，資產委託經營協議由自然美北京經營者王安祥女士承擔。

資產委託經營協議對財務報表之影響概述如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 22,655 | 10,940 |
| 19,379 | — |
| 4,784 | 1,979 |

於十二月三十一日，以下產生自資產委託經營協議之經營者未償還結餘已計入資產負債表列作其他應收賬款：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 4,732 | 1,979 |
| 6,134 | — |
| 8,739 | — |
| 19,605 | 1,979 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

17. INTEREST IN ASSOCIATE

17. 於聯營公司之權益

| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|---------------------|--------|-------------------------------|-------------------------------|
| Share of net assets | 應佔資產淨值 | 942 | 942 |

The particulars of the associate, which is an unlisted corporate entity, are as follows:

聯營公司為非上市企業實體，詳情如下：

| Name of associate 聯營公司名稱 | Form of business structure 業務結構模式 | Place of incorporation and operation 註冊成立及經營地點 | Particulars of paid-in capital 繳入資本詳情 | Interest held indirectly 間接持有權益 | Principal activity 主要業務 |
|--|--------------------------------------|---|--|------------------------------------|-----------------------------------|
| Shanghai Rui Mei Medical and Health-care Company Limited | Incorporated | PRC | RMB5,000,000 | 20% | Provision of health care services |
| 上海瑞美醫療保健有限公司 | 註冊成立 | 中國大陸 | 人民幣 5,000,000元 | | 提供健康護理服務 |

18. INVESTMENT SECURITIES

18. 投資證券

| | | The group 本集團 | | The company 本公司 | |
|----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
| Unlisted equity securities | 非上市股本證券 | 11,282 | 11,282 | 6,786 | 6,786 |

The directors have reviewed the carrying amounts of these investments and consider that provisions are not required.

董事已審閱該等投資的賬面值，並認為毋須作出撥備。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

19. OTHER ASSETS

Other assets represent the consideration paid for acquisition of additional equity interests in certain non-wholly owned subsidiaries at 31 December 2002 (note 16(b)). The acquisitions were completed in 2003 and the amounts capitalised as investments in subsidiaries.

20. CURRENT INVESTMENTS

Other securities (at market value) 其他證券(按市值)
Listed equity securities 香港以外地區之
outside Hong Kong 上市股本證券

21. INVENTORIES

Raw materials 原材料
Work in progress 在產品
Finished goods 產成品

Included in the above balance are inventories of \$8,934,000 (2002: \$8,107,000), stated net of a general provision, made in order to state these inventories at the lower of their cost and estimated net realisable value.

19. 其他資產

其他資產指於二零零二年十二月三十一日收購若干非全資附屬公司之額外股本權益之所付代價(附註16(b))。該等收購已於二零零三年完成，有關款項撥充資本，列為於附屬公司之投資。

20. 現有投資

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 67,642 | 88,133 |

21. 存貨

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 30,139 | 24,778 |
| 2,738 | 2,065 |
| 29,829 | 25,875 |
| 62,706 | 52,718 |

上述結餘包括存貨8,934,000元(二零零二年:8,107,000元)，乃按有關存貨成本及估計可變現淨值之較低者，經扣除一段撥備數額列賬。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

22. TRADE AND OTHER RECEIVABLES

22. 貿易及其他應收賬款

| | | The group | | The company | |
|------------------------------|-------------|----------------|----------------|--------------|------------|
| | | 本集團 | | 本公司 | |
| | | 2003 | 2002 | 2003 | 2002 |
| | | 二零零三年 | 二零零二年 | 二零零三年 | 二零零二年 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| | | 千元 | 千元 | 千元 | 千元 |
| Trade receivables | 貿易應收賬款 | 68,254 | 47,962 | - | - |
| Prepayments and deposits | 預付款項及押金 | 27,405 | 29,894 | - | - |
| Advances to third parties | 墊款予第三方 | 208 | 6,841 | - | - |
| Financial refunds receivable | 應收財務退款(附註3) | | | | |
| (note 3) | | 11,839 | 3,299 | - | - |
| Other receivables | 其他應收賬款 | 22,953 | 13,136 | 1,836 | 424 |
| | | 130,659 | 101,132 | 1,836 | 424 |

The ageing analysis of trade receivables is as follows:

貿易應收賬款賬齡分析如下:

| | | 2003 | 2002 |
|-----------------|--------|---------------|---------------|
| | | 二零零三年 | 二零零二年 |
| | | \$'000 | \$'000 |
| | | 千元 | 千元 |
| Within 6 months | 6個月內 | 63,249 | 47,962 |
| 6 to 12 months | 6至12個月 | 4,171 | - |
| 1 to 2 years | 1至2年 | 669 | - |
| Over 2 years | 2年以上 | 165 | - |
| | | 68,254 | 47,962 |

Trade receivables, which generally have terms of one to six months, are recognised in the balance sheet at original invoice amounts less provisions for overdue debts which are considered by the directors as doubtful.

貿易應收賬款一般信貸期為一至六個月，乃按原發票值減董事認為屬呆賬之逾期債務撥備，於資產負債表確認。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

23. CASH AND CASH EQUIVALENTS

| | |
|---|-----------------|
| Deposits with banks and other financial institutions | 銀行及其他 財務機構存款 |
| Cash at bank and in hand | 銀行及手頭現金 |

23. 現金及現金等價物

| The group | | The company | |
|----------------|----------------|--------------|---------------|
| 本集團 | | 本公司 | |
| 2003 | 2002 | 2003 | 2002 |
| 二零零三年 | 二零零二年 | 二零零三年 | 二零零二年 |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 千元 | 千元 | 千元 | 千元 |
| 7,967 | 60,144 | 7,967 | 60,144 |
| 162,298 | 156,634 | - | - |
| 170,265 | 216,778 | 7,967 | 60,144 |

24. TRADE AND OTHER PAYABLES

| | |
|-----------------------------------|----------|
| Amounts due to subsidiaries | 應付附屬公司賬款 |
| Amounts due to related parties | 應付關連公司賬款 |
| Trade payable | 貿易應付賬款 |
| Deposits from customers | 客戶按金 |
| Other taxes payables | 其他應付稅項開支 |
| Other payables | 其他應付賬款 |

24. 貿易及其他應付賬款

| The group | | The company | |
|---------------|---------------|--------------|--------------|
| 本集團 | | 本公司 | |
| 2003 | 2002 | 2003 | 2002 |
| 二零零三年 | 二零零二年 | 二零零三年 | 二零零二年 |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 千元 | 千元 | 千元 | 千元 |
| - | - | 523 | - |
| 29 | 716 | - | 716 |
| 7,423 | 15,001 | - | - |
| 7,568 | 11,675 | - | - |
| 9,640 | 9,323 | - | - |
| 29,015 | 32,772 | 1,777 | 700 |
| 53,675 | 69,487 | 2,300 | 1,416 |

Amounts due to subsidiaries and related parties are unsecured, interest free and repayable on demand.

All of the other trade and other payables are expected to be settled within one year.

應付附屬公司及關連公司賬款為無抵押、免息並須按要求還款。

預期所有其他貿易及其他應付賬款將於一年內清還。

Notes on the Financial Statements
財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

24. TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables is as follows:

| | |
|--------------------|--------|
| Within 6 months | 6個月內 |
| 6 months to 1 year | 6個月至1年 |
| 1 to 2 years | 1至2年 |

24. 貿易及其他應付賬款 (續)

貿易應付賬款之賬齡分析如下:

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 7,301 | 14,998 |
| 103 | 3 |
| 19 | — |
| 7,423 | 15,001 |

25. DEFERRED INCOME

| | |
|--|-------------------------|
| Prepaid treatment fees | 預付療程費 |
| Gross profit from barter transactions (note 1(q)(iv)) | 互換交易之毛利 (附註1(q)(iv)) |

25. 遞延收益

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 4,771 | 13,326 |
| 473 | 5,320 |
| 5,244 | 18,646 |

26. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plan

The group's Taiwan subsidiaries participate in a central pension scheme providing benefits to all employees in accordance with the Labour Standards Law (as amended) in Taiwan. The Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned. The Group currently contributes at 2% of the total salaries as determined and approved by the relevant government authorities.

26. 僱員退休福利

(a) 定額福利退休計劃

本集團台灣附屬公司根據台灣勞動基準法(經修訂)參加中央退休金計劃,向全體僱員提供福利。本集團有責任保證計劃有充裕資金支付僱員應獲得之福利。本集團現按有關政府當局釐定及批准之百分比就全部薪金作出2%供款。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

26. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plan (continued)

The group's net obligation in respect of the pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. An actuarial valuation as at 31 December 2003 was carried out by a qualified staff member of PricewaterhouseCoopers Taiwan, who is a member of the Taiwan Enrolled Pension Actuary. The actuarial valuation indicates that the group's obligations under this defined benefit retirement scheme are 21% (2002: 22%) covered by the deposits paid with the Central Trust of China, a government institution.

- (i) The amounts recognised in the balance sheet are as follows:

| | |
|---|--------------------|
| Present value of obligations | 債務現值 |
| Fair value of plan assets | 計劃資產公平值 |
| Net unrecognised actuarial gains/(losses) | 未確認精算收益／ (虧損)淨額 |

26. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

本集團就退休金計劃承擔之債務淨額，乃按僱員現時及過往期間就提供服務應獲得之日後福利估計金額計算，有關福利會折算以釐訂現值，而任何計劃資產之公平值則會被扣減。有關計算由合資格精算師採用預計單位給付成本法計算。於二零零三年十二月三十一日之精算估值由資誠會計師事務所之合資格員工進行，彼為Taiwan Enrolled Pension Actuary之會員。精算估值顯示，定額福利退休計劃項下之集團債務為21%（二零零二年：22%），由已付政府機構中央信託局之按金填補。

- (i) 於資產負債表已確認之金額如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 9,755 | 10,313 |
| (2,001) | (2,222) |
| 622 | (493) |
| 8,376 | 7,598 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

26. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plan (continued)

(i) (continued)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Movements in the net liability recognised in the balance sheet are as follows:

26. 僱員退休福利 (續)

(a) 定額福利退休計劃 (續)

(i) (續)

上述部分負債預期於一年後支付。然而，分開處理該等金額以及未來十二個月之應付金額並不切實際，原因為日後供款亦將與日後提供之服務、精算假設之未來變動及市況有關。

(ii) 於資產負債表確認之負債淨額變動如下：

| | |
|---|--------------------|
| At 1 January | 於一月一日 |
| Contributions paid to scheme | 已付計劃供款 |
| Expenses recognised in the income statement (note 4(b)) | 於收益表確認之開支 (附註4(b)) |
| Exchange adjustments | 匯兌調整 |
| At 31 December | 於十二月三十一日 |

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 7,598 | 6,776 |
| (360) | (351) |
| 1,138 | 1,102 |
| — | 71 |
| 8,376 | 7,598 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

26. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plan (continued)

- (iii) Expenses recognised in the consolidated income statement are as follows:

| | |
|--|-------------|
| Current service cost | 現時服務成本 |
| Interest cost | 利息成本 |
| Actuarial expected return on plan assets | 計劃資產之精算預期回報 |
| Net actuarial losses recognised | 已確認精算虧損淨額 |

The expenses are recognised in the following line items in the consolidated income statement:

| | |
|-------------------------|------|
| Cost of sales | 銷售成本 |
| Distribution costs | 分銷成本 |
| Administrative expenses | 行政開支 |

The actual return on plan assets (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was net income of \$29,000 (2002: \$31,000).

26. 僱員退休福利 (續)

(a) 定額福利退休計劃 (續)

- (iii) 於綜合收益表確認之開支如下：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 1,086 | 867 |
| 384 | 327 |
| (72) | (45) |
| (260) | (47) |
| 1,138 | 1,102 |

於綜合收益表確認之以下項目開支：

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 781 | 718 |
| 317 | 265 |
| 40 | 119 |
| 1,138 | 1,102 |

計劃資產之實際回報 (經計及計劃資產公平值之所有變動，惟不包括已付及已收供款) 為收入淨額29,000元 (二零零二年：31,000元)。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

26. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plan (continued)

- (iv) The principal actuarial assumptions used were as at 31 December 2003 (expressed as weighted averages) are as follows:

| | |
|--|-----------|
| Discount rate | 折讓率 |
| Expected rate of return on plan assets | 計劃資產預期回報率 |
| Future salary increases | 未來薪金增加 |

(b) Defined contribution retirement plans

- (i) The group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

26. 僱員退休福利 (續)

(a) 定額福利退休計劃 (續)

- (iv) 於二零零三年十二月三十一日採用之主要精算假設 (以加權平均數列示) 如下:

| 2003 二零零三年 | 2002 二零零二年 |
|---------------|---------------|
| 3.50% | 3.75% |
| 2.75% | 3.75% |
| 2.50% | 2.50% |

(b) 定額供款退休計劃

- (i) 本集團亦根據香港強制性公積金計劃條例為於香港僱傭條例內所列司法權區所聘用之員工設立強制性公積金計劃 (「強積金計劃」)。強積金計劃為由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及僱員各自須向計劃作出佔僱員有關收入5%之供款，每月有關收入上限為20,000元。計劃供款即時撥歸僱員所有。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

26. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Defined contribution retirement plans

(continued)

- (ii) As stipulated by the regulations of the PRC, the group participates in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The group is required to make contributions to the retirement plans which are calculated based on certain prescribed rates and the salaries, bonuses and certain allowances of its PRC employees. The group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

27. EQUITY COMPENSATION BENEFITS

Pursuant to the company's share option scheme approved by a resolution of the shareholders of the company dated 11 March 2002 (the "Share Option Scheme"), the company may grant options to full-time employees (including executive or non-executive directors) of the company or its subsidiaries to subscribe for the shares at a consideration of HK\$1 for each lot of share options granted. The Share Option Scheme will remain valid for a period of 10 years commencing on 11 March 2002. Options granted may be exercised during such period as would be determined by the board of directors of the company and notified to each grantee upon grant of the option, but in any event not later than 10 years from the date of grant of the option. The subscription price for shares under the Share Option Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the higher of (a) the closing price of the shares as stated in the SEHK's daily quotations sheet on the date of grant of the option, which must be a business day; and (b) the average of the closing price of the shares as stated in the SEHK's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

No options have been granted by the company under the share option scheme since its adoption.

26. 僱員退休福利 (續)

(b) 定額供款退休計劃

(續)

- (ii) 本集團已根據中國法規規定為其中國僱員參加各個由有關當局組成之定額供款退休計劃。本集團須按若干指定比率及其中國僱員之薪金、花紅與若干津貼向退休計劃供款。除上述之年度供款外，本集團並無與該等計劃有關之其他退休福利供款重大責任。

27. 股本補償福利

根據本公司股東通過日期為二零零二年三月十一日之決議案所批准本公司購股權計劃（「購股權計劃」），本公司可向本公司或其附屬公司全職僱員（包括執行或非執行董事）授出購股權，就每份獲授之購股權按每股1港元之代價認購股份。購股權計劃自二零零二年三月十一日起10年期間內仍然有效。已授出之購股權可於本公司董事會釐訂之該等期間予以行使，並於授出購股權時知會各承授人，惟於任何情況下不得遲於購股權授出日期起計10年。購股權計劃項下之股份認購價可由董事會全權酌情釐訂，惟於任何情況下不得低於以下最高者：(a)授出購股權當日（必須為營業日）香港聯交所每日報價表所報股份收市價；及(b)緊接授出有關購股權日期前五個營業日香港聯交所每日報價表所報股份平均收市價。

自採納購股權計劃起，本公司並無根據該計劃授出任何購股權。

Notes on the Financial Statements
財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

28. INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the balance sheet represents:

28. 資產負債表之所得稅

(a) 資產負債表之即期稅項指：

| | | The group 本集團 | |
|-------------------------------------|---------|-------------------------------|-------------------------------|
| | | 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
| Provision for Hong Kong Profits Tax | 香港利得稅撥備 | — | — |
| Taxation outside Hong Kong | 香港境外稅項 | 13,532 | 11,303 |
| | | 13,532 | 11,303 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

28. INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised:

The group

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the year are as follows:

| | | Provision for bad and doubtful debts 呆壞賬撥備 \$'000 千元 | Revaluation of properties 重估物業 \$'000 千元 | Tax losses brought forward 承前 稅項虧損 \$'000 千元 | Defined benefit liability 界定 福利負債 \$'000 千元 | Unrealised profits on inventories 未實現 存貨溢利 \$'000 千元 | Other short-term temporary differences 其他短期 暫時差額 \$'000 千元 | Total 總計 \$'000 千元 |
|---|---------------------------|---|---|---|---|--|---|-----------------------------|
| Deferred tax arising from: | 遞延稅項源自： | | | | | | | |
| At 1 January 2002 | 於二零零二年 一月一日 | | | | | | | |
| - as previously reported | - 如以往呈報 | - | 1,022 | - | (1,694) | - | (348) | (1,020) |
| - prior period adjustments | - 上期調整 | (199) | 294 | - | - | (7,799) | 17 | (7,687) |
| - as restated | - 重列 | (199) | 1,316 | - | (1,694) | (7,799) | (331) | (8,707) |
| Charged/(credited) to consolidated income statement | 於綜合收益表 扣除/(計入) | (142) | 101 | (126) | (195) | (1,185) | 3 | (1,544) |
| Credited to reserves (note 30) | 於儲備計入 (附註30) | - | (211) | - | - | - | - | (211) |
| Exchange adjustments | 匯兌調整 | - | - | - | (19) | - | (9) | (28) |
| At 31 December 2002 (restated) | 於二零零二年 十二月三十一日 (重列) | (341) | 1,206 | (126) | (1,908) | (8,984) | (337) | (10,490) |
| At 1 January 2003 | 於二零零三年 一月一日 | | | | | | | |
| - as previously reported | - 如早前呈報 | - | 1,280 | (126) | (1,908) | - | (52) | (806) |
| - prior period adjustments | - 上期調整 | (341) | (74) | - | - | (8,984) | (285) | (9,684) |
| - as restated | - 重列 | (341) | 1,206 | (126) | (1,908) | (8,984) | (337) | (10,490) |
| Charged/(credited) to consolidated income statement | 於綜合收益表 扣除/(計入) | (405) | 102 | - | (186) | 1,582 | (976) | 117 |
| Charged to reserves (note 30) | 於儲備扣除 (附註30) | - | 539 | - | - | - | - | 539 |
| Exchange adjustments | 匯兌調整 | - | - | - | - | - | 9 | 9 |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | (746) | 1,847 | (126) | (2,094) | (7,402) | (1,304) | (9,825) |

28. 資產負債表之所得稅(續)

(b) 已確認之遞延稅項資產及負債：

本集團

於資產負債表確認之遞延稅項(資產)/負債組成部分及年內變動如下：

Notes on the Financial Statements
財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

28. INCOME TAX IN THE BALANCE SHEET (continued)

- (b) Deferred tax assets and liabilities recognised:
(continued)

| | |
|--|-----------------------|
| Net deferred tax asset recognised on the balance sheet | 於資產負債表確認之 遞延稅項資產淨值 |
| Net deferred tax liability recognised on the balance sheet | 於資產負債表確認之 遞延稅項負債淨值 |

- (c) Deferred tax assets not recognised:
The group has not recognised deferred tax assets in respect of tax losses of \$50,742,000 (2002: \$26,696,000). The Hong Kong tax losses of \$14,859,000 (2002: \$12,120,000) do not expire under the current tax legislation in Hong Kong and all other tax losses will expire in 2004 to 2008.

28. 資產負債表之所得稅 (續)

- (b) 已確認之遞延稅項資產及負債: (續)

| The group 本集團 | |
|-------------------------------|-------------------------------|
| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
| (11,672) | (11,696) |
| 1,847 | 1,206 |
| (9,825) | (10,490) |

- (c) 未確認遞延稅項資產:
本集團並無就稅項虧損 50,742,000 元 (二零零二年: 26,696,000 元) 確認遞延稅項資產。根據香港現行稅務法例, 香港稅項虧損 14,859,000 元 (二零零二年: 12,120,000 元) 並未屆滿, 而所有其他稅項虧損則將於二零零四年至二零零八年屆滿。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

29. SHARE CAPITAL

29. 股本

| | | 2003 二零零三年 | | 2002 二零零二年 | |
|---|----------------------|-----------------------|--------------------|-----------------------|----------------|
| | | No. of shares 股份數目 | \$ 元 | No. of shares 股份數目 | \$ 元 |
| Authorised: | 法定股本： | | | | |
| Ordinary shares of \$0.1 each | 每股面值0.1元 之普通股 | 4,000,000,000 | 400,000,000 | 4,000,000,000 | 400,000,000 |
| Issued and fully paid: | 已發行及繳足： | | | | |
| At 1 January/incorporation | 於一月一日／ 註冊成立 | 2,000,000,000 | 200,000,000 | 1 | 0.10 |
| Capitalisation issue (note (a)) | 資本化發行 (附註(a)) | - | - | 1,499,999,999 | 149,999,999.90 |
| New issue on public offer (note (b)) | 公開發售時發行新股 (附註(b)) | - | - | 500,000,000 | 50,000,000.00 |
| At 31 December | 於十二月三十一日 | 2,000,000,000 | 200,000,000 | 2,000,000,000 | 200,000,000.00 |

Notes:

(a) Pursuant to a written resolution of the sole shareholder of the company passed on 11 March 2002, the authorised share capital of the company was increased from \$390,000 to \$400,000,000 by the creation of an additional 3,996,100,000 new shares. On the same date, pursuant to a group reorganisation in connection with the listing of the company's shares on SEHK, the company allotted and issued:

- (i) 1,118,595 shares, credited as fully paid at par, to Efficient Market Investments Limited ("Efficient Market") in consideration for the acquisition of 45,500 shares and 6,500 shares of US\$1 each in Ice Crystal Management Limited ("Ice Crystal"), representing the entire issued share capital of Ice Crystal, from Dr Tsai Yen Yu and Su Chien-Cheng respectively;

附註：

(a) 根據本公司唯一股東於二零零二年三月十一日通過的書面決議案，本公司法定股本藉新增3,996,100,000股新股份由390,000元增至400,000,000元。同日，根據就本公司股份於香港聯交所上市而進行之集團重組，本公司配發及發行：

- (i) 1,118,595股按面值入賬列為繳足之股份予 Efficient Market Investments Limited (「Efficient Market」)，作為向蔡燕玉博士及蘇建誠分別收購水晶管理有限公司(「水晶管理」)每股面值美金1元的股份45,500股及6,500股(相當於水晶管理全部已發行股本)的代價；

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

29. SHARE CAPITAL (continued)

Notes: (continued)

- (ii) 2,781,403 shares, credited as fully paid at par, to Efficient Market in consideration for the conversion of 123,235,408 issued shares in the capital of Belem held by Efficient Market to Class B shares;

- (iii) 1 share credited as fully paid, to Efficient Market at the direction of Dr Tsai, Lee Ming-Ta, Su Chien-Cheng and Su Sh-Hsyu in consideration for the transfer of 12,500 shares of US\$1 each in Great Glamour Company Limited ("Great Glamour"), representing the entire issued share capital of Great Glamour, from each of Dr Tsai, Lee Ming-Ta, Su Chien-Cheng and Su Sh-Hsyu to the company; and

- (iv) 1,496,100,000 shares credited as fully paid to Efficient Market by capitalising the share premium account of the company.

The value of shares of the subsidiaries received as determined by the directors in excess of the par value of shares issued to Efficient Market amounting to \$136,328,000 was capitalised as share premium.

- (b) On 28 March 2002, 450,000,000 shares were issued under private placement and 50,000,000 shares were issued to public, all at a premium of \$0.45 each.

29. 股本 (續)

附註: (續)

- (ii) 2,781,403股按面值入賬列為繳足之股份予Efficient Market，作為將Efficient Market所持有Belem股本中的123,235,408股已發行股份兌換為B股的代價；

- (iii) 按蔡博士、李明達、蘇建誠及蘇詩琇的指示配發及發行一股入賬列為繳足之股份予Efficient Market，作為由蔡博士、李明達、蘇建誠及蘇詩琇各自將12,500股每股面值美金1元的Great Glamour Company Limited (「Great Glamour」) 股份 (相當於Great Glamour全部已發行股本) 轉讓予本公司的代價；及

- (iv) 藉將本公司股份溢價賬撥充資本，向Efficient Market配發及發行1,496,100,000股入賬列為繳足之股份。

由附屬公司收取，並經董事釐定為超出發行予Efficient Market之股份面值之136,328,000元股份價值已經撥充股份溢價。

- (b) 於二零零二年三月二十八日，本公司以私人配售形式發行450,000,000股股份，以及向公眾人士發行50,000,000股股份，全部股份以溢價每股0.45元配發。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

30. RESERVES

The group

30. 儲備

本集團

| | | Capital surplus 資本盈餘 \$'000 千元 | Share premium 股份溢價 \$'000 千元 | Investment properties revaluation reserve 投資物業 重估儲備 \$'000 千元 | Statutory reserve 法定儲備 \$'000 千元 | Exchange reserves 外匯儲備 \$'000 千元 | Retained profits 保留溢利 \$'000 千元 | Total 總計 \$'000 千元 |
|--|--------------------------------------|--|--|--|--|--|---|-----------------------------|
| At 1 January 2002 | 於二零零二年一月一日 | | | | | | | |
| - as previously reported | - 如以往呈報 | 42,554 | - | 12,243 | 28,402 | (20,796) | 105,612 | 168,015 |
| - prior period adjustments in respect of deferred tax (note 11) | - 有關遞延稅項之 過往期間調整 (附註11) | - | - | (869) | - | - | 8,556 | 7,687 |
| - as restated | - 重列 | 42,554 | - | 11,374 | 28,402 | (20,796) | 114,168 | 175,702 |
| Exchange difference on translation of financial statements of overseas subsidiaries | 海外附屬公司之財務 報表匯兌折算差額 | - | - | - | - | 2,890 | - | 2,890 |
| Premium arising from new shares issued on 11 March 2002 (note 29) | 於二零零二年三月十一日 發行新股份所產生溢價 (附註29) | - | 136,328 | - | - | - | - | 136,328 |
| Premium arising from new shares issued on 28 March 2002 (note 29) | 於二零零二年三月二十八日 發行新股份所產生溢價 (附註29) | - | 225,000 | - | - | - | - | 225,000 |
| Share issuance expenses | 發行股份費用 | - | (24,570) | - | - | - | - | (24,570) |
| Revaluation deficits, net of \$211,000 deferred tax (note 28) | 重估虧絀，已扣除遞延稅項 211,000元 (附註28) | - | - | (1,834) | - | - | - | (1,834) |
| Profit for the year (as restated) | 本年度溢利 (重列) | - | - | - | - | - | 68,258 | 68,258 |
| Transfer to statutory reserve | 轉撥至法定儲備 | - | - | - | 15,932 | - | (15,932) | - |
| Dividends declared in respect of the current year (note 9) | 本年度已宣派股利 (附註9) | - | - | - | - | - | (37,960) | (37,960) |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 42,554 | 336,758 | 9,540 | 44,334 | (17,906) | 128,534 | 543,814 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

30. RESERVES (continued)

The group (continued)

30. 儲備 (續)

本集團 (續)

| | | Capital surplus 資本盈餘 \$'000 千元 | Share premium 股份溢價 \$'000 千元 | Investment properties revaluation reserve 投資物業 重估儲備 \$'000 千元 | Statutory reserve 法定儲備 \$'000 千元 | Exchange reserves 外匯儲備 \$'000 千元 | Retained profits 保留溢利 \$'000 千元 | Total 總計 \$'000 千元 |
|--|---|--|--|--|--|--|---|-----------------------------|
| At 1 January 2003 | 於二零零三年一月一日 | | | | | | | |
| - as previously reported | - 如以往呈報 | 42,554 | 336,758 | 10,198 | 44,334 | (17,906) | 118,192 | 534,130 |
| - prior period adjustments in respect of deferred tax (note 11) | - 有關遞延稅項之 過往期間調整 (附註11) | - | - | (658) | - | - | 10,342 | 9,684 |
| - as restated | - 重列 | 42,554 | 336,758 | 9,540 | 44,334 | (17,906) | 128,534 | 543,814 |
| Dividends approved in respect of the previous year (note 9) | 上年度已批准股利 (附註9) | - | - | - | - | - | (40,000) | (40,000) |
| Exchange difference on translation of financial statements of overseas subsidiaries | 海外附屬公司 之財務報表 匯率折算差額 | - | - | - | - | (263) | - | (263) |
| Revaluation surplus (note 13(b)), net of \$539,000 deferred tax (note 28) | 重估盈餘 (附註13(b))， 已扣除遞延稅項 539,000元 (附註28) | - | - | 4,696 | - | - | - | 4,696 |
| Profit for the year | 本年度溢利 | - | - | - | - | - | 54,142 | 54,142 |
| Transfer to statutory reserve | 轉撥至法定儲備 | - | - | - | 22,368 | - | (22,368) | - |
| Dividends declared in respect of the current year (note 9) | 本年度已宣派股利 (附註9) | - | - | - | - | - | (12,000) | (12,000) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 42,554 | 336,758 | 14,236 | 66,702 | (18,169) | 108,308 | 550,389 |

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

30. RESERVES (continued)

The company

| | | Share premium 股份溢價 \$'000 千元 | Retained profits 保留溢利 \$'000 千元 | Total 總計 \$'000 千元 |
|---|--------------------------------------|--|---|-----------------------------|
| At 1 January 2002 | 於二零零二年一月一日 | — | — | — |
| Premium arising from new shares issued on 11 March 2002 (note 29) | 於二零零二年三月十一日 發行新股份所產生溢價 (附註29) | 136,328 | — | 136,328 |
| Premium arising from new shares issued on 28 March 2002 (note 29) | 於二零零二年三月二十八日 發行新股份所產生溢價 (附註29) | 225,000 | — | 225,000 |
| Share issuance expenses | 股份發行費用 | (24,570) | — | (24,570) |
| Profit for the year | 本年度溢利 | — | 38,667 | 38,667 |
| Dividends declared in respect of the current year (note 9) | 已宣派本年度股利 (附註9) | — | (37,960) | (37,960) |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 336,758 | 707 | 337,465 |
| At 1 January 2003 | 於二零零三年一月一日 | 336,758 | 707 | 337,465 |
| Dividends approved in respect of the previous year (note 9) | 已批准去年股利 (附註9) | — | (40,000) | (40,000) |
| Profit for the year | 本年度溢利 | — | 75,446 | 75,446 |
| Dividends declared in respect of the current year (note 9) | 已宣派本年度股利 (附註9) | — | (12,000) | (12,000) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 336,758 | 24,153 | 360,911 |

30. 儲備 (續)

本公司

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

30. RESERVES (continued)

The company (continued)

- (a) According to the laws and regulations of the PRC, PRC companies with foreign investment are required to transfer a certain percentage of its profit after tax, as determined under PRC accounting regulations (the "net profit under PRC GAAP"), to the general reserve fund, enterprise expansion fund and staff and workers' bonus and welfare fund. Distribution of these reserves shall be made in accordance with the Article of Association and approved by the board of directors each year. Other PRC companies are required to transfer a certain percentage of their net profit under PRC GAAP to the statutory surplus reserve fund until the reserve balance reaches 50% of their paid-in capital, and to transfer a certain percentage of its net profit under PRC GAAP to the statutory public welfare fund.

According to the laws and regulations of Taiwan, Taiwan companies shall set aside 10% of their statutory net income each year for legal reserve, until the reserve balance has reached the paid-in share capital amount.

These above-mentioned reserves and funds cannot be used for purposes other than those for which they were created and are not distributable as cash dividends.

- (b) The revaluation reserve in respect of investment properties has been set up and will be dealt with in accordance with the accounting policy adopted for the revaluation of investment properties (note 1(g)).
- (c) In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the company provided that immediately following the date on which the dividend is proposed to be distributed, the company will be in a position to pay off its debts as they fall due in the ordinary course of business.

30. 儲備 (續)

本公司 (續)

- (a) 根據中國法例及規例，中國外商投資公司須按中國會計規例（「中國公認會計原則項下純利」）釐訂之除稅後溢利若干百分比轉撥至一般儲備基金、企業發展基金以及職工獎勵及福利基金。儲備分派須根據公司組織章程細則之規定，並經董事會每年批准。其他中國公司須按中國公認會計原則將純利若干百分比轉撥至法定盈餘公積金，法定盈餘公積金達到實收資本的50%時，可以不再轉撥；另須按中國公認會計原則預留純利若干百分比作為法定公益金。

根據台灣的法例及規例，台灣公司每年須預留其法定收入淨額的10%作為法定盈餘公積，直至結餘達到實收股本金額為止。

上述儲備及基金不得用於其成立目的以外的其他用途，且不得用作派付現金股利。

- (b) 已就投資物業設立重估儲備，並將根據重估投資物業採納之會計政策處理（附註1(g)）。
- (c) 根據開曼群島公司法，股份溢價賬可分派予本公司股東，惟緊隨擬分派股利日期後，本公司能償還其於日常業務中到期之債務。

Notes on the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

30. RESERVES (continued)

The company (continued)

(d) At 31 December 2003, the aggregate amount of reserves available for distribution to shareholders of the company was \$360,911,000 (2002: \$337,465,000). After the balance sheet date the directors proposed a final dividend of \$0.015 per share, amounting to \$30,000,000. This dividend has not been recognised as a liability at the balance sheet date.

31. ACQUISITION OF SUBSIDIARY

On 31 August 2003, the group acquired 100% interest in Shanghai Full Beauty Cosmetics Company Limited for \$7,176,000.

30. 儲備 (續)

本公司 (續)

(d) 於二零零三年十二月三十一日，可分派予本公司股東之儲備總額為360,911,000元(二零零二年：337,465,000元)。於結算日後，董事建議派分末期股利每股0.015元，合共30,000,000元。於結算日，股利並無確認為負債。

31. 收購附屬公司

於二零零三年八月三十一日，本集團購入上海富麗化粧品有限公司100%權益，作價7,176,000元。

| | | 2003 二零零三年 \$'000 千元 |
|---|-------------------|-------------------------------|
| Net assets acquired | 購入資產淨值 | |
| Fixed assets | 固定資產 | 756 |
| Inventories | 存貨 | 1,361 |
| Debtors, bills receivable, deposits and prepayments | 應收賬款、應收票據、押金及預付款項 | 46 |
| Cash at bank and in hand | 銀行及手頭現金 | 26 |
| Trade and other payables | 貿易與其他應付賬款 | (1,109) |
| Tax payable | 應付稅項 | (18) |
| Net identifiable assets and liabilities | 可資識別資產及負債淨額 | 1,062 |
| Positive goodwill arising on consolidation | 綜合賬目時產生之正商譽 | 6,114 |
| Total purchase price paid, satisfied in cash | 已付購買價總額，以現金支付 | 7,176 |
| Less: cash of the subsidiary acquired | 減：購入附屬公司之現金 | (26) |
| Net cash outflow in respect of the purchase of subsidiary | 購入附屬公司之現金流出淨額 | 7,150 |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

32. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December 2003 not provided in the financial statements were as follows:

| | |
|------------|-----|
| Contracted | 已訂約 |
|------------|-----|

(b) Commitments under operating leases

At 31 December 2003, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | |
|---------------------------------|--------|
| Within 1 year | 1年內 |
| After 1 year but within 5 years | 1年後5年內 |
| After 5 years | 5年後 |

The group leases a number of properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the leases when all terms are renegotiated. Leases payments are usually increased annually to reflect market rentals.

32. 承擔

(a) 資本承擔

於二零零三年十二月三十一日，並無於財務報表作出撥備之未償還資本承擔如下：

| The group 本集團 | |
|-------------------------------|-------------------------------|
| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
| 381 | — |

(b) 融資租賃承擔

於二零零三年十二月三十一日，根據不可撤銷經營租賃應付之日後最低租賃款項總額如下：

| The group 本集團 | |
|-------------------------------|-------------------------------|
| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
| 8,318 | 19,038 |
| 21,222 | 20,957 |
| 3,959 | 7,448 |
| 33,499 | 47,443 |

本集團按經營租約租用多個物業。租約之初步期限一般為一至十年不等，可於重新磋商有關條款後選擇重續。租金通常每年增加，以反映市場租金。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

32. COMMITMENTS (continued)

(b) Commitments under operating leases

(continued)

In addition to the minimum lease payments disclosed above, the PRC subsidiaries have commitments to make rental payments at a percentage of turnover for certain leased properties.

Furthermore, there are commitments of \$42,322,000 (2002: \$39,586,000) in respect of future minimum lease payments under non-cancellable operating leases entered into by the group. The business operations at these premises have been entrusted to operators (note 16(c)) who are responsible for the payment of the rentals to the respective landlords. New lease agreements will be entered into between the landlords and operators on expiry of the current lease agreements.

- (c) At 31 December 2002, the group had commitments of \$8,846,000 for the acquisition of additional equity interests in non-wholly owned subsidiaries from the minority shareholders (note 16(b)). There were no such commitments at 31 December 2003 as all acquisitions have been completed.

32. 承擔 (續)

(b) 經營租賃承擔

(續)

除上文披露之最低租賃付款外，中國附屬公司因就若干租賃物業以營業額某一百分比支付租金而有承擔。

此外，本集團所訂立之不可撤銷經營租賃項下最低日後租賃付款承擔為42,322,000元（二零零二年：39,586,000元）。該等物業之業務營運已委託予負責向各業主支付租金之經營者（附註16(c)）。新租賃協議將會於現有租賃協議屆滿時由業主與經營者訂立。

- (c) 於二零零二年十二月三十一日，本集團因向少數股東購入非全資附屬公司之額外股本權益而有8,846,000元之承擔（附註16(b)）。於二零零三年十二月三十一日，由於所有收購已完成，因此並無該等承擔。

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

33. CONTINGENT LIABILITIES

Under the terms of the Sale and Purchase Agreements referred to note 16(b), in the event that Chong Ming Sanlian fails to settle the amounts owed to the minority shareholders for the acquisition of the equity interests in the PRC subsidiaries, NB Sanlian has undertaken to settle the outstanding amounts on behalf of Chong Ming Sanlian. At 31 December 2003, in respect of the purchase consideration, Chong Ming Sanlian owes to the minority shareholders a total amount of \$6,123,000 (2002: \$9,626,000).

33. 或然負債

根據附註16(b)所述買賣協議之條款，倘崇明三聯未能就收購中國附屬公司之股本權益向少數股東清付有關款項，自然美三聯承諾代表崇明三聯清付未償還款項。於二零零三年十二月三十一日，崇明三聯就購買代價結欠少數股東合共6,123,000元（二零零二年：9,626,000元）。

34. MATERIAL RELATED PARTY TRANSACTIONS

Apart from transactions and balances disclosed in notes 16 and 24, the group had the following material transactions with related parties which in the opinion of the directors of the company, were carried out on normal commercial terms and in the ordinary course of the business of the group.

34. 重大關連人士交易

除附註16及24披露之交易及結餘外，本集團與關連人士訂立以下本公司董事認為乃按一般商業條款及於本集團日常業務中進行之重大交易。

| | | | |
|-----|---|-----|----------------|
| (a) | Rental income receivable from the associate company and directors | (a) | 應收聯營公司及董事之租金收入 |
| (b) | Rental expenses payable to directors | (b) | 應付董事之租金費用 |
| (c) | Purchases of finished goods from related companies | (c) | 向關連公司購入之製成品 |

| 2003 二零零三年 \$'000 千元 | 2002 二零零二年 \$'000 千元 |
|-------------------------------|-------------------------------|
| 756 | 483 |
| 190 | 190 |
| 791 | — |

Notes on the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars) (以港元為單位)

34. MATERIAL RELATED PARTY TRANSACTIONS

(continued)

- (d) Under a licensing agreement, a director of the company granted to NB Taiwan a license to use a skin test software from 1 January 1997 to 31 December 2011 for a nominal consideration of NT\$1.
- (e) On 5 October 2001, NB Taiwan entered into two separate licensing agreements with two directors of the company. Under the agreements, the directors agreed to license a number of trademarks to NB Taiwan, on an exclusive basis, for a nominal consideration of NT\$1. The licensing agreements will be effective till the expiry of the registration of the respective trademarks.

35. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the change in accounting policy for deferred taxation, details of which are set out in note 11. In addition, the presentation of certain comparative items in the consolidated income statement has been revised. The directors are of the opinion this revised presentation is more appropriate after considering the nature of the items. The major changes are the reclassification of entrustment fee of \$1,979,000 and revenue arising from barter transactions of \$14,994,000 from other revenue to turnover and the financial refunds of \$7,069,000 from taxation to other revenue.

36. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 31 December 2003 to be Knightcote Enterprises Limited, which is incorporated in BVI.

34. 重大關連人士交易

(續)

- (d) 根據許可權協議，本公司董事以象徵式代價新台幣1元，向自然美台灣授出可自一九九七年一月一日至二零一一年十二月三十一日期間使用皮膚測試軟件之許可權。
- (e) 於二零零一年十月五日，自然美台灣與本公司兩名董事訂立兩份許可權協議。根據協議，董事同意以象徵式代價新台幣1元，按獨家基準向自然美台灣授出若干商標之許可權。許可權協議於各商標之註冊屆滿前仍然有效。

35. 比較數字

由於有關遞延稅項之會計政策變動，若干比較數字已作出調整，詳情載於附註11。此外，於綜合收益表呈列之若干比較項目已作出修訂。經考慮項目性質後，董事認為作出有關修訂更為合適。主要變動包括將委託經營收益1,979,000元重新分類，並將互換交易所產生之14,994,000元收入從其他收入撥往營業額，以及將稅項之財務退款7,069,000元轉撥至其他收入。

36. 最終控股公司

於二零零三年十二月三十一日，董事認為最終控股公司是於英屬維京群島註冊成立之Knightcote Enterprises Limited。

Notice of Annual General Meeting 股東週年大會通告

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of Natural Beauty Bio-Technology Limited (the "Company") will be held at Chater Room II, Function Room Level, The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 25 June 2004 at 11:00 a.m. for the following purposes:

茲通告自然美生物科技有限公司（「本公司」）將於二零零四年六月二十五日上午十一時正假座香港干諾道中3號麗嘉酒店宴會廳層宴會廳II舉行股東週年大會（「大會」），以考慮下列事項：

- | | |
|--|---|
| 1. To receive and consider the audited financial statements, directors' report and auditors' report of the Company for the year ended 31 December 2003. | 1. 省覽截至二零零三年十二月三十一日止年度的本公司經審核財務報表、董事會報告書及核數師報告。 |
| 2. To approve the final dividend for the year ended 31 December 2003. | 2. 批准截至二零零三年十二月三十一日止年度的末期股利。 |
| 3. To re-elect the retiring directors and to authorise the board of directors to fix the remuneration of the directors of the Company (the "Directors"). | 3. 重選退任董事，並授權董事會釐定本公司董事（「董事」）酬金。 |
| 4. To re-appoint auditors and to authorise the board of directors of the Company (the "Board") to fix their remuneration. | 4. 續聘核數師，並授權本公司董事會（「董事會」）釐定其酬金。 |
| 5. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions: | 5. 作為特別事項，考慮並酌情通過下列決議為普通決議案（不論有否修訂）： |

5A. **"THAT:**

5A. **「動議：**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (a) 在下文(c)段的規限下，一般及無條件批准本公司董事於有關期間（定義見下文）內行使本公司所有權力，以配發、發行及處理本公司股本中的額外股份，以及作出或授出可能需要行使該等權力的售股建議、協議、購股權及可轉換或兌換本公司股份的權利；

Notice of Annual General Meeting 股東週年大會通告

- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval granted in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of any rights of subscription under the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (b) (a)段的批准將為本公司董事獲授的任何其他授權以外，本公司董事獲授權於有關期間（定義見下文）內作出或授出於有關期間結束後可能需行使該等權力的售股建議、協議、購股權及可轉換或兌換本公司股份的權利；
- (c) 本公司董事根據本決議案(a)段的批准而配發、或有條件或無條件同意將配發（不論是否根據購股權或其他原因配發）的股本面值總額，不得超過於本決議案通過當日本公司已發行股本面值總額的20%（惟根據(i)供股（定義見下文）；或(ii)行使香港聯合交易所有限公司批准的本公司購股權計劃項下的任何認股權利；或(iii)根據本公司的公司組織章程細則就任何以股代息計劃或類似安排而配發股份取代本公司股份的全部或部分股利者除外），而上述批准亦須受此限制；及

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's Articles of Association to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the shareholders (the “Shareholders”) of the Company in general meeting.

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

(d) 就本決議案而言：

「有關期間」指由通過本決議案當日起至下列任何一項最早發生時間止的期間：

- (i) 本公司下屆股東週年大會結束時；
- (ii) 有關法例或本公司組織章程細則規定本公司須舉行下屆股東週年大會的期限屆滿時；或
- (iii) 本公司股東（「股東」）於股東大會上通過普通決議案撤回或修訂本決議案授權時。

「供股」乃指本公司董事於指定期限內，根據於某一指定記錄日期名列本公司股東名冊的股東，按其當時持有股份的比例，向彼等提出出售本公司股本之股份建議（惟本公司董事有權就零碎配額或就任何有關司法權區法例的限制或責任或香港以外任何地區任何認可規管機構或任何證券交易所的規定，作出其認為必須或權宜的豁免或其他安排）。」

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5B. “THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK\$0.10 each in the capital of the Company subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to purchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the shares which are authorised to be purchased by the Directors of the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said authority shall be limited accordingly;

5B. 「動議:

- (a) 在下文(c)段的規限下，一般及無條件批准本公司董事於有關期間（定義見下文）內行使本公司一切權力，根據所有適用法例及不時修訂的香港聯合交易所有限公司證券上市規則的規定並受其規限，購買本公司股本中每股面值0.10港元的股份；
- (b) (a)段的批准將為本公司董事獲授的任何其他授權以外，董事獲授權代表本公司於有關期間（定義見下文）內促使本公司按董事釐定的價格購回其股份；
- (c) 本公司董事於有關期間根據(a)段的批准，獲授權購回的股份面值總額，不得超過本決議案通過當日，本公司已發行股本面值總額10%，上述批准亦須受此限制；

Notice of Annual General Meeting 股東週年大會通告

(d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's Articles of Association to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Shareholders in general meeting.”

5C. **“THAT:**

conditional upon the passing of the resolutions set out in paragraphs 5A and 5B of the notice convening this Meeting, the general mandate granted to the Directors of the Company pursuant to the resolution set out in paragraph 5A of the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company purchased by the Company under the authority granted pursuant to the resolution set out in paragraph 5B of the notice convening this Meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

(d) 就本決議案而言：

「有關期間」指由通過本決議案當日起至下列任何一項最早發生時間止的期間：

- (i) 本公司下屆股東週年大會結束時；
- (ii) 有關法例或本公司組織章程細則規定本公司須舉行下屆股東週年大會的期限屆滿時；或
- (iii) 股東於股東大會上通過普通決議案撤回或修訂本決議案授權時。」

5C. 「動議：

待本大會召開通告所載第5A及5B段的決議案獲通過後，擴大根據載於召開本大會通告第5A段的決議案授予本公司董事的一般授權，加入相當於本公司根據召開本大會通告的第5B段所載的決議案的授權所購回本公司股本面值總額之數額，惟增加數額不得超過通過本決議案當日本公司已發行股本面值總額之10%。」

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6. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as a special resolution:

“THAT the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) By deleting the definition of “recognised clearing house” in Article 2 in its entirety and replacing it with the following:

““recognised clearing house” shall have the meaning ascribed thereto in Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);”

- (b) By adding a new Article 86A:

“Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

6. 作為特別事項，考慮並酌情通過以下決議案為本公司特別決議案（不論有否修訂）：

「**動議**本公司公司組織章程細則修訂如下：

- (a) 刪除細則第2條「認可結算所」之釋義全文，並以下文取代：

「「認可結算所」指根據香港法例第571章證券及期貨條例附表1所賦予之涵義；」

- (b) 加入新細則第86A條：

「倘根據上市規則，股東須就任何特定決議案放棄投票或受限制僅贊成或反對任何特定決議案，而該股東或其代表的投票抵觸有關規定或限制時，將不予計入。」

Notice of Annual General Meeting 股東週年大會通告

- (c) By deleting Article 108(c) in its entirety and replacing it with the following:

"A Director shall not be entitled to vote on (nor be counted in the quorum in relation thereto) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or his Associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving of any security or indemnity either:

(aa) to the Director or his Associate(s) in respect of money lent or obligations incurred by him/them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his Associate(s) has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (c) 刪除細則第108(c)條全文·並以下文取代:

「董事不得就有關本身或其聯繫人士擁有重大權益之任何合約或安排或任何其他建議之任何董事會決議案投票(亦不會就決議案計入法定人數),倘其投票,其票數亦不會獲點算(亦不會就決議案計入法定人數),惟該限制並不適用於下列事項:

- (i) 發出下列任何擔保或賠償保證:

(aa) 就該董事或其聯繫人士按本公司或其任何附屬公司要求或就本公司或其任何附屬公司之利益,借出之款項或所產生之責任向該董事或其聯繫人士作出擔保或賠償保證;

(bb) 就董事或其聯繫人士本身個別或共同根據擔保或賠償保證或作出保證而承擔全部或部分責任之本公司或其任何附屬公司之債項或責任,向第三方作出擔保或賠償保證;

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- | | |
|--|---|
| <p>(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his Associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p> | <p>(ii) 建議提呈本公司或任何本公司可能發起或擁有權益之其他公司之股份或債券或其他證券以供認購或購買，而該董事或其聯繫人士因參與上述發售之包銷或分包銷而目前或將於當中擁有利益；</p> |
| <p>(iii) any proposal concerning any other company in which the Director or his Associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his Associate(s) is/are beneficially interested in the shares of that company, provided that the Director and any of his Associates are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his Associates is derived) or of the voting rights;</p> | <p>(iii) 有關該董事或其聯繫人士僅以主管或行政人員或股東身分直接或間接擁有權益或該董事或其聯繫人士實益擁有有關公司股份權益之任何其他公司之任何建議，而該公司為該董事及其任何聯繫人士合共實益擁有不超過該公司（或該董事或其聯繫人士透過其擁有權益之第三方公司）任何類別已發行股份或投票權百分之五或以上者；</p> |
| <p>(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:</p> <p style="margin-left: 40px;">(aa) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or his Associate(s) may benefit;</p> | <p>(iv) 有關本公司或其任何附屬公司僱員利益之任何建議或安排，包括：</p> <p style="margin-left: 40px;">(aa) 採納、修訂或實行該董事或其聯繫人士可能受惠之任何僱員股份計劃或任何股份獎勵計劃或購股權計劃；</p> |

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| <p>(bb) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their Associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his Associate(s) as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and</p> | <p>(bb) 採納、修訂或實行退休或公積金、或退休、身故或殘疾福利計劃，而該計劃須與董事、其聯繫人士及本公司或其任何附屬公司之僱員有關，且並無就任何董事或其聯繫人士提供上述計劃或基金之相關類別人士一般無權享有之特權或有利條件；及</p> |
| <p>(v) any contract or arrangement in which the Director or his Associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.”</p> | <p>(v) 該董事或其聯繫人士僅因為擁有本公司股份或債券或其他證券之權益而與其他本公司股份或債券或其他證券之持有人以相同方式擁有利益之任何合約或安排。」</p> |
| <p>(d) By deleting Article 108(f) in its entirety and replacing it with the following:</p> <p>“For the purpose of paragraph (c), “Associates” mean, in relation to any Director of the Company:</p> <p>(i) his spouse;</p> <p>(ii) any child or step-child, natural or adopted, under the age of 18 years of such individual or of his spouse (together with (i) above, the “family interests”);</p> | <p>(d) 刪除細則第108(f)條全文，並以下文取代：</p> <p>「就(c)段而言，本公司任何董事之「聯繫人士」指：</p> <p>(i) 彼之配偶；</p> <p>(ii) 有關人士或彼之配偶任何未滿十八歲之親生或領養子女或繼子女（與上文(i)段統稱「家屬權益」）；</p> |

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| <p>(iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object and any company ("trustee-controlled company") in the equity capital of which the trustees, acting in their capacity as such trustees, are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the HK Code on Takeovers & Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary (together, the "trustee interests");</p> <p>(iv) a holding company of a trustee-controlled company or a subsidiary of any such holding company; and</p> <p>(v) any company in the equity capital of which he, his family interests, any of the trustees referred to in (iii) above, acting in their capacity as such trustees, and/or any trustee interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other lower amount as may from time to time be specified in the HK Code on Takeovers & Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company."</p> | <p>(iii) 於任何信託具有受託人身分之受託人，而彼或彼任何家屬權益為有關受益人，或如屬全權信託，則據彼所知為全權信託對象，以及受託人以其受託人身分直接或間接擁有股本權益之任何公司（「受託人控制公司」），而受託人可於股東大會行使或控制行使30%（或香港公司收購及合併守則就引致強制全面收購建議不時指定之其他數額）或以上投票權，或控制董事會大多數成員之組成，以及上述公司任何附屬公司（統稱為「受託人權益」）；</p> <p>(iv) 受託人控制公司之控股公司或任何該等控股公司之附屬公司；及</p> <p>(v) 彼、彼之家屬權益或上文(iii)項所述任何受託人以其受託人身分及／或任何受託人權益共同直接或間接擁有權益之任何公司，而彼等可於股東大會行使或控制行使30%（或香港公司收購及合併守則就引致強制全面收購建議不時指定之其他數額）或以上投票權，或控制董事會大多數成員之組成，以及屬上述公司附屬公司或控股公司或任何該等控股公司之任何其他同系附屬公司之公司。」</p> |
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- (e) By deleting Article 121 in its entirety and replacing it with the following:

"No person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during a period of at least 7 days which commences no earlier than the day after the despatch of the notice of the meeting appointed for such election and ends no later than 7 days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.";

7. To transact any other business.

By order of the Board

Dr. Tsai Yen Yu

Chairman

Hong Kong, 20 May 2004

- (e) 刪除細則第121條全文，並以下文取代：

「除退任董事外，概無任何人士合資格於任何股東大會膺選董事，除非由有權出席通知所述大會及於會上投票之股東（並非獲提名人士）於不早於寄發舉行有關選舉指定大會通告翌日開始至不遲於舉行有關大會之日前7日止最少7日期間內向公司秘書發出列明擬提名有關人士膺選董事之書面通知以及由有關人士發出列明其有意膺選之簽名通告，並經由董事會推薦參選。」；

7. 處理任何其他事項。

承董事會命

主席

蔡燕玉博士

香港，二零零四年五月二十日

Notice of Annual General Meeting

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Notes:

1. The register of members of the Company will be closed from 23 June 2004 (Wednesday) to 24 June 2004 (Thursday), both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the final dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's branch share registrar, Hong Kong Registrars Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 21 June 2004 (Monday).
2. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more separate proxies to attend and, on a poll, to vote instead of him. A proxy need not be a shareholder of the Company.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's principal office in Hong Kong at 4th Floor, Manson House, 74-78 Nathan Road, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjourned Meeting.
4. With respect to the resolution set out in paragraph 5B of the notice, approval is being sought from Shareholders for a general mandate to be given to the Directors to purchase shares of the Company.
5. With respect to the resolutions set out in paragraphs 5A and 5C of the notice, approval is being sought from Shareholders for general mandates to be given to the Directors to allot, issue and deal with shares of the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
6. An explanatory statement containing the information with respect to the resolutions set out in paragraphs 5A to 5C of the notice will be sent to the shareholders together with the 2003 annual report.

附註:

1. 本公司之股份過戶登記處將於二零零四年六月二十三日(星期三)至二零零四年六月二十四日(星期四)(包括首尾兩天)關閉,期間將不會辦理任何本公司股份過戶登記手續。為符合資格收取末期股利,所有填妥之過戶文件連同有關股票必須於二零零四年六月二十一日(星期一)下午四時前,送抵本公司之股份過戶登記處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19樓1901-5室。
2. 凡有權出席本大會並於會上投票之任何股東,均可委任一位或以上受委代表出席大會並於會上代其投票。受委代表毋須為本公司股東。
3. 代表委任表格連同簽署表格的授權書或其他授權文件(如有)(或經公證人證明的副本),必須於本大會或其任何續會指定舉行時間四十八小時前交回本公司於香港之總辦事處,地址為香港九龍彌敦道74-78號文遜大廈4樓,方為有效。
4. 關於本通告第5B段所載的決議案,本公司現正尋求股東批准授予董事一項一般授權,以購回本公司股份。
5. 關於本通告第5A及5C段所載的決議案,本公司現正尋求股東批准授予董事一項一般授權,以根據香港聯合交易所有限公司證券上市規則的規定,配發、發行及處理本公司股份。
6. 載有關於本通告第5A至5C段的決議案資料的說明函件將連同二零零三年年報一併寄發予股東。