

Investor Report

March 27, 2014





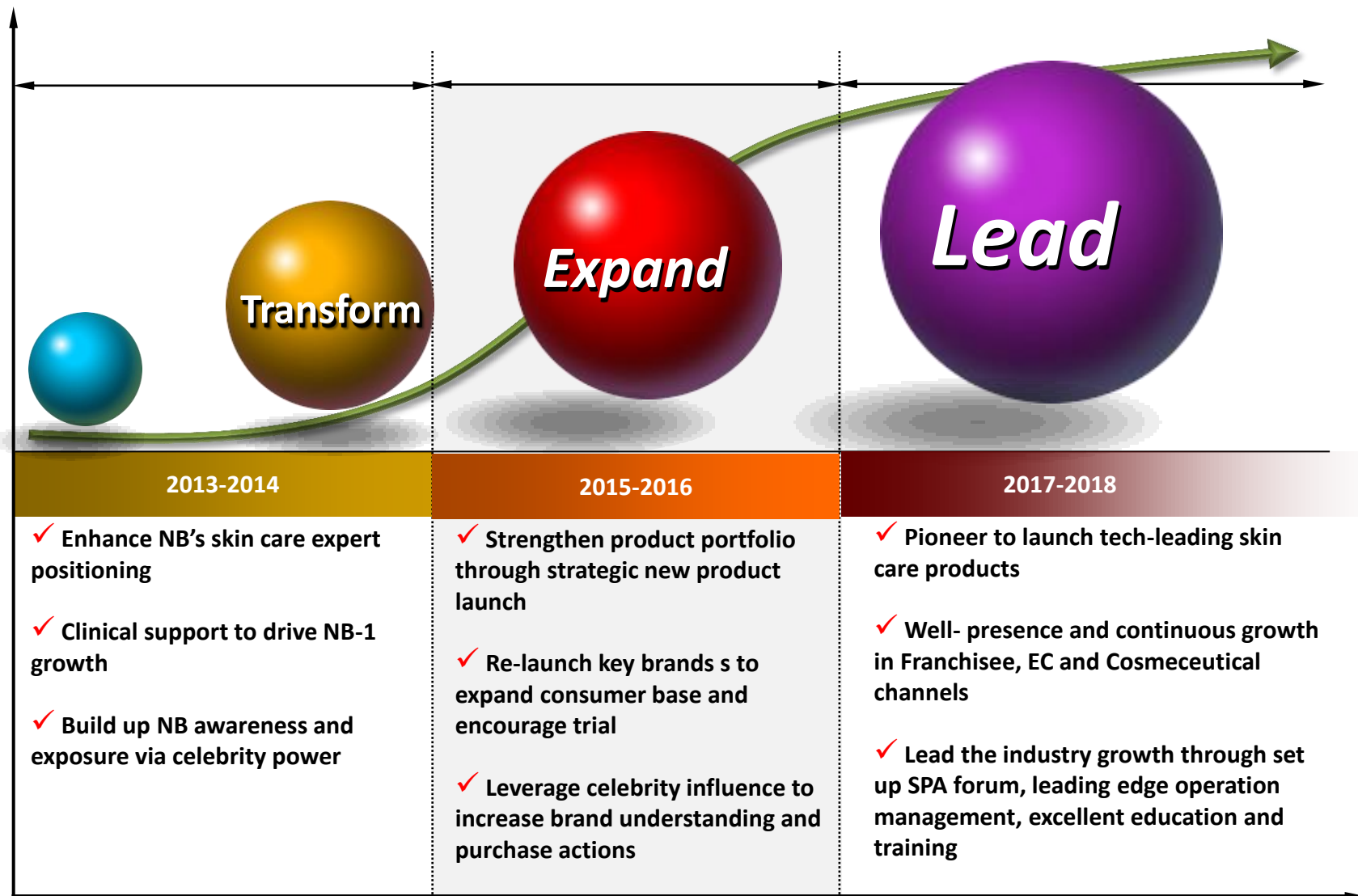
Agenda

- ◆ **Business Plan**
- ◆ **Financial Review**



Business Plan

Route 2017-NB 5 Year Phase



2013 Business Review

YR2013

Customer Event

Month	Store Participating	Revenue('K)
May	701	19,899
July	285	33,427
Nov	416	62,434

- Sales controlled: 17M
- Data from Taobao:

	Jan 2013	Jan 2014	Decline
Quantity	78,821	31,971	59%
Sales	6.30M	5.16M	18%

Channel Diversion Control

- Quality upgrade for 8 categories, 160 SKUs

Quality Management

Project Renaissance

- 8 Stores;
- 4 Standards: 100% qualified;
- POS launched;
- Year-on-year growth: 61%

- Establish 7 training centers
- Training events: 256
- People trained: 5609

Training

Trade Show & Road Show

- Trade Show: 62 events, 26.89M revenue;
- Road Show: 160 events, 605 customers participated, 2.01M revenue boosted.

YR2014

2014 NB Business Plan

NB Keeping Up with the Times



2014 NB Marketing Strategy

Brand/Product

- Enhance brand awareness and franchisees' confidence through celebrity Wu Qilong (吴奇隆) and event of "Seeking the most naturally beautiful start"
- Standardize skin diagnosis processes
- Strengthen product "Reason to Believe (RTB)"

New Market Opportunity

- Attract young consumers via E-Commerce to establish potential consumer pool

Sell-through Support

- Enhance sell-through through successful execution of Trade Marketing events
- Establish team of NB Skincare Masters to support sell-through



Financial Review





Summarized Results in 2013

- Turnover dropped by 9.1%. PRC market decreased 5.3% and Taiwan decreased 23.4%.
- Gross margin at 75.8% which is lower than 2012 78.5%.
- Net profit decreased by 50.9% to HK\$58.5 million.
- Net cash 507.4 million with no borrowings compared to 432.4 million at 31 Dec 2012

Consolidated Statement of Profit or Loss

	2012 Audited	2013 Audited	Chg%
Revenue	483.4	439.4	-9.1%
Gross Margin	379.8	333.1	-12.3%
Profit before taxation	155.3	83.1	-46.5%
Adjusted			
<i>Management Option</i>	(29.2)		
<i>D&A</i>		6.4	
<i>Bonus</i>		7.0	
<i>Saverance Pay</i>		2.7	
<i>Tax consultancy fee</i>	(1.7)	1.7	
<i>化妆品检测备案费</i>	(2.3)	2.3	
<i>Tsai' Bad Debt</i>	(2.7)	2.7	
Adjuted Profit before taxation	119.3	105.9	-11.3%
% to Revenue	24.7%	24.1%	
Profit for the period	119.1	58.5	-50.9%
Adjusted Profit for the period*	83.2	81.3	-2.3%

Balance sheet

	<u>2013</u>	<u>2012</u>	<u>Chg%</u>	<u>Remark</u>
HKD'000				
Inventories	47,047	67,427	(30.2%)	
Trade and other receivables	112,624	55,071	104.5%	Trade receivables 84m; Prepaid and others 28m
Prepaid lease payments	312	302	3.3%	
Bank balances and cash	507,409	432,441	17.3%	
Non-Current assets	313,701	328,819	(4.6%)	Buildings and other fixed assets 257m
Total Assets	981,093	884,060	11.0%	
Trade and other payables	154,510	115,327	34.0%	Trade payable 21m; deposits 58m; accrual 49m
Deferred income	7,779	5,927	31.2%	
Taxation payable	18,544	4,704	294.2%	
Non-current liabilities	15,068	10,106	49.1%	Retirement benefit obligations 13m
Total liabilities	195,901	136,064	44.0%	
Share capital	200,210	200,210	0.0%	
Reserves	584,982	547,973	6.8%	Retained Profits 199m
Non-controlling interests	0	(187)	(100.0%)	
Total Equity	785,192	747,996	5.0%	