



**Corporate Presentation**  
**November 2011**

# Agenda

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



# Financial Summary

# Summarized Results in 1H2011

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

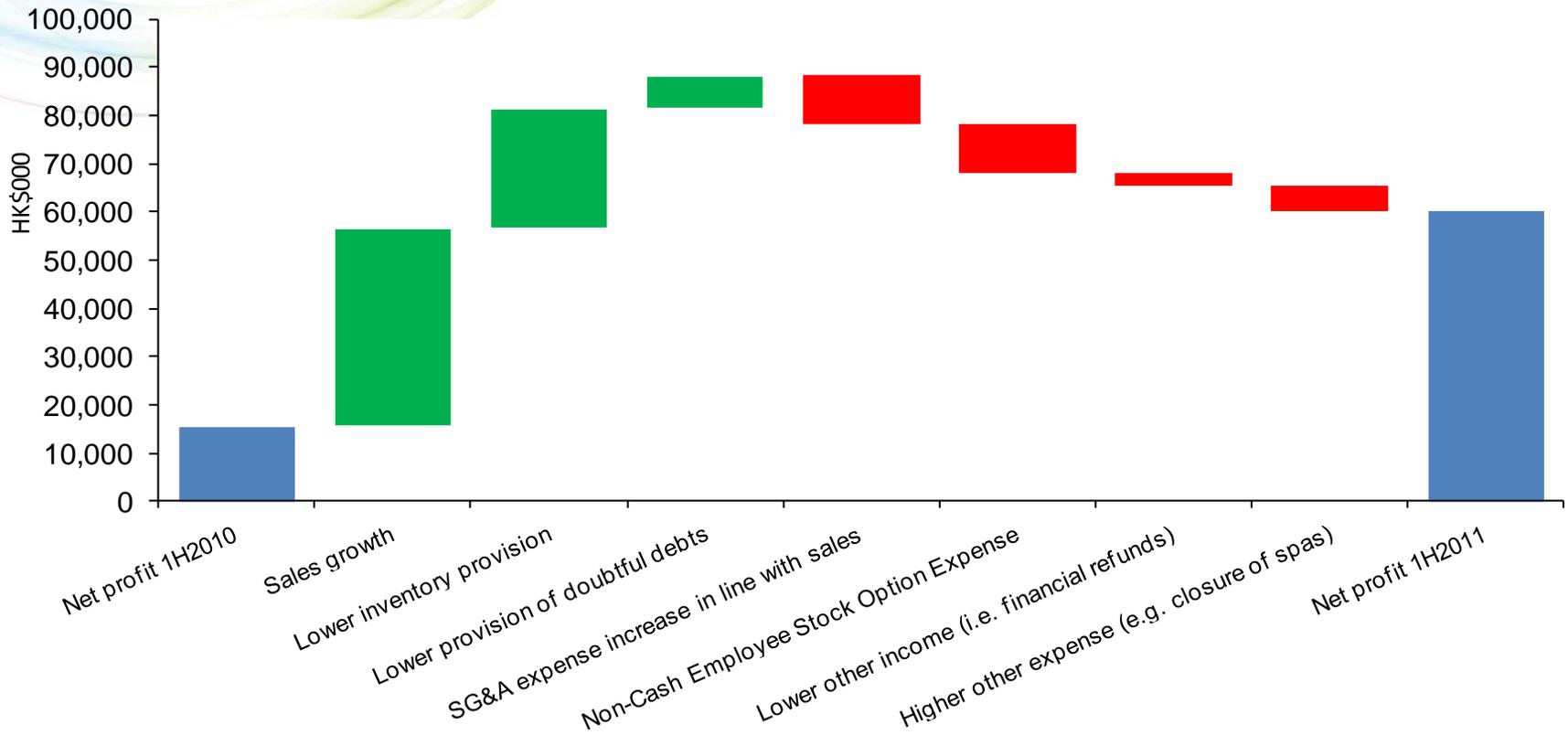
# Financial Summary

For six months ended

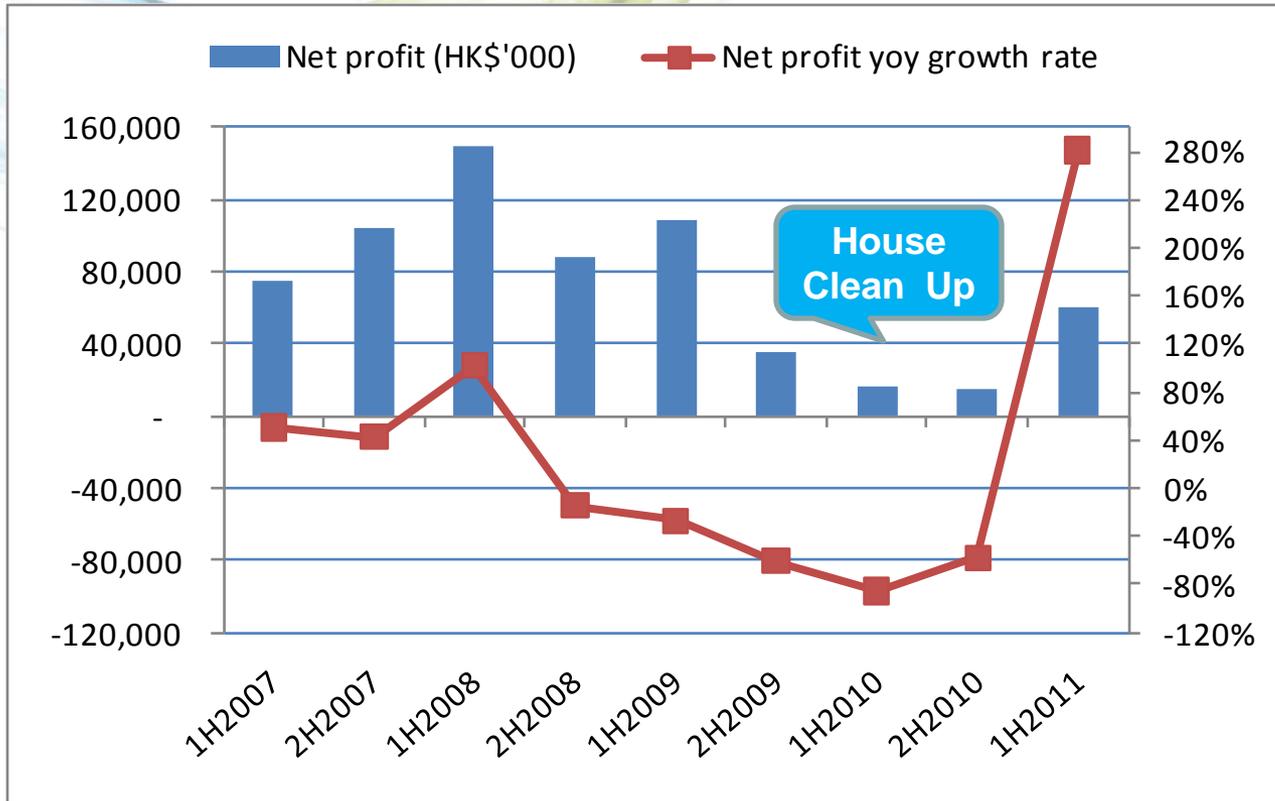
HK\$ Million	30 June,		Chg %
	2010	2011	
Turnover	229.6	288.5	25.6%
Gross profit	159.4	224.4	40.8%
Profit before tax	36.6	80.1	119.0%
Net profit	15.8	60.4	280.9%
Dividend per share (HK cents)			
- Interim (HK cents)	3.50	3.50	0.0%
Dividend payout (%)	440.7	115.9	-324.8
Basic EPS (HK cents)	0.79	3.02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

# Waterfall Chart – Change in net profit

## 1H2010 NET PROFIT to 1H2011 NET PROFIT



# Net Profit Changes



- ◆ Net profit growth momentum restored.

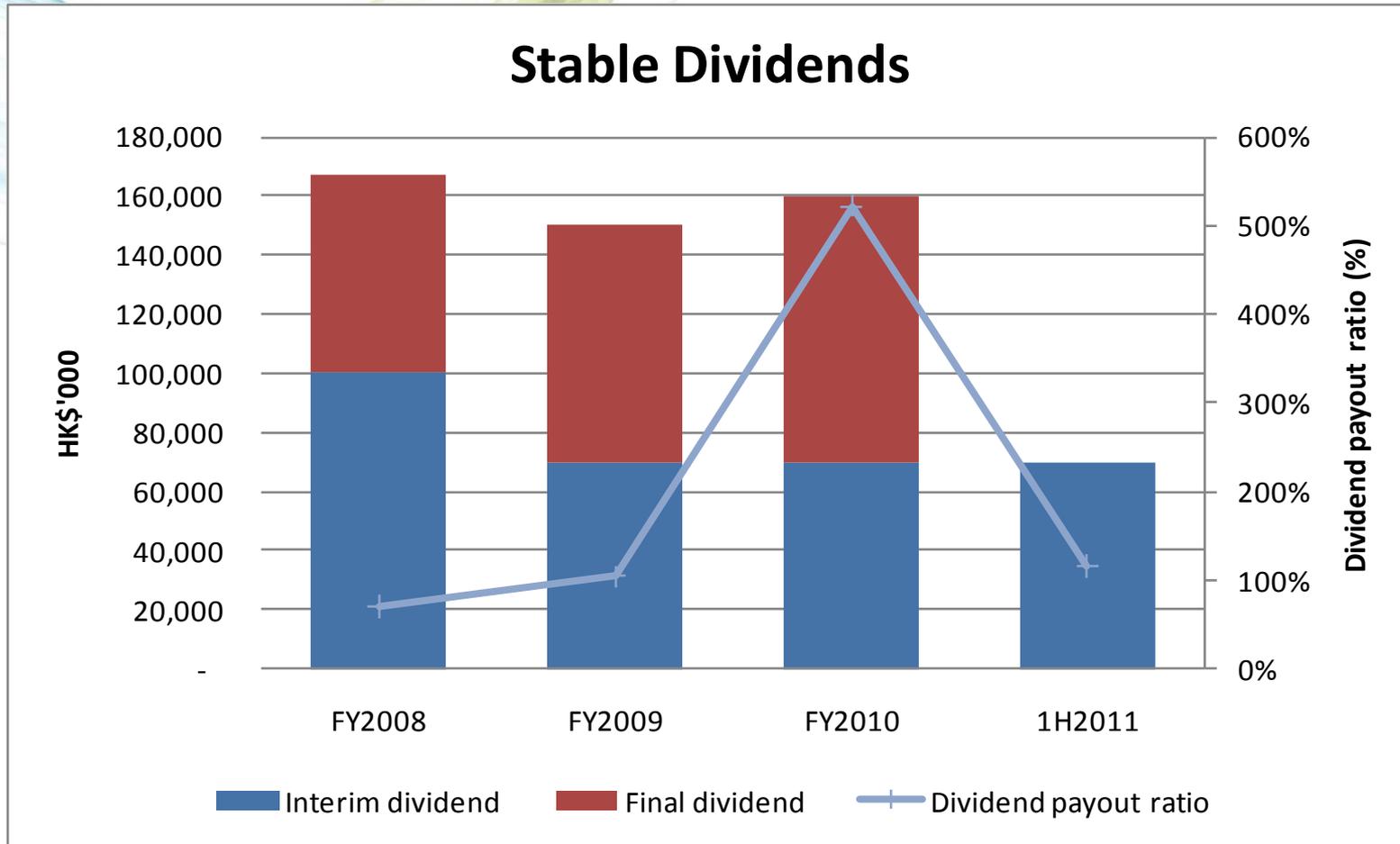
# Key Ratios

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

\* Annualised for comparison purpose.

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

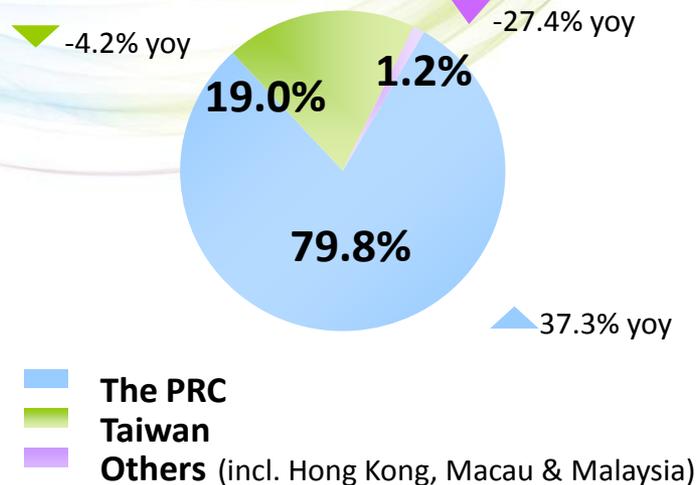
# Stable Dividends and High Dividend Payout History



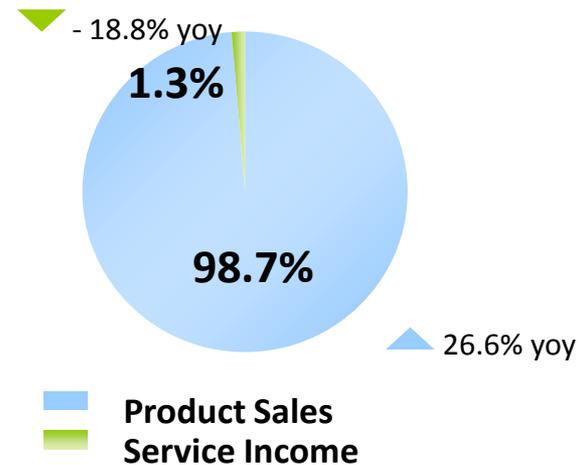
- ◆ Historic dividend payout ratio >70%

# Turnover Analysis for 1H2011

## By Region



## By Products / Service



### Geographical Revenue Breakdown

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

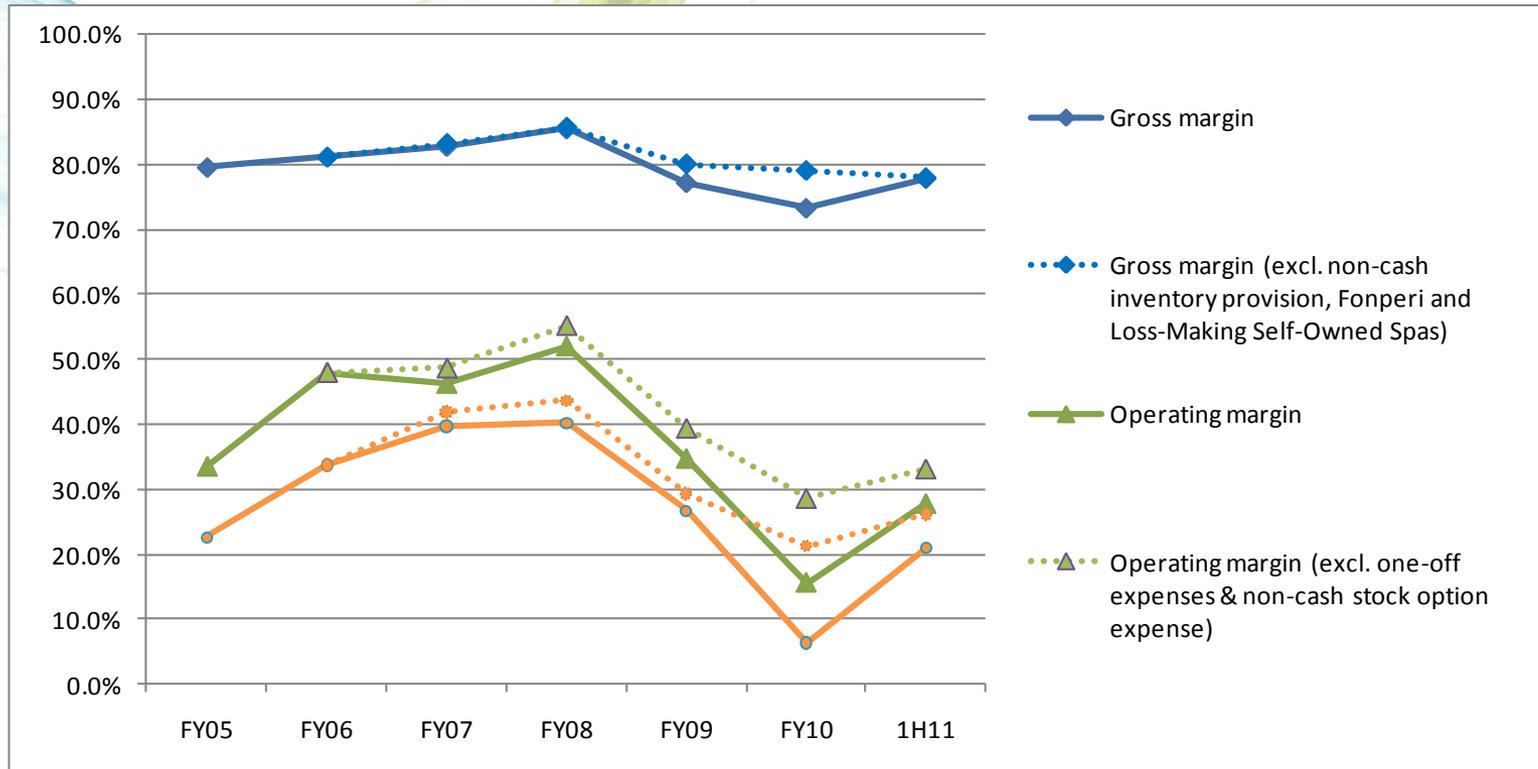
### Revenue By Type Breakdown

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

# Distribution Network in Greater China

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

# Group Profitability



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



# Retailing Overview



natural beauty



自然美 natural beauty

美容·美体·SPA



Oriental Herbal

NB-I

natural beauty

深层修护 无龄无暇

深层修护

one tone

NB



Supplements

Essence Oil

健康食疗, 内调外养



承诺每一滴功效



专业护肤, 呵护肌肤



金纯天然 体验spa新感受



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NB-1.

Bio Tech

深层养护 无龄无瑕

完美定制 美在自然

虹膜检测

根据个人肤质检测  
以四喜卡 指导护肤。

无责肌肤检测热线  
0371-67365500

生

美容·美体·SPA



自然美 natural beauty

婴儿摄影



# New Concept Store Development

1<sup>st</sup> May, 2010

- NCS Pilot Test in Xian

Aug, 2010

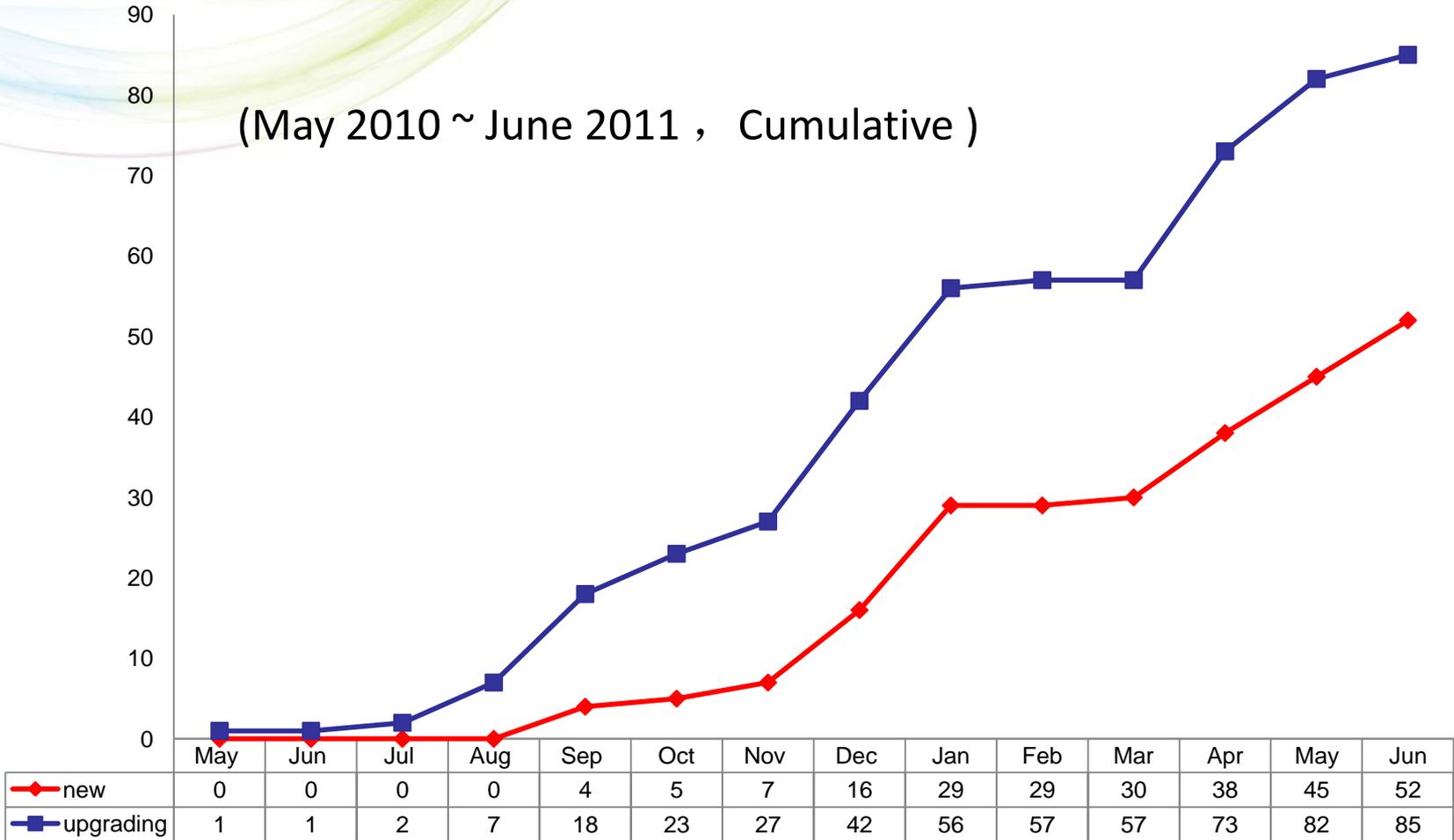
- Rolled out NCS in China

30<sup>th</sup> June, 2011

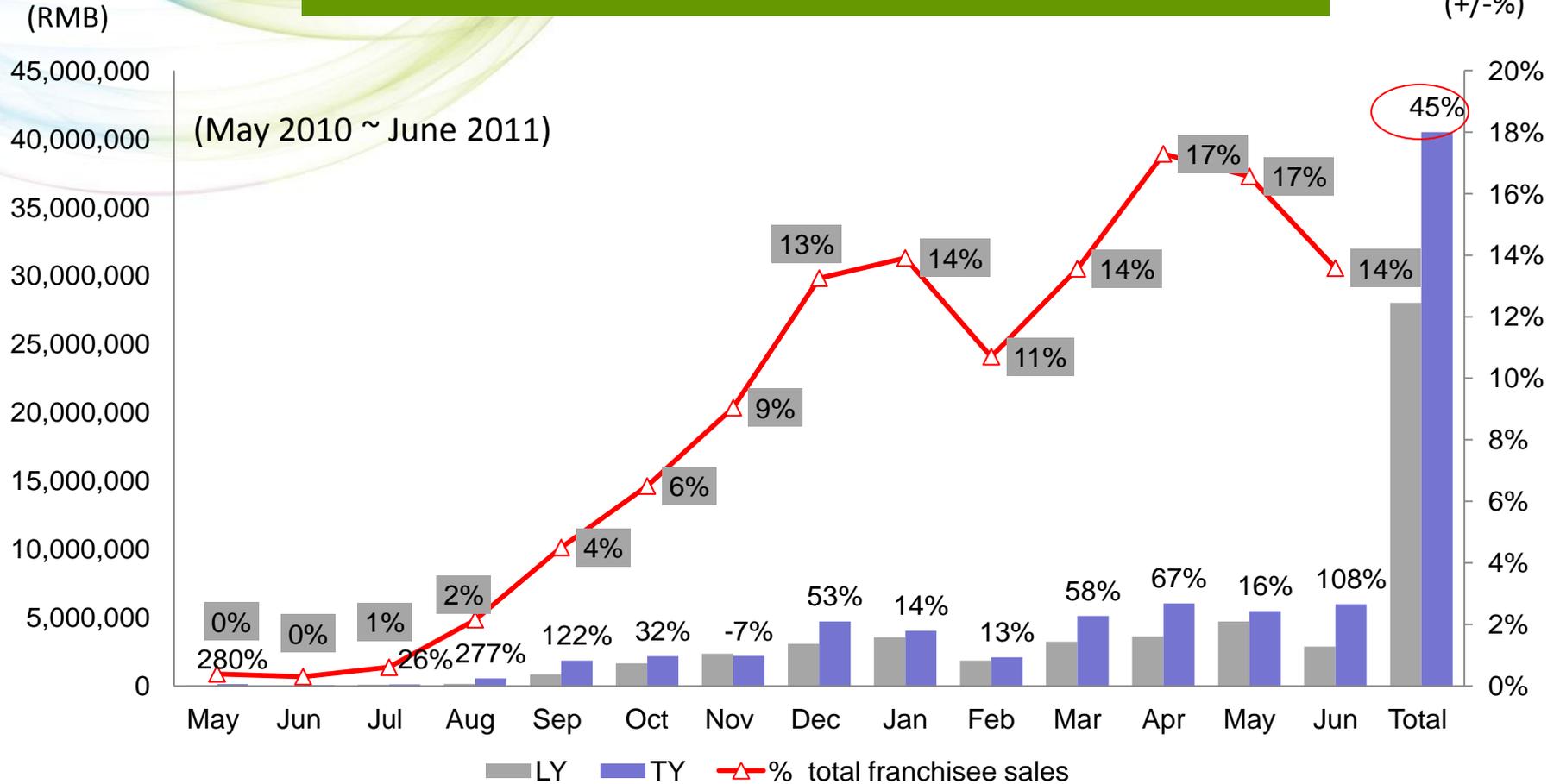
- 137 NCS opened in China
  - 85 Upgrade
  - 52 New

# New Concept Store Development

(May 2010 ~ June 2011 , Cumulative )



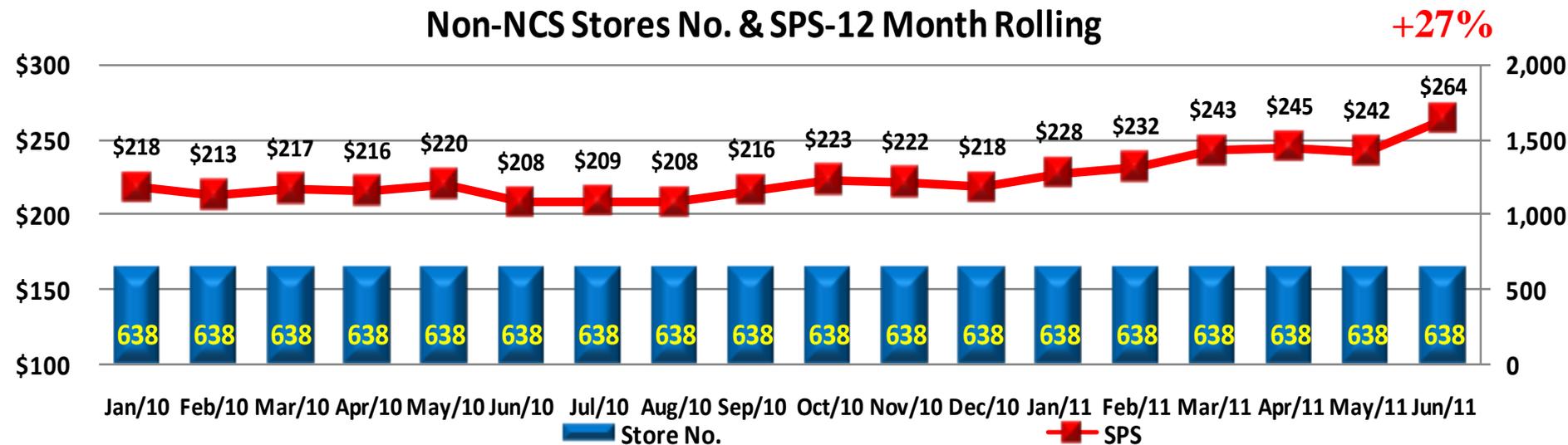
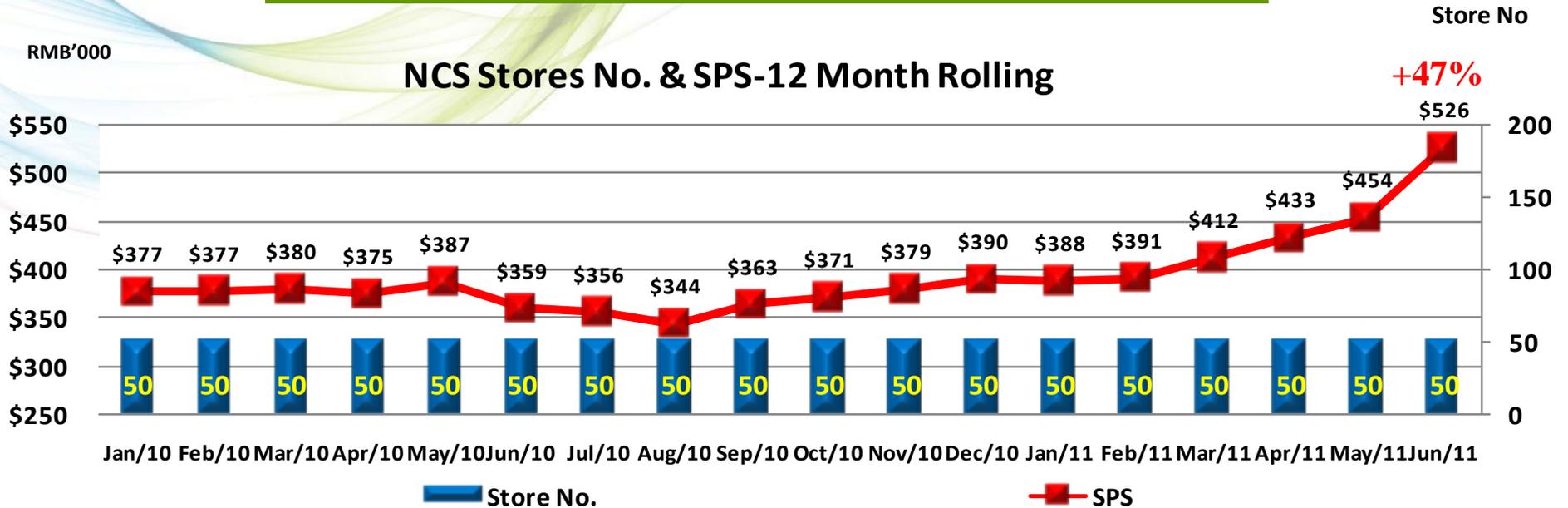
# NCS Upgrade (Sell-in)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Store No.	1	1	2	7	18	23	27	42	56	57	57	73	82	85

# Channel Sales Performance

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

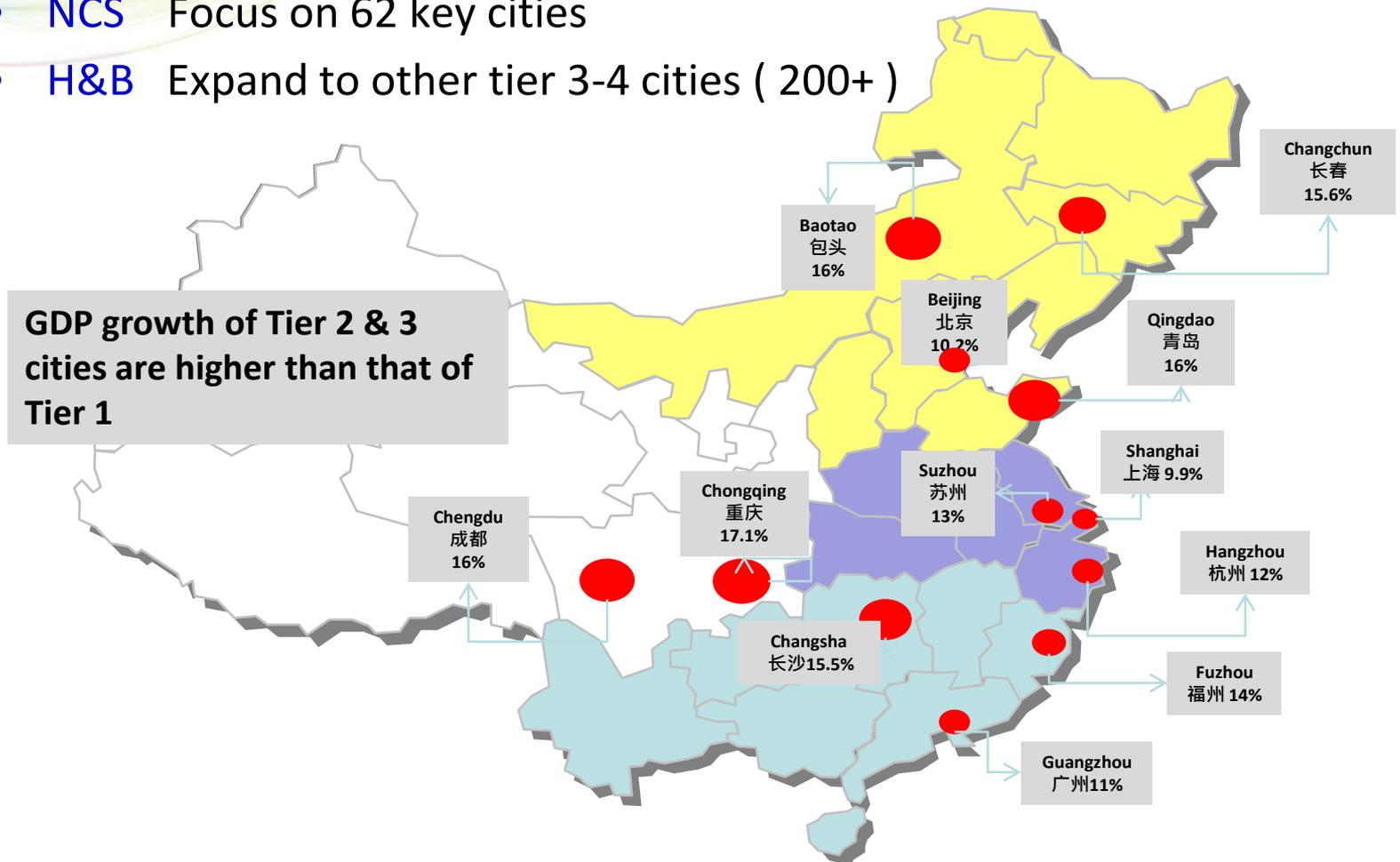


# Retail Outlook

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

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

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



# Retail Outlook

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



# Marketing Strategy

# 2011 Strategic Imperatives

## Building Blocks and 1H Achievements

### New Communications Programs

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

## - New Product Launch

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

## - PR and Promotion

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

## - Brand Revamp Program

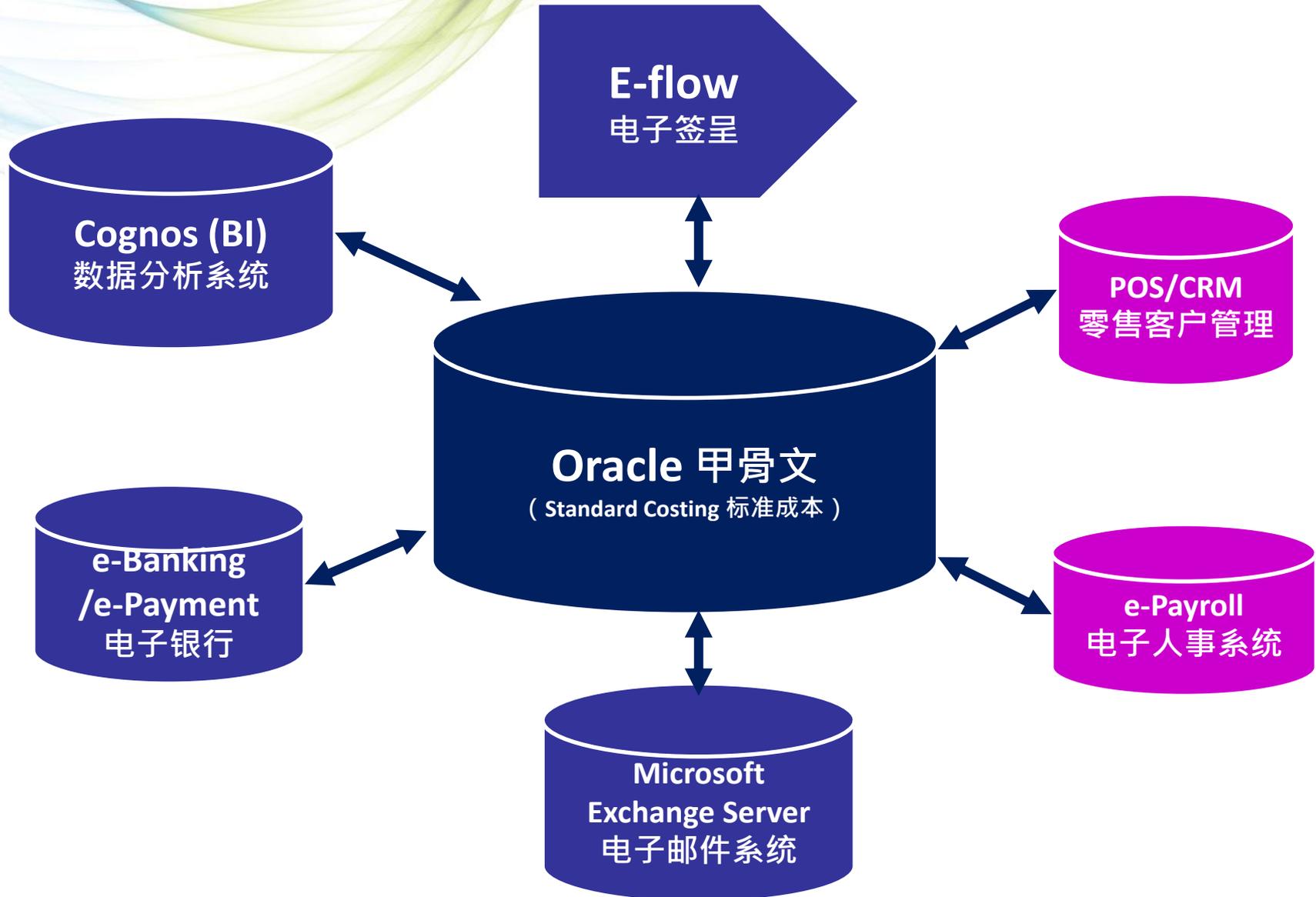
- New packaging launch target in Q4
- Test market for new TVC and franchisee recruitment ad target in Q4





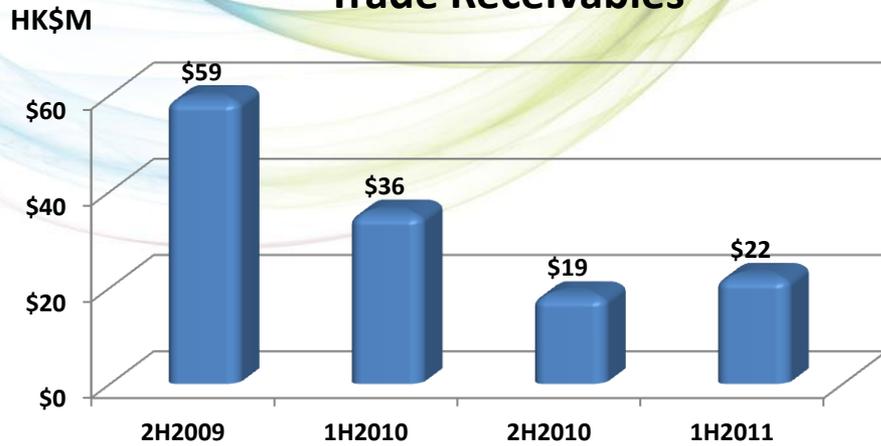
# Operations Review

# Systems Implementation

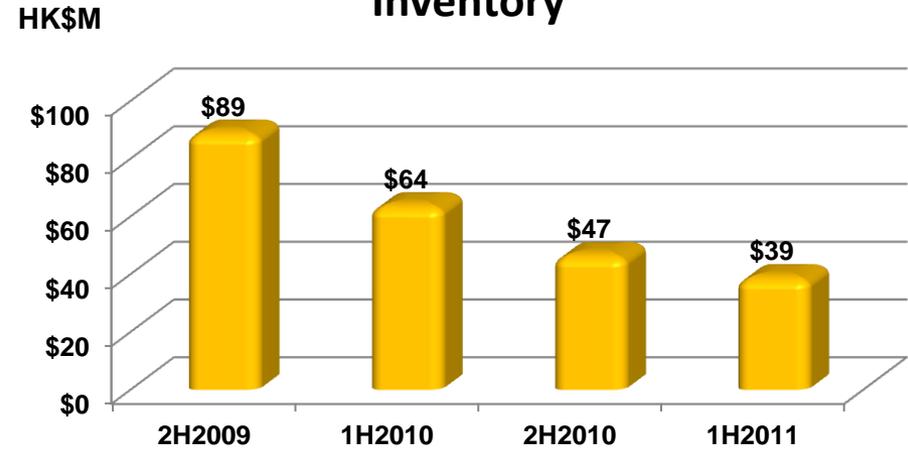


# Group Working Capital

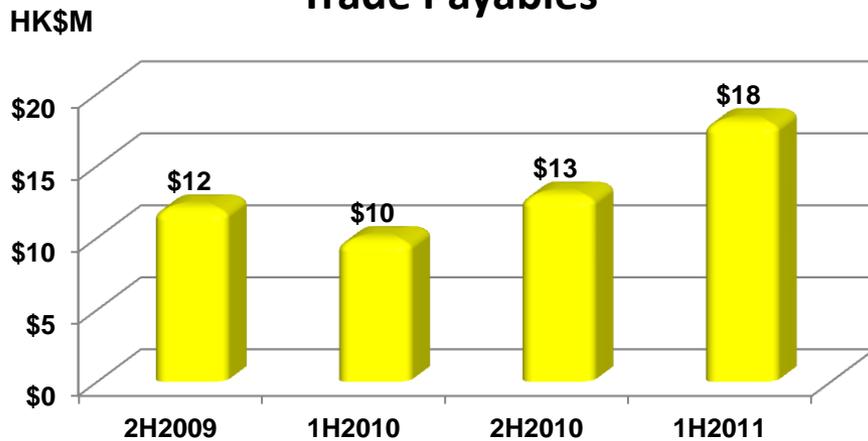
## Trade Receivables



## Inventory



## Trade Payables

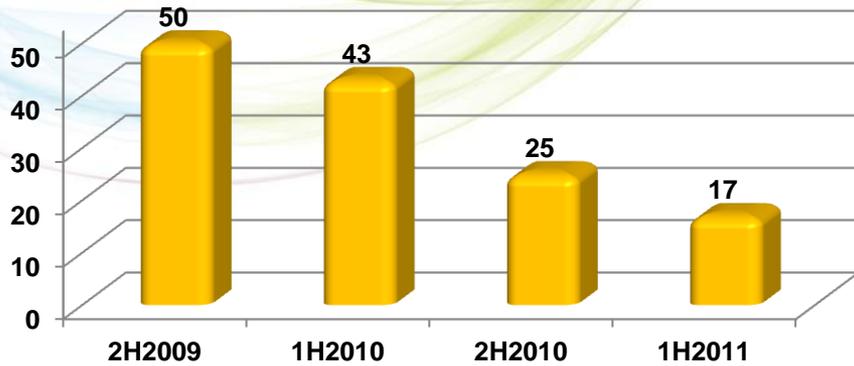


## Cash

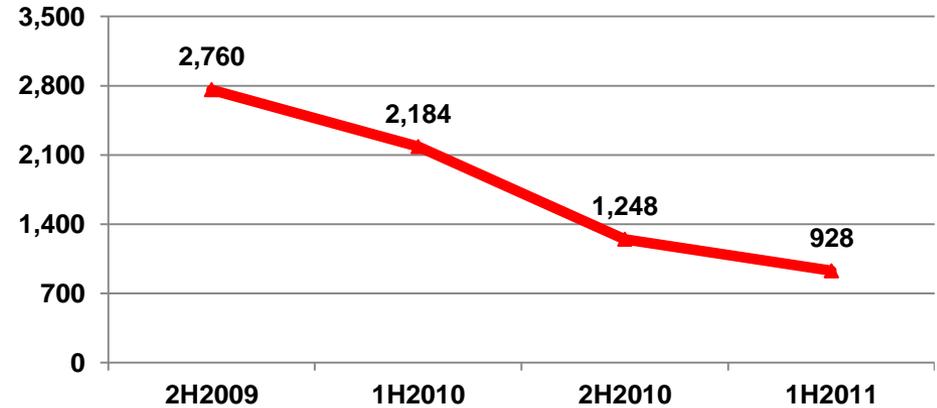


# PRC & TW Legal Entities and SKUs

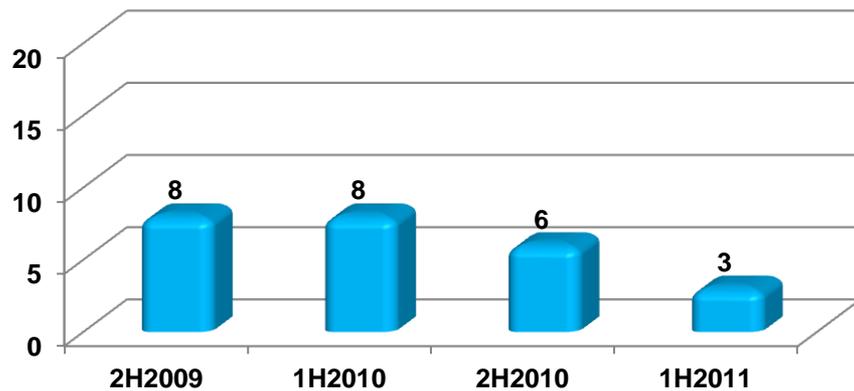
## Legal Entities (PRC)



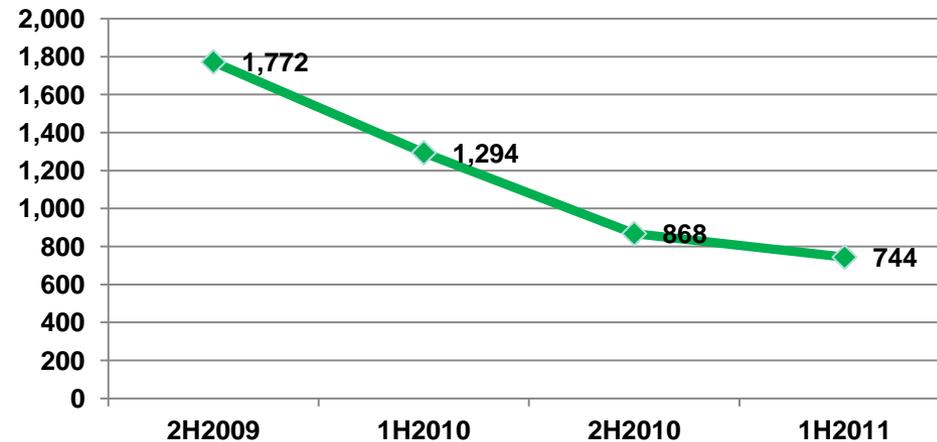
## SKUs (PRC)



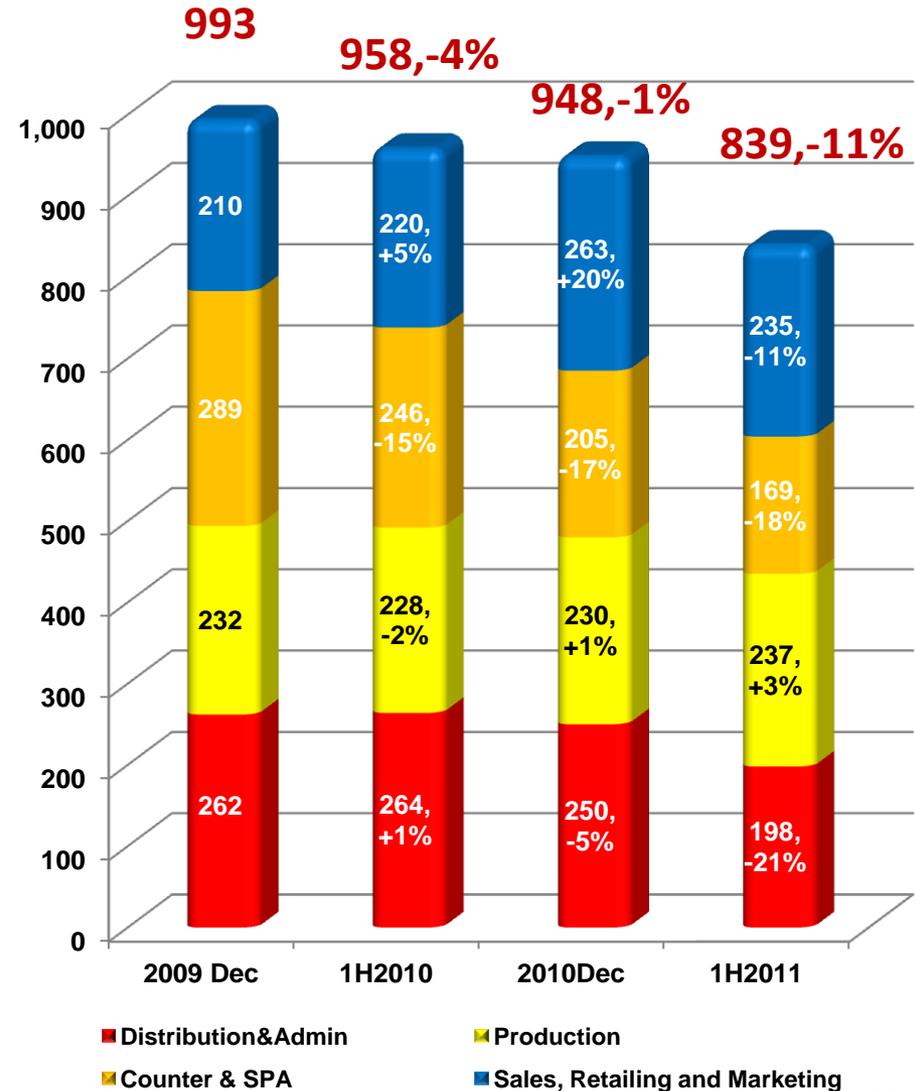
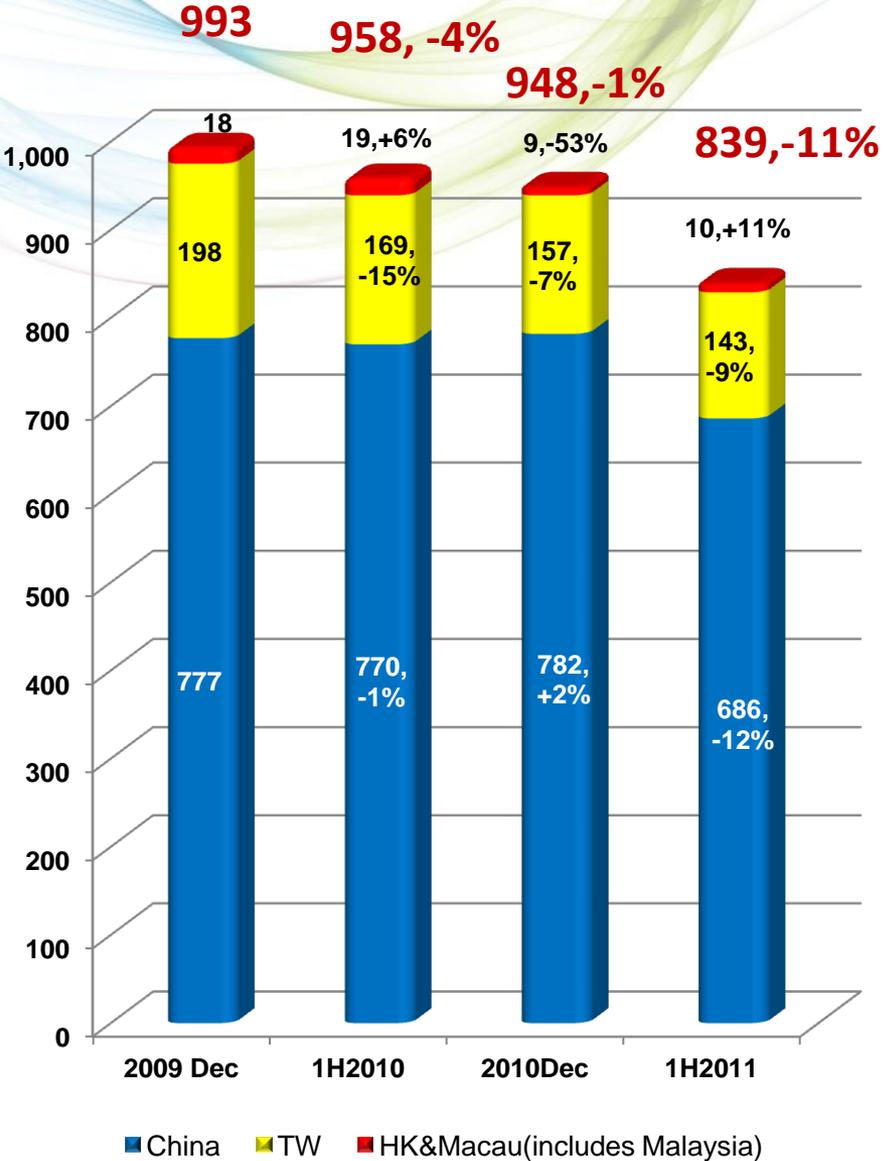
## Legal Entities (TW)



## SKUs (TW)



# Group Headcount





# Open Forum