

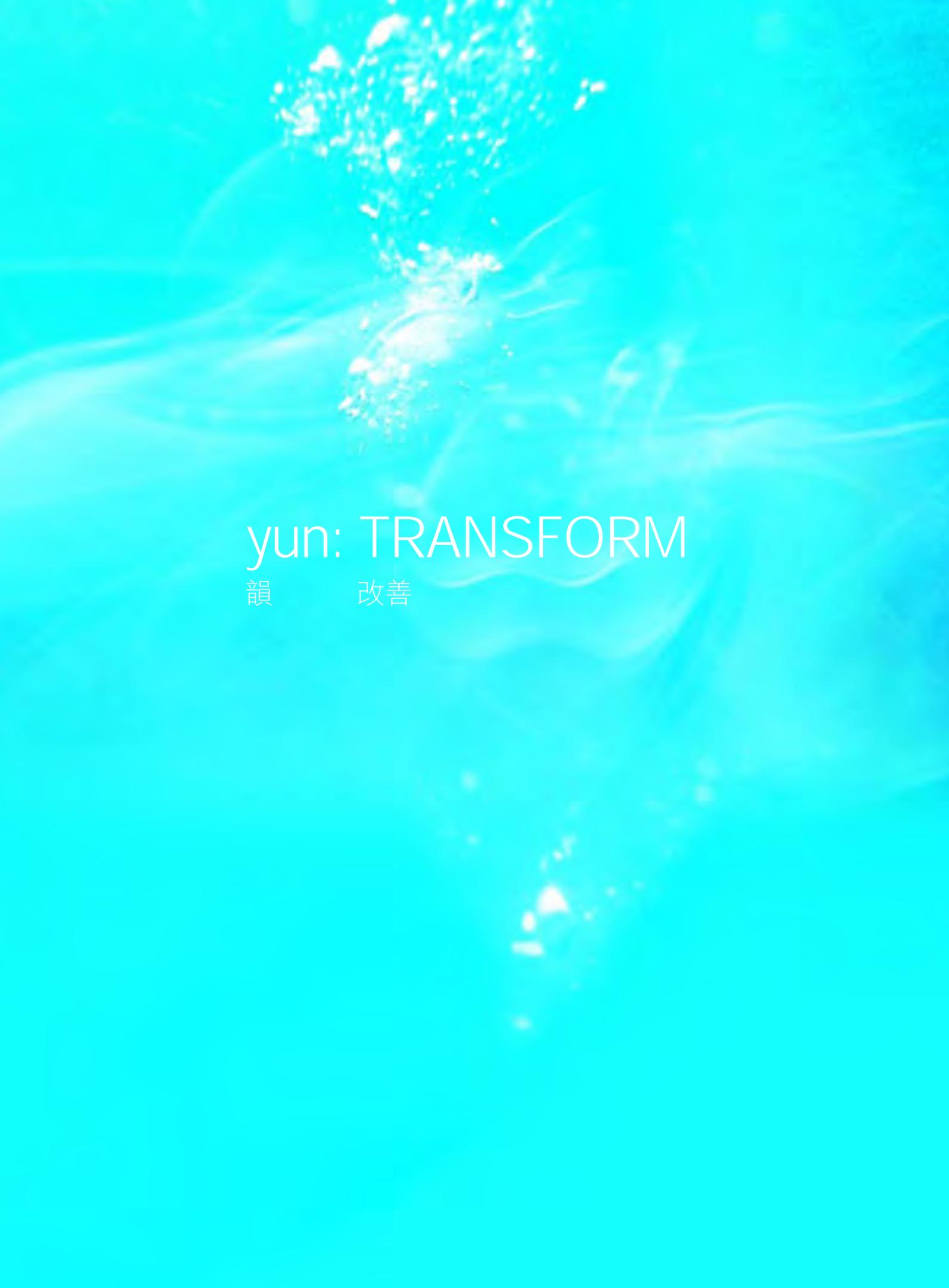


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股東週年大會通告





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YOUR BEAUTY  
OF  
**NATURAL**

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

### AUTHORISED REPRESENTATIVES

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

### COMPANY SECRETARY

Mr. Chan Yan Kwan, Andy CPA, FCCA

### MEMBERS OF THE AUDIT COMMITTEE

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

### MEMBERS OF THE REMUNERATION COMMITTEE

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

### REGISTERED OFFICE

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

17th Floor, Chuang's Tower  
30-32 Connaught Road Central  
Hong Kong

### AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants  
26th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### LEGAL ADVISERS

Arculli Fong & Ng  
In association with King & Wood (PRC lawyers)  
908 Hutchison House  
Central  
Hong Kong

### PRINCIPAL BANKERS

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

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

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

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

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

## **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  
蘇詩琇博士  
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)  
謹清先生  
(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**

陳仁君先生 CPA, FCCA

## **審核委員會成員**

葉良輝先生  
陳謝淑珍女士  
謹清先生

## **薪酬委員會成員**

葉良輝先生  
陳謝淑珍女士  
謹清先生

## **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  
中環  
干諾道中 30-32 號  
莊士大廈 17 樓

## **核數師**

德勤•關黃陳方會計師行  
執業會計師  
香港  
中環  
干諾道中 111 號  
永安中心 26 樓

## **法律顧問**

夏佳理方和吳正和律師行  
聯同金杜律師事務所 (中國大陸律師)  
香港  
中環  
和記大廈 908 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

中國國際商業銀行  
台灣  
台北  
敦化南路 2 段 62 號

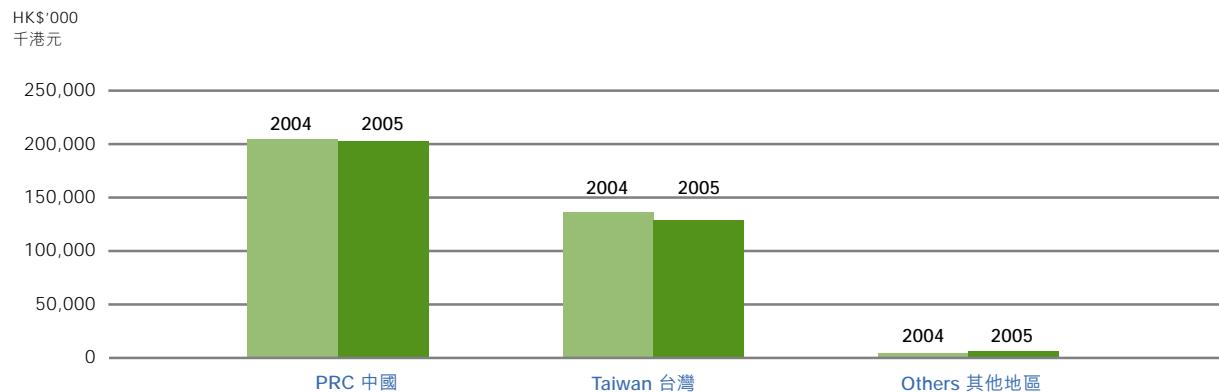
中國農業銀行  
上海市分行  
中國  
上海  
中山東一路 26 號 3 樓

交通銀行  
上海市分行閘北支行  
中國  
上海  
211 恒通路

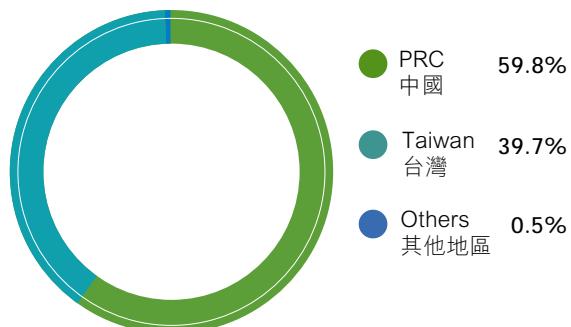
## FINANCIAL HIGHLIGHTS : 財務摘要

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

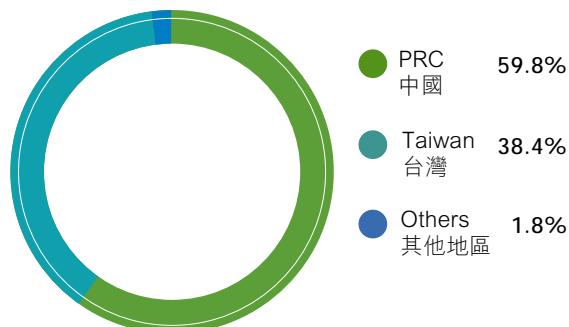
Turnover By Geographical Region  
 地理區域銷售額



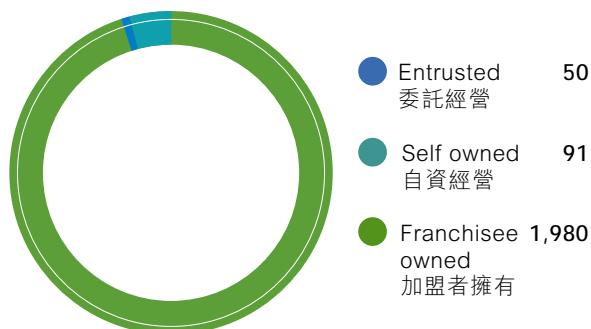
2004 Turnover By Geographical Region  
 地理區域銷售額



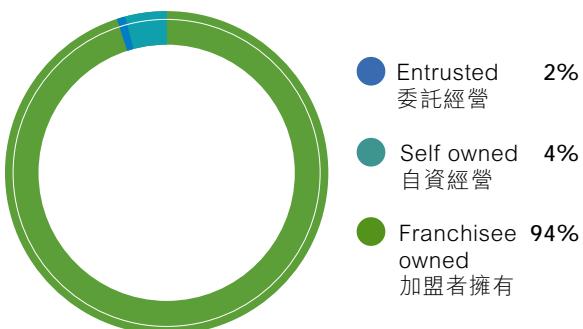
2005 Turnover By Geographical Region  
 地理區域銷售額



Store Number by Ownership  
 店舖數量按擁有權分佈



Store Number by Ownership (%)  
 店舖數量按擁有權分佈 (%)



## CHAIRPERSON'S STATEMENT

### 主席報告書



Natural Beauty is pleased to present our annual results for the year ended 31 December 2005 and to report a historical high income growth since the company has been listed on the Hong Kong Stock Exchange.

#### PERFORMANCE

During 2005, turnover has remained stable at HK\$357.9 million relative to the previous reporting period largely due to recessions in Taiwan and changes to our product and service strategies. Other operating income increased by 86.8% to HK\$43.1 million as compared to HK\$23.1 million in 2004. Nevertheless, our net income demonstrated a record breaking growth of 29.2% at HK\$81.0 million as compared to HK\$62.7 million in 2004.

The Board of Directors has resolved to declare a final dividend of 2.0 HK cents per share (2004: 1.75 HK cents). In addition to the interim and special dividend paid during the year, total dividend for the year amounted to 3.3 HK cents, representing a dividend payout ratio of 81.5%.

#### BUSINESS REVIEW

##### **Structural change in product versus service revenues**

We have continued with the strategy to entrust our self-owned model spas to reputable operators, where these stores will operate in a franchisee arrangement while distributing our products. This strategy is evidently a key driver of the record-breaking net income growth from our PRC operation. As a result, product sales had increased by HK\$10.1 million and accounted for 94.0% of our total turnover from the PRC as compared to 89.2% in 2004. The overall gross margin from the PRC has increased from 73.7% to 80.1% and has resulted in an additional gross margin contribution of HK\$13.6 million in 2005. As a result of the entrustment strategy, our service revenue from the PRC has decreased from HK\$18.1 million in 2004 to HK\$7.7 million in 2005, whereas related losses have narrowed down to HK\$4.8 million in 2005.

##### **Expanding Distribution Network**

Natural Beauty operated a network of 2,121 stores as of 31 December 2005. In order to expand NB's distribution network, we have launched a marketing campaign to recruit franchisees in the PRC using advertising media including TV commercials, magazines, and outdoor billboards since mid November 2005.

We have also launched our website under the new brand identity in mid November and has already attracted over 950,000 visitors to the website as at 31 December 2005. During the first two months of the launch, there were 1,136 queries on franchisee opportunities.

We have set up a call centre operation in mid December to solicit potential franchise partners and gather contact data of beauty salons from Shanghai, Guangzhou and Shenzhen with an established clientele. We have successfully reached out and gathered data from 4,402 salons amongst 80,000 entries in our database.

As of 31 December 2005, 93 of the 933 salons contacted have expressed interest in converting into NB franchisees. Official statistics reveals that there are approximately 1.54 million beauty centers in the PRC, thus, we will continue with our efforts to reach out to these potential NB franchisees in other cities.

### **Improving Sales per Store**

During the year under review, we have revamped our brand image in order to improve brand recognition and facilitate better sales. We have launched a shop image revamp program in the PRC in April 2005. As at 31 December 2005, 611 of the 1,446 NB spas in the PRC have revamped their shop fronts to be consistent to our new identity. We target to have the makeover completed by mid 2006.

The upgrade and revamp of our franchise operations in Taiwan is scheduled to commence in March 2006. We intend to speed up the expansion of our distribution network once our mechanism for franchisee recruitment is in place and the makeover of our shops is completed.

Our revamp process is extended to product packaging. We have successfully reduced the number of our bottle designs from over 200 down to 24 for our range of approximately 700 products. We have already repackaged 60 products and the process of repackaging is expected to be completed within 2006. Repackaged products are expected to be well received by personal users where we will expect better sales for home-use products. We have also managed to negotiate for lower product costs in the last quarter of 2005. We believe the new packaging and lower product costs will translate into higher margins and in turn, even better profits in 2006.

Our revamped brand identity has been well received and granted us such internationally renowned accreditations as the 2005 "Outstanding enterprise in Hong Kong" award, "Longshi Global Chinese - Language Print Advertisement" for Best Slogan & Most Creative Graphics, status as one of the six shortlisted candidates in the "Hong Kong Design Award", 8 merits and shortlisted in the "Asia Pacific Times Award" as well as the "Asia Pacific Interior Design Award" for our spa in Central, Hong Kong.

Finally, we have further improved our product mix and introduced new products to increase revenues from stores. Following the successful launch of NB1 Anti-aging series in 2004, we have rolled out new products within the NB1 family including NB1 Whitening, Anti-irritation, and Pore-refining series in 2005. In addition, we have launched 5 kinds of health supplements, all of which are targeted to improve revenues from stores. As a result, average sales per store in PRC further improved by 4.5% to HK\$139,000 for the year ended, on top of 16.7 % growth in 2004.

### **Dual-Track Franchisee Management Mechanism**

To improve the quality of our customer service and to ensure a consistent image across all boards for NB franchisee stores, we have adopted a dual-track management mechanism by setting up a panel of experts to monitor the presentation and delivery of services at subsidiaries as well as local franchisee stores. The dedicated team is responsible for implementing and monitoring training programs and marketing campaigns every other month. The team also conducts store audits in their assigned areas up to 4 times a year.

### **Improving Distribution System**

Our logistic centers in Shanghai, Guangzhou and Beijing became fully operational in December 2005.

## **OUTLOOK**

We will continue with our efforts to increase turnover and profits and identify additional sources of income in 2006:

### **Expansion in both Local and International Markets**

As an incentive to encourage franchisee to revamp their stores, we have put in place a program to grant the franchisee a mass product distribution right should they take part in the revamp. This would allow the franchisee to expand their product base by selling two extra lines designed for younger people to local hypermarkets, cosmetic drugstores and department store counters in the second quarter of 2006. We believe in addition to providing an attraction for franchisees, this arrangement will have a synergistic effect and bring in new customers from commercial districts to their spas via distributing discounted service vouchers with products sold. The younger lines will be reinforced via our sponsorship of the "CCTV-MTV Music Award".

Currently, we are under negotiation with renowned fashion designers in Europe and the US to design a unisex skincare line for Natural Beauty. The product line is intended to be marketed exclusively by international cosmetic channels in those regions. The designer line will also be launched in the PRC.

### **New Revenue Sources**

Franchisee fees for new franchise partnerships has been introduced in 2005 (RMB50,000 and RMB30,000 for 1st and 2nd tier cities respectively) and will continue to generate income for the Group in the future. A management fee of approximately RMB5,000 per quarter will be chargeable to all existing franchisee stores in the first quarter of 2006 that is inclusive of local advertising support, international training and customer data bank. We believe such supporting initiatives would further enhance the earning capacity of the Company.

### **Expand Beauty Training Business**

Natural Beauty has 15 beauty training centers throughout the PRC that are in collaboration with the Ministry of Labor and local Department of Labor to issue 10 types of beauty licenses, including Beautician, Aroma Therapists, Make up Artists, Stylists, etc. The Ministry of Labor also started to subsidize our training centers from RMB670 to RMB1,720 for each student who passes the license exam at our centres since the beginning of 2006. We believe tuition incomes from training programmes will bring in additional revenue for the company as well as generate product sales from students during the 2-month training period. In addition to students from the Government licensing exams and from new franchisee stores, we are planning to organize CCTV-MTV NB Beauty Summer Camps with celebrity endorsement to attract college students and younger office workers, providing them with basic beauty training and to increase our brand awareness amongst this demographic segment.

As the economy in the PRC continues to prosper with increasing demand for beauty services, we are confident in the positive outlook for our business. With the concerted efforts of the management and our staff, we endeavor to achieve promising returns for our shareholders. We believe we are now ready for further expansion.

## **NOTE OF THANKS**

I would like to, once again with great pleasure, thank the members of our Board, our shareholders, and business partners for their invaluable support and guidance. I am grateful and appreciative of the Group's management team and staff members for their commitment and hard work.

**Dr. Yen Yu Tsai**

*Chairman*

Hong Kong, 12 April 2006



自然美欣然提呈其截至二零零五年十二月三十一日止年度之年度業績，本公司錄得自其於香港聯交所上市以來最高收益。

### 表現

於二零零五年，營業額對比上一申報期間維持平穩於357,900,000港元，主要由於台灣經濟倒退及本集團產品及服務策略改變所致。其他經營收益由二零零四年23,100,000港元增加86.8%至43,100,000港元。儘管如此，本集團收益淨額錄得破紀錄增長，由二零零四年62,700,000港元增長29.2%至81,000,000港元。

董事會議決宣派末期股利每股2.0港仙(二零零四年：1.75港仙)。連同年內已派發中期及特別股利，本年度股利合共為3.3港仙，派息率為81.5%。

### 營運概況

#### 產品結構性變動令服務收益下降

本集團沿用委託優秀經營者經營本身經營模範水療中心的策略，該等店舖將會按加盟店安排經營，同時分銷本集團產品。此策略顯然已成為本集團中國業務錄得破紀錄增長的主要動力。因此，產品銷售增加10,100,000港元，佔本集團中國營業額的94.0%，而二零零四年則佔89.2%。中國業績整體毛利率由73.7%增加至80.1%，於二零零五年帶來額外毛利貢獻13,600,000港元。由於實行委託經營策略，本集團於中國的服務收益由二零零四年18,100,000港元下降至7,700,000港元，而相關虧損則收窄至4,800,000港元。

#### 擴大分銷網絡

於二零零五年十二月三十一日，自然美經營共有2,121間店舖的網絡。為擴展NB的分銷網絡，本集團已自二零零五年十一月中起推出市場推廣活動，透過電視廣告、雜誌及戶外廣告板等宣傳媒體於中國招攬加盟商。

此外，本集團於十一月中以新品牌形象推出網站，於二零零五年十二月三十一日已吸引超過950,000名訪客瀏覽。於網站推出首兩個月，共接獲1,136宗有關加盟機會的查詢。

本集團於十二月中設立電話服務中心業務，以招攬潛在加盟商夥伴，以及收集上海、廣州及深圳已具客戶基礎美容院之聯絡資料。本集團已成功接洽數據庫80,000項記錄中4,402間美容院並取得資料。

截至二零零五年十二月三十一日，在本集團共接洽933間美容院，其中93間表示有興趣成為NB加盟商。官方統計數字顯示中國大陸約有1,540,000間美容中心，因此我們將會繼續努力，於其他城市與該等潛在NB加盟商接觸。

### **改善店舖銷售額**

於回顧年度內，本集團提升其品牌形象，以改善品牌知名度及促進銷量。本集團於二零零五年四月在中國展開店舖形象提升計劃。於二零零五年十二月三十一日，中國1,466間NB水療中心中611間已完成店面翻新，以配合本集團全新形象。本集團準備於二零零六年中完成此項翻新工作。

本集團台灣加盟業務的提升及翻新工作預期將於二零零六年三月展開。本集團計劃於落實招攬加盟商的機制及商舖翻新完成後，加快擴展其分銷網絡。

提升本集團的過程亦已延伸至產品包裝方面。我們已成功將七百多款產品的二百多款容器包裝簡化為24款，並已重新包裝60款產品，預期重新包裝工作將於二零零六年內完成。本集團預期，重新包裝產品將會廣受個人用戶歡迎，因此家用產品之銷量可望更進一步。本集團已成功於二零零五年第四季爭取更低產品成本。我們相信，新包裝及較低產品成本將於二零零六年為本集團帶來更高邊際利潤和盈利。

本集團重新包裝的品牌形象廣受好評，並獲得多項國際殊榮，如二零零五年「香港傑出企業獎」、「Longshi全球華語印刷廣告獎」最佳廣告標語及最具創意圖象、「香港設計獎」六項入圍設計之一、「Asia Pacific Times Award」八個獎項及候選名單，而本集團於香港中環的水療中心則榮獲「亞太室內設計獎」。

最後，本集團進一步改良產品組合及推出新產品，以增加店舖收入。隨著二零零四年成功推出NB1抗衰老系列後，本集團於二零零五年推出NB1旗下新產品，包括NB1美白系列、防敏系列及收細毛孔系列。此外，本集團亦推出五款保健食品，旨在改善店舖收益。因此，於年底，中國店舖平均銷售額繼二零零四年增長16.7%後，再度增長4.5%至139,000港元。

### **雙軌加盟商管理機制**

為改善本集團客戶服務質素，以及確保各NB加盟店形象貫徹一致，本集團已採納雙軌管理機制，設立專家小組，監察附屬公司及本地加盟店的形象及提供服務情況。專責隊伍則每兩個月落實及監控培訓計劃及市場推廣活動。該隊伍每年亦會於所負責地區進行最多四次店舖巡查。

### **改善分銷系統**

本集團於上海、廣州及北京的物流中心已於二零零五年十二月全面投入運作。

## **展望**

本集團將會繼續於二零零六年繼續提升營業額及溢利，並物色額外收益來源：

### **擴展本地及國際市場**

為鼓勵加盟商翻新店舖，本集團推行一項計劃，給予翻新店舖的加盟商大規模產品分銷權。此項分銷權容許加盟商擴充其產品種類，於二零零六年第二季向本地大型超級市場、化妝藥房及百貨公司專櫃售賣額外兩款專為年輕人而設的系列。本集團相信，此項安排除了能夠吸引加盟商外，亦可締造協同效益，以及透過售出產品派發的優惠券吸引商業區的新客戶光顧加盟商的水療中心。本集團將會透過贊助「CCTV-MTV 音樂頒獎禮」，加強此年輕系列產品的宣傳。

現時，本集團正與歐美著名時裝設計師商討，為自然美設計男女皆宜的護膚系列。該產品系列將會於該等地區透過國際化妝頻道獨家銷售。該款設計師系列亦會於中國推出。

### **新收益來源**

本集團於二零零五年就新加盟商夥伴收取加盟費(第一級城市及第二級城市分別為人民幣50,000元及人民幣30,000元)，而此將於日後繼續為本集團帶來收入。本集團亦將於二零零六年第一季起向全部現有加盟店收取每季約人民幣5,000元的管理費，收費包括本地廣告支援、國際培訓及客戶數據庫。我們相信該等支援措施將可加強本公司的盈利能力。

### **擴充美容培訓業務**

自然美於中國全國各地與國家勞工部及地方勞工部合辦15家美容培訓中心，以發出10種美容牌照，包括美容師、香薰治療師、化妝師、髮形師等牌照。自二零零六年初起，國家勞工部就每名於本集團旗下中心通過牌照考試的學員發放人民幣670元至人民幣1,720元的津貼。我們相信，培訓課程將會為本公司帶來額外收入來源，以及於兩個月培訓期間藉向學員銷售產品產生收入。除來自政策牌照考試及新加盟店的學員外，本集團計劃籌辦獲名人參與的CCTV-MTV NB暑假美容訓練營，以吸引大學生及年輕白領人士，向彼等提供基本美容培訓及增加本集團品牌於此年齡層的知名度。

隨著中國經驗持續蓬勃發展，對美容服務需求不斷增加，我們對本集團業務前景充滿信心。憑藉管理層及各員工群策群力，我們竭力為股東帶來理想回報，並相信本集團已準備就緒作進一步擴展。

## **致謝**

本人謹再次向董事會成員、股東及業務夥伴的寶貴支持及指導致以衷心謝意，亦感謝本集團管理層隊伍及員工的竭誠服務及努力工作。

主席

**蔡燕玉博士**

香港，二零零六年四月十二日

## MANAGEMENT DISCUSSION & ANALYSIS

### 管理層討論及分析

#### FINANCIAL REVIEW 財務概況

##### Turnover by geographical region

	2005		2004		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	213,915	59.8%	214,061	59.8%	(146)	-0.1%
Taiwan	137,358	38.4%	142,150	39.7%	(4,792)	-3.4%
Others	6,643	1.8%	1,931	0.5%	4,712	244.0%
<b>Total</b>	<b>357,916</b>	<b>100.0%</b>	<b>358,142</b>	<b>100.0%</b>	<b>(226)</b>	<b>-0.1%</b>

HK\$'000  
千港元



Average sales per store	2005		2004 Average sales per store*	2005		2004 Average sales per store	Changes HK\$	Changes %
	Average store*	Average store*		Average sales per store HK\$	Average sales per store HK\$			
PRC	1,533.5	1,607.5	133,000	139,000	6,000	133,000	6,000	4.5%
Taiwan^	530.0	600.0	237,000	259,000	22,000	237,000	22,000	9.3%
<b>Group total**</b>	<b>2,083.5</b>	<b>2,209.0</b>		<b>169,000</b>		<b>161,000</b>	<b>8,000</b>	<b>5.0%</b>

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

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

^ 2004: Hong Kong was under entrustment, average store number in Taiwan adjusted to include Hong Kong Market.

Tur nover has slightly decr eased by 0.1% to HK\$357.9 million in 2005 compar ed to HK\$ 358.1 million in 2004. The decr ease in tur nover is attributable to the r ecession of T aiwan economy and the structural changes of pr oduct vs. service income in PRC. The Gr oup average sales per stor e incr eased by 5.0% fr om HK\$161,000 in 2004 to HK\$169,000 in 2005.

In the PRC, the tur nover decr eased by 0.1% or HK\$0.1 million to HK\$213.9 million. The relatively small decr ease in PRC tur nover is the net ef ect of incr eased pr oduct sales of HK\$10.1 million, incr ease in entrustment income of HK\$0.2 million and the r eduction of service r evenue of HK\$10.4 million. W e continued to entrust our self-owned spas in established areas to r eputable operators to mitigate our losses, thus r esulting in the r eduction of our service r evenue contributed. However , PRC has r ecor ded a gr owth in pr oducts sales of 5.3% for year 2005 due to the entrustment strategy . We have gr oss losses on service income as our spas ar e used as model spas for potential franchisees and ar e not sales oriented. The pr oducts sales, as a r esult of our brand r evamp and stor e image r evamp program started in April 2005, has boosted the average stor e sales by 4.5% fr om HK \$133,000 in 2004 to HK\$139,000 in 2005.

In Taiwan, tur nover for the year decr eased by HK\$4.8 million, or 3.4% to HK\$137.3 million in 2005 compar ed to HK\$142.1 million in 2004. The decr ease in T aiwan market is mainly attributable to r ecession of T aiwan economy , and our stor e revamp pr ogram in T aiwan was scheduled to launch in the first quarter of 2006.

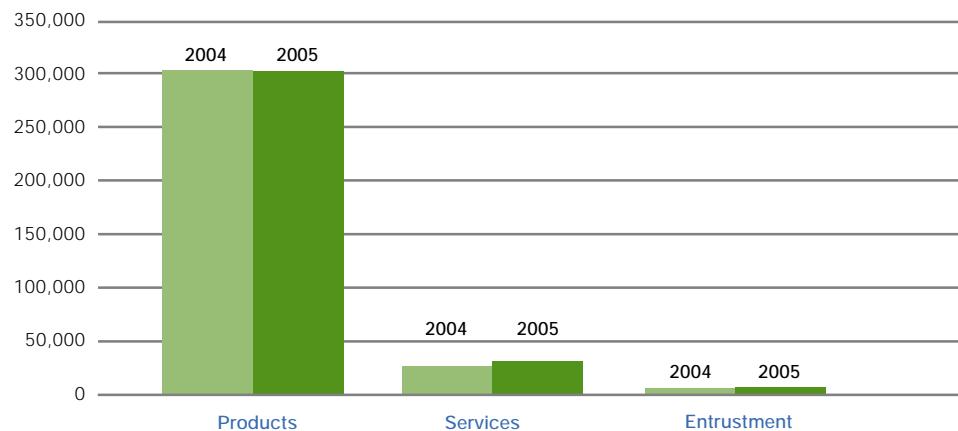
Other markets includes Hong Kong and Malaysia, ther e are 2 stor es in Hong Kong and 38 stor es in Malaysia as at 31 December 2005. The operations of these r egions r emain immaterial and account for less than 2% of total tur nover to the Gr oup.

BY ACTIVITIES	2005 HK\$'000	2004 HK\$'000	Variance HK\$'000	Variance %
<b>Products</b>				
PRC	<b>200,979</b>	190,880	10,099	5.3%
Taiwan	<b>117,375</b>	131,919	(14,544)	-11.0%
Others	<b>4,493</b>	1,931	2,562	132.7%
<b>Total</b>	<b>322,847</b>	324,730	(1,883)	-0.6%
<b>Services</b>				
PRC	<b>7,681</b>	18,107	(10,426)	-57.6%
Taiwan	<b>19,983</b>	10,231	9,752	95.3%
Others	<b>2,150</b>	–	2,150	n/a
<b>Total</b>	<b>29,814</b>	28,338	1,476	5.2%
<b>Entrustment</b>				
PRC	<b>5,255</b>	5,074	181	3.6%
Taiwan	<b>–</b>	–	–	n/a
Others	<b>–</b>	–	–	n/a
<b>Total</b>	<b>5,255</b>	5,074	181	3.6%



Turnover by activities	2005		2004		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Products	<b>322,847</b>	<b>90.2%</b>	324,730	90.7%	(1,883)	-0.6%
Services	<b>29,814</b>	<b>8.3%</b>	28,338	7.9%	1,476	5.2%
Entrustment	<b>5,255</b>	<b>1.5%</b>	5,074	1.4%	181	3.6%
<b>Total</b>	<b>357,916</b>	<b>100.0%</b>	358,142	100.0%	(226)	-0.1%

HK\$'000  
千港元



### Products

The Group manufactures and sells three main types of products, namely skin care products, beauty products and aromatherapeutic products under the NB and Bio-up brand names. Sales of products are primarily made through spas and dedicated counters and are the Group's key revenue contributor, accounting for HK\$322.8 million, or 90.2% in 2005, compared to HK\$324.7 million, or 90.7% in 2004. Gross margin of products remain stable at 85.3%.

The drop in products sales is the net effect of increase in PRC products sales of HK\$10.1 million, reduction in Taiwan of HK\$14.5 million and improvement in other regions of HK\$2.5 million. The increase in PRC product is attributable to the brand revamp program, which including the overall brand image, franchise store image and new product packaging. The reduction in Taiwan market is mainly attributable to the recession of Taiwan economy, and our store revamp program in Taiwan was only scheduled to launch in the first quarter of 2006.

Other markets include Hong Kong and Malaysia and only accounted for 1.4% of total product sales for the year.

### Services

Service income including income from self-owned spa with services provided, training income and management fee received from franchisees, and other service related income.

The Group provides skin treatments, beauty and spa services through its self-owned spas. Service income are generated from our self-owned spas as the Group does not share any service income generated in the franchised spas with franchisees under the current franchise programme. Income from these services increased by 5.2% to HK\$29.8 million. There was a decrease of service revenue in PRC of HK\$10.4 million as we continue to entrust self-owned spas to reputable operators. On the other hand, Taiwan reported an increase in service revenue of HK\$9.8 million, arising from the management and training fee received from 201 franchisees amounted to HK\$8.0 million. The spas in Hong Kong previously entrusted were operated by the group since 1 January 2005.

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

### **Entrustment**

In order to allocate our financial and human resources more efficiently, the Group has entrustment arrangements in PRC ranging from one to five years, where our self-owned spas were entrusted to reputable operators in the local areas. The operators will be responsible for all the profits and losses of the operations and the Group receives a fixed annual entrustment income. The Group sells products to the operators as one of our franchises.

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

The entrustment income increased 3.6% to HK\$5.3 million in 2005 compared to HK\$5.1 million in 2004.

### **Other operating income**

Other operating income mainly represented by rental income of HK\$5.8 million, interest income of HK\$3.3 million, financial refunds of HK\$19.6 million and increase in fair value of investment properties of HK\$4.5 million and others for the remaining balance. The other operating income increased by 86.8%, or HK\$20.0 million from HK\$23.1 million in 2004 to HK\$43.1 million in 2005. The increase is mainly attributable to the increase in financial refund in PRC of HK\$9.6 million due to higher operating profits of PRC subsidiaries; HK\$4.5 million increase in fair value of investment properties in accordance with the Hong Kong Accounting Standard No. 40, which requires gains or losses arising from the changes in the fair value of investment properties to be recognized directly in the profit and loss for the year in which they arise (previously the changes in the fair value was recognized in the statement of equity); a gain on acquisition of additional interest in subsidiary of HK\$2.7 million and increase in interest income of HK\$1.3 million due to increase in interest rate and average bank balances.



### Distribution and administrative cost

The Group's distribution costs as a percentage of turnover remained stable at 35.7% compared to 35.4% in 2004. The administration expense reduced HK\$1.9 million to HK\$62.0 million in 2005 compared to HK\$63.9 million in 2004.

Despite of our increased advertising exposure in various media, our group advertising costs has reduced by 4.5% to HK\$77.1 million, as we continue to allocate our advertising budget to 4A advertising agencies which have stronger media-buying power, to achieve the operating efficiency. The savings was compensated by the increase in the travel and transportation expenses. The increase in travel expenses of HK\$1.9 million was due to our fortifying of our franchisee dual track management system, where our expert teams travel to each city in PRC to provide assistance, to monitor and to ensure the local franchisees achieve the required competence and consistency of service quality, in addition to the local support to franchisees from our subsidiaries. The increase in transportation expense of HK\$1.9 million was mainly due to the collaboration of China Post for the warehousing and inventory management, as well as logistics of deliveries in PRC. Capitalized on our experience in collaboration with China Post, we believe it would be more effective in enhancing the internal supply chain management and building our own distribution systems. We are currently managing the three warehouses in Shanghai, Beijing and Guangzhou to cover the whole PRC. The delivery of products, is currently out-sourced to other logistics companies in China.

### Other operating expenses

Other operating expenses for the year of HK\$18.2 million mainly represents provision of obsolete inventory of HK\$8.4 million, loss on disposal of fixed assets of HK\$3.8 million, donation of HK\$1.2 million, bank charges of HK\$1.3 million and loss on closure of branches and subsidiaries of HK\$2.2 million. The main reason for the fluctuation as compared to last year was due to higher inventory provision was charged in current years, partly due to the product repackaging initiative.

### Profit before taxation

The increase in gross profit, other operating income, in couple with the savings in administrative expense, net of the increase in other operating expenses, the profit before tax surged by 21.0%, from HK\$99.1 million in 2004 to HK\$119.8 million in 2005.

### Taxation

Taxation expenses increased 6.9% from HK\$36.3 million in 2004 to HK\$38.8 million in 2005. The effective tax rate of the Group for financial year ended 31 December 2004 and 2005 were 36.7% and 32.4% respectively. The drop in effective tax rate is benefited from our Taiwan operation, where the Taiwanese Government offered tax reduction for Taiwan manufacturers who re-invest in Taiwan. The relatively high effective tax rate is attributable to the fact that there are withholding taxes on dividends paid by our Taiwan subsidiaries when the dividends were paid outside Taiwan. The total withholding tax expense charged by Taiwan tax authority amounted to HK\$2.1 million in 2005 (2004: HK\$2.1 million).

### **Net profit for the year**

As a result, the net income for the year increased by 29.2% from HK\$62.7 million in 2004 to HK\$81.1 million in current year.

### **Liquidity and financial resources**

Cash generated from operations for 2005 was approximately HK\$150.9 million (2004: HK\$161.8 million). The decrease was primarily due to increase of trade and other receivables balance. As at 31 December 2005, the Group had bank balances and cash of approximately HK\$338.7 million (2004: HK\$235.9 million) and trading securities (which are mainly capital guaranteed bond funds) of approximately HK\$26.5 million (2004: HK\$94.4 million) with no external bank borrowing.

In terms of gearing, as at 31 December 2004 and 2005, 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 2004 and 2005 were 5.3 times and 6.0 times respectively. As at 31 December 2005, 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.

### **Charges on assets**

Certain freehold investment properties of the Group with a carrying amount of HK\$155.3 million (2004: HK\$156.1 million) 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.

### **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 2005, approximately 68.1% (2004: 85.6%) of the Group's bank balances and cash was denominated in Renminbi, while approximately 21.4% (2004: 4.3%) was denominated in New Taiwan Dollar and the remaining 10.5% (2004: 10.1%) was denominated in United States Dollars, Hong Kong Dollars and Malaysia Ringgits. The Group continued to adopt a conservative approach in respect of foreign exchange exposure management. Review of the Group's exposure to foreign exchange risk will be conducted periodically and derivative financial instruments may be used to hedge against such risks when necessary.

## **BUSINESS REVIEW**

### **PRC Market**

Our brand revamp exercise had been implemented for one year and the benefits started to reflect on the growth of product sales. Our product sales in PRC has increased by 5.3% to HK\$201.0 million. We have also started the product repackage process in late 2005. The gross margin of product sales also recorded an improvement from 83.6% in 2004 to 85.1% in current year.



Our entrustment strategy continued to pay off. We entrusted our spas to reputable operators in established areas to mitigate our losses, as our spas are mainly used as model spas for potential franchisees, and are not sales oriented. Despite the service turnover has reduced by HK\$10.4 million, our overall gross profit in PRC has increased by HK\$13.6 million and the overall gross margin significantly improved from 73.7% in 2004 to 80.1% in 2005.

With the increase in other operating income, mainly the tax refund, the operating profit and net profit, both have surged by 23.6% in current year, to HK\$88.2 million and HK\$57.2 million respectively.

### Taiwan Market

Taiwan has been in recession and our brand revamp exercise for Taiwan market was only scheduled to start in the first quarter of 2006. As a result, the product sales in Taiwan has dropped 11.0% to HK\$117.4 million in 2005. The product sales gross margin, has dropped slightly from 88.7% in 2004 to 88.0% in 2005.

Due to the management and training fee received from 201 franchisees of approximately HK\$8.0 million, which was introduced in 2005, the service revenue has surged by HK\$9.8 million to HK\$20.0 million in 2005. The overall gross margin, also recorded a slight improvement from 82.9% in 2004 to 83.1% in current year. The overall gross profit contribution reduced by HK\$3.7 million in 2005 as compared to that of 2004.

Despite the drop in the gross profit contribution, the centralized advertising initiative has saved advertising cost of HK\$14.4 million in Taiwan, and has resulted in the growth of operating profit by 29.4%, or HK\$11.9 million in 2005.



In order to stimulate the Taiwan economy, the Taiwanese government had offered taxation reduction for companies re-investing in Taiwan. The application of such tax benefits by our subsidiaries in Taiwan had been approved and the full benefits started to reflect in current year. The effective tax rate in Taiwan, has been dropped from 22.2% in 2004 to 10.0% in 2005. As a result, the net profit surged by 49.7%, or HK\$15.7 million, to HK\$47.2 million in current year.

### Distribution channels

The Group principally derives income through our unique distribution channels, namely spas and counters in department stores. There are total 2,121 store outlets as at 31 December 2005, of which 2,022 are spas and 99 are counters. All spas can provide hydrotherapy, facial, body care and skin care analysis to our customers and counters in department stores usually provide skin care analysis.

There are total 1,980 franchisee spas as of 31 December 2005, and 14 spas and 77 counters are directly operated by the Group. There are also 28 spas and 22 counters being entrusted to reputable operators.

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

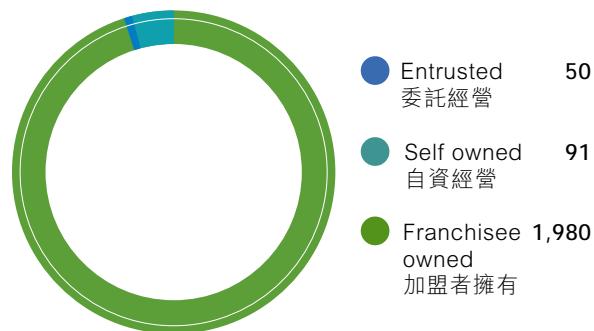
Self-owned spas are primarily set up to act as a model spa for potential franchisees. While there are needs to establish self-owned spas in new markets as model spas, the Group considers it would be more profitable as a whole to allocate resources to stimulate product sales instead of operating our own spas, due to higher overhead costs compared to franchisees. The Group therefore has entrusted and will continue to entrust certain of our spas in explored markets to reputable operators.

Entrusted spas are owned by the Group and operated by reputable operators. The spas were previously operated by the Group. In order to allocate financial and human resources more efficiently, the Group has entrustment arrangements in PRC ranging from one to five years, where our self-owned spas were entrusted to reputable operators in the local areas. The operators will be responsible for all the profits and losses of the operations and the Group receives a fixed annual entrustment income from the operators. The Group also sells products to the operators as one of the franchises.

The Group believes the entrustment arrangement will be a win-win situation for both the operators and the Group. Local operators can better serve the specific needs of the local customers, and hence generate more product and service revenues. The Group, on the other hand, can secure a steady annual entrustment income while maintaining the distribution location, and to reallocate our resources to explore new markets. This entrustment strategy in PRC is proved successful as the overall gross margin has improved from 73.7% in 2004 to 80.1% in 2005, with an additional contribution of HK\$13.6 million for current year.

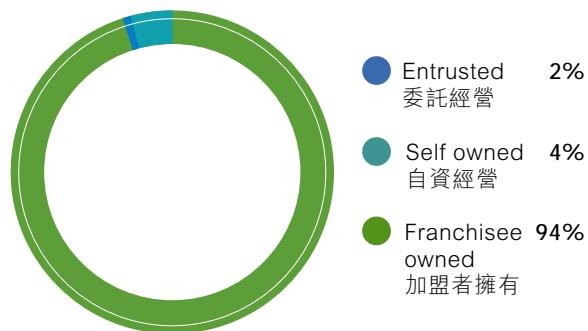
Store Number by Ownership

「店舖數目按擁有者分佈」



Store Number by Ownership (%)

「店舖數目按擁有者分佈 (%)」



Store Number

by Ownership

As at 31  
December 2005

Franchisee

Self-

Self-

Owned

Owned

Total

Total

Grand

Total

	Franchisee owned Spa	Entrusted Spa	Self- owned Spa	Total Spa	Entrusted Counter	Self- owned Counter	Total Counter	Grand Total
PRC	1,415	28	3	1,446	22	77	99	1,545
Taiwan	527	-	9	536	-	-	-	536
Others	38	-	2	40	-	-	-	40
<b>Total</b>	<b>1,980</b>	<b>28</b>	<b>14</b>	<b>2,022</b>	<b>22</b>	<b>77</b>	<b>99</b>	<b>2,121</b>

<b>Store Number by Ownership As at 31 December 2005</b>	<b>Franchisee owned</b>	<b>Entrusted</b>	<b>Self-owned</b>	<b>Total</b>
PRC	1,415	50	80	1,545
Taiwan	527	-	9	536
Others	38	-	2	40
<b>Total</b>	<b>1,980</b>	<b>50</b>	<b>91</b>	<b>2,121</b>

### **Revamp Brand Image**

We recognized the needs to transform our brand image through a more active strategy, to stay competitive. The brand revamp can be summarized in five main areas:

- New Logo
- New Franchise Store Image
- Existing Franchise Store-Front Revamp
- Product Repackaging
- Website Relaunch



### **New Logo**

We are pleased to receive countless applauses on our new logo design, and the new logo have been incorporated in all range of products, ranging from name card, stationery to carrying bags.



#### New Franchise Store Image

Similar to our logo, all new franchise spas need to have a refreshing and eye-catching image to attract and retain customers. We have set up model spas/image shop for potential franchisees. We will continue to promote and encourage existing franchisees to upgrade to the new franchise store image upon their renewal or renovation of their spas.



#### Existing Franchise Spa Store-Front Revamp

Since we have a vast network of franchise spas and it is impractical to request all the franchisees to renovate their spas according to our new franchise store image, we have an interim arrangement, for the existing franchise to revamp their spa, with minimum efforts and financial resources. As of 31 December 2005, there were 611 franchise spas have completed their store revamp.



### **Product Repackaging**

Our brand revamp is also extended to product package. We have re-designed all our product packages. In order to offer a consistent image, we have simplified our package type of over 700 products in more than 200 various forms, and turned into 24 standard forms only. As at 31 December 2005, there were 60 products have their product packages changed. We expect to complete the product repackaging exercise by end of 2006.

All our new packages are costing less than the original packages, with cost saving ranging from RMB0.06 to RMB12.14. We believe our repackaged products not only would improve the profit margin, the appealing look would also drive the sales of home-use products in the spas, one of our initiatives to further boost the store sales of each franchisee.



### **Website Relaunch**

To facilitate the end customers and franchisees, we have re-launched our websites in PRC in 2005 to realign the revamped image and to enrich the contents. The website provides all sorts of beauty tips, company activities, product information and online shopping to the end customers. There is also a section dedicated to potential franchisees. As at 31 December 2005, there were 1,136 visitors have provided personal details and interested in becoming one of our franchisees. The website, also has a Business-to-Business ("B2B") portal for franchisees to order their goods online.

### **Logistics**

We had collaborated with China Post in 2005 to centralize our warehouses in more than 10 locations in China. We had set up three logistics centres with China Post. China Post was

responsible for the warehousing management, inventory management and logistics of the delivery of products. Capitalized on our experience in collaboration with China Post, we believe it would be more cost effective in enhancing the internal supply chain management and building our own distribution systems. We are currently managing the three warehouses in Shanghai, Beijing and Guangzhou to cover the whole PRC. The delivery of products, is currently out-sourced to other logistics companies in China.

### **Research & Development**

In order to maintain its competitive edge, the Group takes research and development seriously with a view to improve the quality of its existing products and develop new products. The Group has been collaborating with overseas cosmetic companies on technological development and imported European, American, Japanese and Australian biotechnology materials and applied them in over 700 NB's products. The Group's research and development team comprises 13 members and a number of overseas consultants with experience and expertise in cosmetics, medical, pharmacy and bio-chemistry. NB's products are constantly enhanced and modified with new ingredients developed by its research and development team. The Group believes that the collaboration of different expertise and experience within the team together with Dr. Tsai's over 30 years of industry experience and knowledge can help developing high quality beauty and skin care products. NB principally uses natural ingredients in producing its products and have special formulation to especially suit the needs of the delicate skin of oriental women. NB's products are attentive to the skin's natural metabolism and its benefits are long-lasting.

In developing new products, the research and development team will take into account the feedback and advice from senior management of the Group. Prototype of new products will be distributed to over 1,000 of selected senior beauty professionals. In accordance with the outcome of the tests, refinements or modifications to the products may be made, prior to its full commercial launch thus ensuring the quality, effectiveness and safety standard of NB's products. Where a product requires registration with relevant authorities, it will be done prior to the launch in the market. All NB products are assured to meet all relevant regulations.

In addition to NB's dedicated research and development team, NB has collaborated with a leading researcher, Dr. Chen Ji Dai, in the field of human genome and stem cell technology, in the development of anti-aging NB-1 product family and other products for spot removing, whitening, anti-allergy and slimming. Combining Dr. Tsai's over 30 years of experience in the beauty and skin care industry and together with the strong background of its research and development staff, NB has the competitive advantages in the research and development of beauty and skin care products.

The total research & development cost for the year ended 31 December 2005 amounted to HK\$1.3 million (2004: HK\$2.0 million).

### **Products**

After the successful launch of our flagship product, anti-aging NB-1 series in late 2003 and NB-1 Whitening series in 2004, this year the Group also launched NB-1 anti-allergy, pore refining series and six kinds of health supplement to our product line. In 2005, there were over 45,000 sets/bottles of NB-1 Series were sold with a turnover of HK\$45.8 million.



We continue to enrich our product range in 2005, apart from the NB-1 whitening series, there were also health supplement and body sculpturing lingerie added. Total sales for the health supplement and body sculpturing lingerie for the year ended 31 December 2005 were HK\$7.8 million and HK\$5.8 million respectively.

### Information Technology

The Group starts to implement ERP system by Oracle to link up the key decision making process throughout the Group's value chain. The ERP system is expected to enhance the Group's information flow, and to enable the generation of more accurate and timely production planning and sales forecast.

The implementation of the ERP in Taiwan was completed and the implementation in PRC is expected to be completed in 2006.

### Human Resources

As at 31 December 2005, the Group had a total of 878 employees, of which 682 were based in PRC, 177 in Taiwan and 19 in other areas. Total remuneration (excluding directors' emoluments) for the year ended 31 December 2005 was approximately HK\$62.7 million (2004: HK\$52.7 million), including retirement benefits cost of HK\$6.0 million (2004: HK\$5.9 million). Competitive remuneration packages are maintained to attract, retain and motivate capable staff and are reviewed on a periodical basis.

The Group maintains good employee relations and is committed to 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.

### Capital Expenditures

The Group's major capital expenditures were related to self-owned spas and machinery in our factories. There were HK\$24.9 million additions to fixed assets in 2005 (2004: HK\$14.2 million), of which included a property purchased in Guangzhou for HK\$12.9 to expand the regional Training Centre for the southern China region.

Franchisees are responsible for the capital expenditures of their spas.

Since our factories in PRC and Taiwan still have spare capacities, current utilization rate estimated at around 70%. The management does not anticipate the need for any new factory in the near future.



## OUTLOOK

Natural Beauty's has been the leading professional beauty products & spa services provider in Greater China.

Looking ahead, we will continue to maintain our leading position in Taiwan spa market and we will continue to focus in the PRC, to capture this fast expanding market. We have defined plans for expansion and also plans to maximize our revenue and profitability.

Measures to improve same store sales:

- Revamp corporate and store image to attract new customers
- New package design to stimulate home-use products sales
- Introduction of various skin-care products and health supplements to enrich the product line.

Plan for expansion of franchise network:

- To increase 200 quality stores in 2006

New revenue sources:

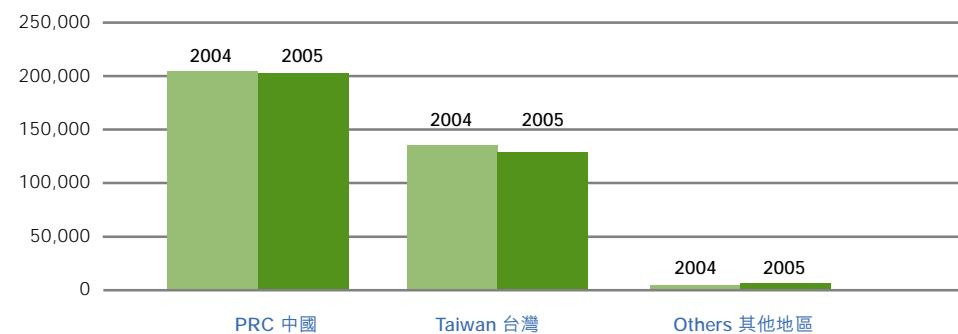
- Training fee from courses provided to other interested parties including:
  - a) Training for Corporations like Sephora;
  - b) Training for individuals including 10 different licensed courses; and
  - c) CCTV-MTV summer training camp to target university & college students
- Management fee to be collected from new franchisees.

With the relentless pursuit of excellence, we are confident that we will continue to realize our strategies and to remain as the leading professional beauty products and spa services provider in Greater China.



	二零零五年		二零零四年		變動	
	千港元	%	千港元	%	千港元	%
中國大陸	213,915	59.8%	214,061	59.8%	(146)	-0.1%
台灣	137,358	38.4%	142,150	39.7%	(4,792)	-3.4%
其他地區	6,643	1.8%	1,931	0.5%	4,712	244.0%
總計	<b>357,916</b>	<b>100.0%</b>	<b>358,142</b>	<b>100.0%</b>	<b>(226)</b>	<b>-0.1%</b>

HK\$'000  
千港元



#### 店舖平均銷售額

	二零零五年 平均店舖 數目*	二零零四年 平均店舖 數目*	二零零五年 店舖平均 銷售額 港元	二零零四年 店舖平均 銷售額 港元	變動 港元	變動 %
	千港元	千港元	千港元	千港元	千港元	%
中國大陸	1,533.5	1,607.5	139,000	133,000	6,000	4.5%
台灣^	530.0	600.0	259,000	237,000	22,000	9.3%
集團總計**	<b>2,083.5</b>	<b>2,209.0</b>	<b>169,000</b>	<b>161,000</b>	<b>8,000</b>	<b>5.0%</b>

\* 平均店舖數目按(期初店舖總數+期末店舖總數)/2計算。

\*\* 集團總計並無計入香港及馬來西亞營業額及店舖數目。

^ 二零零四年：香港之店舖乃以委託經營；台灣之平均店舖數目已調整以包括香港市場在內。

營業額由二零零四年358,100,000港元輕微下降0.1%至二零零五年357,900,000港元，乃受台灣經濟衰退及中國產品相對服務收入結構性轉變所拖累。本集團的店舖平均銷售額由二零零四年161,000港元增加5.0%至二零零五年169,000港元。

中國營業額減少0.1%或100,000港元至213,900,000港元。中國營業額減幅相對較小，乃由於產品銷售額上升10,100,000港元、委託經營收益增加200,000港元及服務收益減少10,400,000港元之影響淨額所致。本公司繼續將位於已開發市場的水療中心委託優秀經營者營運，以盡量減少虧損，因此所得服務收益減少。然而，由於委託經營安排，中國的產品銷售額於二零零五年增長5.3%。由於本公司的自營水療中心旨在用作潛在加盟商的水療中心模範，並非以銷售為目標，因此服務收入錄得毛損。由於本公司的提升品牌及店舖形象計劃已於二零零五年四月展開，產品銷售上升，將店舖平均銷售額由二零零四年133,000港元推高至二零零五年139,000港元。

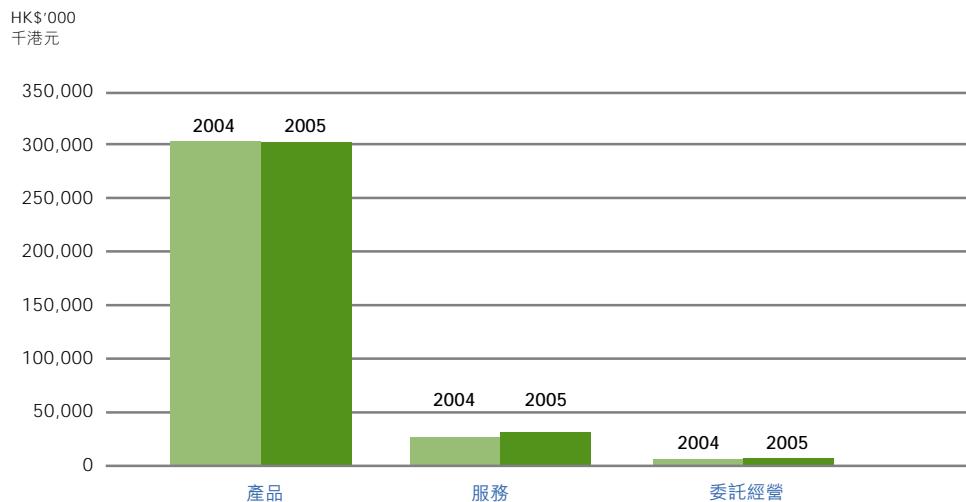
於台灣，本年度營業額由二零零四年142,100,000港元減少4,800,000港元或3.4%至137,300,000港元。台灣市場營業額減少，主要由於台灣經濟倒退所致。本公司於台灣的翻新店舖計劃預計於二零零六年第一季展開。

其他市場包括香港及馬來西亞，於二零零五年十二月三十一日，本公司在香港設有兩間店舖，並在馬來西亞設有38間店舖。該等地區的業務並不重大，佔本集團總營業額少於2%。

按業務劃分	二零零五年 千港元	二零零四年	變動	變動
		千港元	千港元	%
<b>產品</b>				
中國大陸	<b>200,979</b>	190,880	10,099	5.3%
台灣	<b>117,375</b>	131,919	(14,544)	-11.0%
其他地區	<b>4,493</b>	1,931	2,562	132.7%
<b>總計</b>	<b>322,847</b>	<b>324,730</b>	<b>(1,883)</b>	<b>-0.6%</b>
<b>服務</b>				
中國大陸	<b>7,681</b>	18,107	(10,426)	-57.6%
台灣	<b>19,983</b>	10,231	9,752	95.3%
其他地區	<b>2,150</b>	—	2,150	不適用
<b>總計</b>	<b>29,814</b>	<b>28,338</b>	<b>1,476</b>	<b>5.2%</b>
<b>委託經營</b>				
中國大陸	<b>5,255</b>	5,074	181	3.6%
台灣	—	—	—	不適用
其他地區	—	—	—	不適用
<b>總計</b>	<b>5,255</b>	<b>5,074</b>	<b>181</b>	<b>3.6%</b>



按業務劃分之營業額	二零零五年		二零零四年		變動	
	千港元	%	千港元	%	千港元	%
產品	322,847	90.2%	324,730	90.7%	(1,883)	-0.6%
服務	29,814	8.3%	28,338	7.9%	1,476	5.2%
委託經營	5,255	1.5%	5,074	1.4%	181	3.6%
<b>總計</b>	<b>357,916</b>	<b>100.0%</b>	<b>358,142</b>	<b>100.0%</b>	<b>(226)</b>	<b>-0.1%</b>



### 產品

本集團以NB及Bio-up品牌製造及銷售護膚、美容及香薰三大類產品。產品主要透過水療中心及專櫃銷售，為本集團主要收益來源，於二零零五年之銷售額為322,800,000港元，佔90.2%，而二零零四年為324,700,000港元，佔90.7%。產品之邊際毛利則維持於85.3%的穩定水平。

產品銷售下降主要由於中國產品銷售額增加10,100,000港元、台灣產品銷售額減少14,500,000港元及其他地區產品銷售額增加2,500,000港元相互抵銷的影響所致。中國產品銷售額增加歸功於提升品牌計劃，包括整體品牌形象、加盟店形象及新產品包裝。台灣市場產品銷售額下降，主要由於台灣經濟倒退及本公司於台灣的翻新店舖計劃於二零零六年第一季方告展開所致。

其他市場包括香港及馬來西亞，該等地區僅佔本年度總產品銷售額1.4%。

### 服務

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

本集團亦透過自資經營的水療中心提供肌膚護理、美容及spa服務。由於按照現時的加盟經營計劃，本集團不能分佔加盟商所經營水療中心所得任何服務收益，因此服務收益僅源自自資經營的水療中心。來自該等服務之收益增加5.2%至29,800,000港元。由於本集團繼續將自資經營的水療中心委託予優秀經營者營運，來自中國的服務收益減少10,400,000港元。另一方面，台灣的服務收益增加9,800,000港元，源自向201個加盟店收取的8,000,000港元管理及培訓費用。之前委託經營者營運的香港水療中心，自二零零五年一月一日起改由本集團自行經營。

儘管本集團需於新市場設立自資經營的水療中心作為水療中心模範，但由於自資經營水療中心的經常開支較加盟店為高，本集團認為將自資經營水療心的資源用於刺激產品銷售整體而言盈利更為豐厚，因此，本集團繼續將位於已開發市場的水療中心委託優秀經營者經營。

#### **委託經營收益**

為更有效分配財務及人力資源，本集團委託中國當地優秀經營者經營本集團擁有的水療中心，本集團於中國大陸訂有經營年期由一至五年不等之委託安排。經營者將自負盈虧，而本集團則向經營者每年收取定額委託經營收益。本集團亦向經營者銷售產品，銷售條件與加盟者相若。

本集團相信，委託安排將為經營者及本集團締造雙贏局面。本地經營者可提供更能迎合本地顧客特定需要的服務，從而賺取更多產品及服務收益。另一方面，本集團可每年獲取穩定委託經營收益，並可鞏固分銷地點，以及調配資源至開拓新市場。

委託經營收益較二零零四年的5,100,000港元增加3.6%至二零零五年的5,300,000港元。

#### **其他經營收益**

其他經營收益主要為租金收益5,800,000港元、利息收益3,300,000港元、財務退款19,600,000港元及投資物業公平值增加4,500,000港元，餘額則來自其他收益。其他經營收益由二零零四年23,100,000港元增加86.8%或20,000,000港元至二零零五年之43,100,000港元，主要由於中國附屬公司經營溢利上升所產生中國財務退款增幅9,600,000港元、按照香港會計準則第40號的規定將投資物業公平值變動所產生盈虧於產生年度直接在損益確認（過往公平值變動於權益變動表確認）令投資物業公平值增加4,500,000港元、收購一家附屬公司額外權益之收益2,700,000港元以及由於利率及平均銀行結餘上升令利息收益增加1,300,000港元所致。



### 分銷及行政成本

本集團分銷成本佔營業額百分比與二零零四年35.4%相比，穩定維持於35.7%。行政開支則較二零零四年的63,900,000港元減少1,900,000港元至二零零五年的62,000,000港元。

儘管本公司提高於各媒體的曝光率，但廣告成本卻下降4.5%至77,100,000港元，原因為本公司持續將廣告預算撥予購買媒體議價力較強的美國廣告協會成員廣告公司，從而提高經營效益。所節省的廣告成本為差旅及運輸開支增加所抵銷。差旅開支增加1,900,000港元，乃由於本公司正在加強與加盟店的雙軌管理制度，因此除本公司當地附屬公司所提供之支援外，本公司的專業隊伍亦需出差到中國各大城市，以協助及監察當地加盟店，確保加盟商達到及保持服務水平。運輸開支上升1,900,000港元，主要由於與中國郵政合作進行倉庫及存貨管理，以及於中國付運貨品的物流所致。憑藉與中國郵政合作所得經驗，本公司相信提升內部供應鏈管理及建立分銷系統能更具成本效益。本公司現時自行管理於上海、北京及廣州的三個倉庫，負責本公司於中國各地的倉儲服務。付運產品則外判予中國其他物流公司處理。



### 其他經營支出

本年度的經營支出為18,200,000港元，主要為陳舊存貨撥備8,400,000港元、出售固定資產虧損3,800,000港元、捐款1,200,000港元、銀行收費1,300,000港元以及結束分行及附屬公司虧損2,200,000港元。其他經營支出較去年增加，主要由於本年度所作存貨撥備因推行革新包裝計劃而增加所致。



### 除稅前溢利

由於毛利及其他經營收益增加，加上行政開支減少，抵銷其他經營支出的增幅，除稅前溢利由二零零四年99,100,000港元急升21.0%至二零零五年119,800,000港元。

### 稅項

稅項支出由二零零四年36,300,000港元上升6.9%至二零零五年38,800,000港元。本集團截至二零零四年及二零零五年十二月三十一日止財政年度的實際稅率分別為36.7%及32.4%。實際稅率下調乃由於台灣政府為於當地再投資的台灣製造商提供稅務減免優惠所致。實際稅率較高則由於本集團的台灣附屬公司須就於台灣以外地區派發之股息繳付預扣稅。台灣稅務機關於二零零五年收取之預扣稅總額為2,100,000港元（二零零四年：2,100,000港元）。

### **本年度溢利**

基於上文各項，本年度之全年收益淨額較二零零四年的62,700,000港元上升29.2%至81,100,000港元。

### **流動資金及財務資源**

二零零五年經營業務所得現金約為150,900,000港元(二零零四年：161,800,000港元)，有關減幅主要由於貿易及其他應收賬款結餘增加所致。於二零零五年十二月三十一日，本集團現有銀行結存及現金約338,700,000港元(二零零四年：235,900,000港元)及買賣證券(主要為保本債券基金)約26,500,000港元(二零零四年：94,400,000港元)，另外並無銀行借款。

關於資產負債情況，於二零零四年及二零零五年十二月三十一日，本集團資產負債比率(界定為淨負債除股東權益)為零，因為本集團於兩個年結日均有淨現金結餘。於二零零五年及二零零四年十二月三十一日，本集團的流動比率(界定為流動資產除流動負債)分別為5.3倍及6.0倍。於二零零五年十二月三十一日，除於本集團財務報表及有關附註披露者外，本集團並無重大或然負債。憑藉所持有的現金及短期證券，本集團流動資金狀況維持穩健，財務資源充裕，足以應付其承擔及營運資金所需。

### **資產抵押**

本集團若干賬面值為155,300,000港元(二零零四年：156,100,000港元)之永久業權投資物業已抵押予一家銀行。該銀行所授出銀行融資於二零零二年終止，惟有關抵押尚未解除以便日後申請銀行融資。

### **理財政策及所承受之匯率波動風險**

基於本集團業務主要集中於中國大陸及台灣，大部分收益亦來自上述兩地，並分別以人民幣及新台幣計值。於二零零五年十二月三十一日，本集團銀行結存及現金約68.1%(二零零四年：85.6%)以人民幣計值，另約21.4%(二零零四年：4.3%)以新台幣計值，餘下10.5%(二零零四年：10.1%)則以美元、港元及馬來西亞元計值。於外幣風險管理方面，本集團繼續採取穩健政策，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。

## **營運概況**

### **中國市場**

本公司的提升品牌計劃實行已屆一年，成效已開始反映於產品銷售額增長。本公司於中國的產品銷售額增長5.3%至201,000,000港元。本公司亦於二零零五年底展開革新產品包裝計劃。銷售產品邊際毛利亦由二零零四年的83.6%升至本年度的85.1%。



本公司的委託經營策略繼續獲得成果。由於本公司的水療中心主要用作潛在加盟店的水療中心模範，並非以銷售為目標，本公司將位於已開發地區的水療中心委託優秀經營者營運，以盡量減少虧損。儘管服務營業額因而減少10,400,000港元，本公司於中國的整體毛利卻增長13,600,000港元，而整體邊際毛利亦由二零零四年73.7%躍升至二零零五年80.1%。

由於其他經營收益（主要包括退稅）增加，本年度的經營溢利及純利分別大增23.6%至88,200,000港元及57,200,000港元。

#### 台灣市場

台灣經濟倒退，加上本公司於台灣市場的提升品牌計劃於二零零六年第一季方告展開，因此台灣產品銷售額於二零零五年減少11.0%至117,400,000港元。銷售產品邊際毛利由二零零四年88.7%微跌至二零零五年88.0%。

由於自二零零五年起向加盟店收取管理及培訓費用，而於年內自201個加盟店取得約8,000,000港元，服務收入於二零零五年急升9,800,000港元至20,000,000港元。整體邊際毛利亦由二零零四年82.9%微升至本年度83.1%。與二零零四年相比，整體毛利貢獻於二零零五年減少3,700,000港元。

儘管毛利貢獻減少，但於台灣實行的集中宣傳推廣措施成功節省廣告成本14,400,000港元，故經營溢利於二零零五年增長29.4%或11,900,000港元。

為刺激台灣經濟，台灣政府為於當地再投資的公司提供稅務減免優惠。本公司台灣附屬公司就該項稅務優惠之申請已獲批准，於本年度開始全面享有優惠，故於台灣的實際稅率由二零零四年22.2%下調至二零零五年10.0%，因此，本年度溢利大增49.7%或15,700,000港元至47,200,000港元。

#### 分銷渠道

本集團收益主要來自其獨一無二的水療中心及百貨公司專櫃分銷渠道。於二零零五年十二月三十一日，本集團合共開設2,121間店舖，其中2,022間為水療中心，另外99間則為專櫃。各水療中心均向顧客提供水療、面部及身體護理以及皮膚護理分析服務，而百貨公司專櫃一般提供皮膚護理分析。

於二零零五年十二月三十一日，本集團共有1,980間水療中心加盟店，其中14間水療中心及77個專櫃由本集團直接經營，而另外28間水療中心及22個專櫃則委託優秀經營者經營。

水療中心加盟店由加盟經營者擁有，其須負責水療中心的資本投資，另須於其水療中心使用「自然美」或「NB」品牌產品。

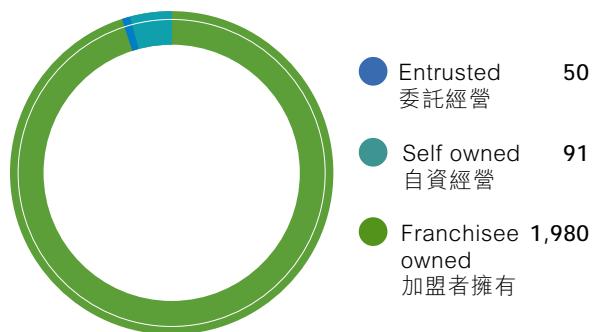
自資經營水療中心主要為作為潛在加盟經營者的水療中心模範而設立。儘管本集團需於新市場設立自資經營的水療中心作為水療中心模範，但由於自資經營水療中心的經常開支較加盟店為高，本集團認為將自資經營水療中心的資源用於刺激產品銷售整體而言盈利更為豐厚，因此，本集團已經及將會繼續將已開發市場若干水療中心委託優秀經營者經營。

委託經營的水療中心由本集團擁有及由優秀經營者經營，該等水療中心原先由本集團經營。為更有效分配財務及人力資源，本集團於中國大陸訂立經營年期由一至五年不等的委托安排，將部分自資經營水療中心委託當地的優秀經營者經營。經營者將自負盈虧，而本集團則每年向經營者收取定額委託經營收益。本集團亦向經營者銷售產品，銷售條件跟加盟者相若。

本集團相信，委託安排將為經營者及本集團締造雙贏局面。當地經營者可提供更迎合本地顧客特別需要的服務，亦可帶來更多產品及服務收入。此外，本集團可每年獲取穩定委託經營收益，並可鞏固分銷地點，從而調配資源至開拓新市場。此項委託策略於中國亦成效斐然，整體邊際毛利由二零零四年73.7%上升至二零零五年80.1%，本年度額外貢獻達13,600,000港元。

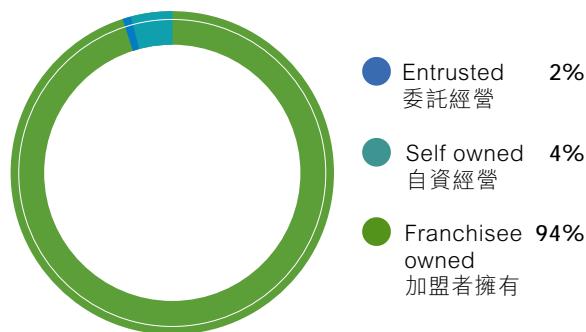
Store Number by Ownership

按擁有權  
劃分店舖數目



Store Number by Ownership (%)

按擁有權  
劃分店舖數目 (%)



#### 按擁有權

#### 劃分店舖數目

	加盟商經營 水療中心	委託經營 水療中心	自資經營 水療中心	水療中心 總計	委託經營 專櫃	自資經營 專櫃	專櫃總計	合計
十二月三十一日								
中國大陸	1,415	28	3	1,446	22	77	99	1,545
台灣	527	—	9	536	—	—	—	536
其他地區	38	—	2	40	—	—	—	40
<b>總計</b>	<b>1,980</b>	<b>28</b>	<b>14</b>	<b>2,022</b>	<b>22</b>	<b>77</b>	<b>99</b>	<b>2,121</b>

按擁有權劃分店舖數目 於二零零五年十二月三十一日	加盟商經營	委託經營	自資經營	總計
中國大陸	1,415	50	80	1,545
台灣	527	—	9	536
其他地區	38	—	2	40
<b>總計</b>	<b>1,980</b>	<b>50</b>	<b>91</b>	<b>2,121</b>

### 提升品牌形象

本集團深明必需透過更積極的策略革新品牌形象，保持競爭力。提升品牌計劃可概括為五大方面：

- 新標誌
- 新加盟店形象
- 翻新現有水療中心加盟店店面
- 革新產品包裝
- 重新推出網站



### 新標誌

本公司新設計的標誌大受歡迎，新標誌已全面應用於所有產品，以至名片、文具及購物袋。



#### 新加盟店形象

正如本公司的標誌一樣，所有新水療中心加盟店亦需要令人耳目一新的鮮明形象，以吸引新客戶同時保留舊客戶。本公司已設立水療中心模範／概念店，供潛在加盟商參考。本公司亦將繼續推廣及鼓勵現有加盟商於續約或翻新水療中心時，將水療中心升級至符合新加盟店形象。



#### 翻新現有水療中心加盟店店面

由於本公司的水療中心加盟店網絡龐大，要求所有加盟商按照本公司的新加盟店形象翻新所有水療中心屬不可行，因此本公司設有過渡安排，容許現有加盟商以最少時間及財務資源裝修其水療中心。截至二零零五年十二月三十一日，其中611間水療中心加盟店已完成翻新工程。



### 革新產品包裝

本公司的提升品牌計劃亦延伸至產品包裝。本公司已重新設計所有產品的包裝。為統一形象，本公司已將七百多款產品的二百多款包裝，簡化為24種標準款式。截至二零零五年十二月三十一日，60項產品已轉換包裝。本公司預期於二零零六年底完成革新包裝計劃。

所有新包裝的成本均較原有包裝便宜，節省人民幣0.06元至人民幣12.14元不等。本公司相信，革新產品包裝不單止提高邊際利潤，吸引的包裝亦可望推動水療中心所出售家用產品的銷量。此乃本公司提高加盟店營業額計劃其中一環。



### 重新推出網站

為方便用家及加盟商，本公司已於二零零五年在中國重新推出網站，以配合新形象並豐富內容。網站向用戶提供各種的美容秘訣、公司活動、產品資訊及網上購物服務，其中內容特別為潛在加盟商而設。截至二零零五年十二月三十一日，1,136名網頁訪客已提供個人資料，表示有興趣成為加盟商。本公司網站同時設有一個商業對商業（「B2B」）入門網站，讓加盟商於網上訂購貨品。

### 物流

本公司於二零零五年與中國郵政合作集中處理其於中國逾十個地點的倉庫。本公司與中國郵政設立三個物流中心。中國郵政負責倉庫管理、存貨管理及付運產品的物流。憑藉與中國郵

政合作所得經驗，本公司相信提升內部供應鏈管理及建立分銷系統能更具成本效益。本公司現時自行管理於上海、北京及廣州的三個倉庫，負責本公司於中國各地的倉儲服務。付運產品則外判予中國其他物流公司處理。

### **研究及開發**

為保持競爭優勢，本集團高度重視研究及開發，以改善其現有產品質素及開發新產品。本集團與海外化粧品公司合作開發新技術，同時引入歐美、日本及澳洲生物科技物料用於自然美逾700種產品。本集團研究及開發隊伍由13名成員及多名具備化粧品、醫學、藥劑及生物化學經驗及專業知識的海外顧問組成。本集團不斷改良自然美產品，亦加入研究及開發隊伍所開發的新成分。本集團相信，透過隊伍內不同專家合作，加上蔡博士於業內積逾30年的經驗及知識，有助開發優質美容及護膚產品。NB產品主要使用天然成分，並採用特別配方，迎合東方女性嬌嫩肌膚的需要。NB產品配合肌膚的新陳代謝，效用持久。

開發新產品時，研究及開發隊伍會考慮本集團高級管理人員的回應及意見。新產品的樣本將先分發予逾千名經過甄選的資深美容專業人士。於全面推出產品前，產品或需按照測試結果進行調整或修正，確保NB產品之質素、功效及安全性。倘產品需要於有關機構註冊，本公司將於產品推出市面前完成註冊。所有NB產品均保證符合所有相關規定。

除NB盡責的研究及開發隊伍外，自然美亦與人類基因及幹細胞科技頂尖研究員陳基岱博士合作，開發抗衰老NB-1產品系列及其他去斑、美白、防敏及纖體產品。憑藉蔡博士於美容及護膚業超過30年的經驗，加上研究及開發人員的雄厚背景，本集團於研究及開發美容及護膚產品方面具備競爭優勢。

截至二零零五年十二月三十一日止年度，研究及開發成本合共1,300,000港元（二零零四年：2,000,000港元）。

### **產品**

本集團於二零零三年底及二零零四年分別成功推出旗艦產品－抗衰老NB-1系列及NB-1美白系列後，本年度乘勢推出NB-1防敏及收細毛孔系列以及六款保健食品。於二零零五年，本集團售出超過45,000套／件NB-1系列產品，帶來營業額45,800,000港元。



本公司於二零零五年繼續加強產品組合，除NB-1美白系列外，本集團亦增添保健食品及修身內衣等產品。截至二零零五年十二月三十一日止年度，保健食品及修身內衣總銷售額分別為7,800,000港元及5,800,000港元。

#### 資訊科技

本集團推行甲骨文企業資源規劃系統，以聯繫本集團價值鏈主要決策程序。企業資源規劃系統預期將可提升本集團訊息流程，從而迅速作出更準確生產計劃及銷售預測。

台灣的企業資源規劃系統已完成，而中國方面預期將於二零零六年完成。

#### 人力資源

於二零零五年十二月三十一日，本集團合共聘有878名僱員，其中682名派駐中國，台灣有177名，其他地區則有19名。截至二零零五年十二月三十一日止年度，總酬金開支（不包括董事酬金）約為62,700,000港元（二零零四年：52,700,000港元），其中包括退休福利成本6,000,000港元（二零零四年：5,900,000港元）。為吸引、留聘及鼓勵表現卓越的僱員，本集團保持具競爭力的酬金組合，並定期檢討。

本集團與僱員一向維持良好合作關係，並且著重員工的培訓及發展，定期為集團聘用的美容師及加盟商提供專業培訓課程，以提升及保證所提供之質素及穩定性。

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成就有所貢獻的合資格參與人士。董事可酌情邀請本集團任何僱員或董事及該計劃所載任何合資格人士認購股份。截至本文件日期止，本集團並無根據購股權計劃授出任何購股權。

#### 資本開支

本集團主要資本開支與自資經營的水療中心及本集團廠房內機器相關。於二零零五年，添置固定資產達24,900,000港元（二零零四年：14,200,000港元），其中包括以12,900,000港元於廣州購入物業以擴充華南地區培訓中心。

加盟商須承擔其水療中心的資本開支。

由於本公司於中國及台灣的工廠有剩餘生產能力，現行使用率僅約70%，故管理層預計，於可見未來毋須添置任何新廠房。



## **前景**

自然美為大中華地區具領導地位的專業美容產品及水療服務供應商。

展望未來，本公司將繼續保持其於台灣水療市場的領先地位，並將繼續專注於快速增長的中國市場發展業務。本公司已制定擴充業務計劃，亦計劃盡量提高收入及盈利能力。

提升同店比銷售額的措施：

- 革新企業及店舖形象，吸引新客戶
- 更新包裝設計，刺激家用產品銷量
- 推出各式護膚產品及保健食品，加強產品組合

拓展加盟商網絡的計劃：

- 於二零零六年增加200家優質店舖

新收入來源：

- 向其他有興趣人士提供課程以收取培訓費用，包括：
  - a) 向絲芙蘭等企業提供培訓；
  - b) 向個別人士提供培訓，包括十個不同的註冊課程；及
  - c) 為大學及大專學生而設的CCTV-MTV暑假訓練營
- 將向新加盟商收取管理費。

憑藉追求完美的精神，本公司深信將會繼續實現其策略，保持作為大中華地區頂尖專業美容產品及水療服務供應商的地位。

# REPORT ON CORPORATE GOVERNANCE

## 企業管治報告

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board had adopted Corporate Governance ("CG") Guideline (available on website: [www.nblife.com](http://www.nblife.com)) which gives guidance on how corporate governance principles are applied to the Company.

The Company applied the principles and compiled with all the code provisions set out in Appendix 14 Code of Corporate Governance Practices (the "Code") of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout with certain deviations in respect of the appointment of Directors. The following summarises the Company's corporate governance practices and explains deviations, if any, from the Code.

In addition to complying with applicable statutory requirements, we aim to continually review and enhance our corporate governance practices in light of local and international best practices.

### STATEMENT OF COMPLIANCE

#### A. Directors

##### A1. The Board

###### Code Principle

The board should assume responsibility for leadership and control of the issuer; and be responsible for directing and supervising the issuer's affairs.

Key Corporate Governance Principles and Natural Beauty's Practices

Code provisions	Alignment?	Governance procedures for Natural Beauty		
		Remuneration Committee Meeting	Audit Committee Meeting	Board Meeting
At least four board meetings a year.	✓	<ul style="list-style-type: none"><li>• There were eight board meetings in 2005.</li><li>• Details of Directors' attendance records in 2005:</li></ul>		
		Executive Directors		
		Dr. TSAI Yen Yu	n/a	n/a
		Mr. LEE Ming Ta	n/a	n/a
		Mr. SU Chien Cheng	1/1	2/2
		Dr. SU Sh Hsyu	n/a	n/a
		Independent Non-Executive Directors		
		Mr. YEH Liang Fei	1/1	2/2
		Mrs. CHEN Shieh Shu Chen	1/1	2/2
		Mr. CHEN Ching	1/1	2/2
All directors be given an opportunity to include matters in the agenda for regular board meetings.	✓	Directors are consulted to include any matter in the agenda for regular Board meetings.		

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Notice of at least 14 days be given of a regular board meeting.	✓	The Company generally gives notice and draft agenda of regular Board meetings at least 14 days in advance. The Company aims at giving reasonable notice generally for all other Board meetings.
Access to advice and services of the company secretary.	✓	All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.
Minutes of meetings kept by company secretary and open for inspection.	✓	The Company Secretary is responsible for taking minutes of Board and Board Committee meetings, which would be sent to Directors within a reasonable time (generally within 14 days) after each meeting and would be made available for inspection by Directors/committee members.
Draft and final minutes sent to all Directors for comments within a reasonable time.	✓	
Agreed procedure for Directors to seek independent professional advice at the company's expense.	✓	Natural Beauty's corporate governance guidelines provide for Directors taking independent professional advice at the Company's expense.
If a substantial shareholder/ director has a conflict of interest in a material matter, board meeting should be held. Such director must abstain from voting and not be counted in quorum.	✓	Full Board meetings will be held instead of by way of circulation, for any material transactions with connected persons. Independent Non-Executive Directors who, and whose associates, have no material interest in the transaction should be present at such meeting.
		The Company's articles provide for voting and quorum requirements conforming with Code requirements.

*A2. Chairman and Chief Executive Officer*

Code Principle

Clear division of responsibilities – separate offices of chairman and chief executive officer to ensure a balance of power and authority.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Roles of chairman and chief executive officer should be separate; clearly established and set out in writing.	✓	Dr. TSAI Yen Yu serves as the Chairman and Mr. Lee Ming Ta serves as the CEO. The Chairman focuses on Group strategic and Board issues. The Managing Director has overall chief executive responsibility for Group operations and development generally.
The Chairman should ensure all directors be briefed on issues arising at the board meeting.	✓	The Chairman has a clear responsibility to provide the whole Board with all the information that is relevant to the discharge of the Board's responsibilities.
The Chairman should ensure directors to receive adequate information.	✓	The Company aims to continually improve on the quality and timeliness of the dissemination of information to Directors. (See Section A6 – "Supply of and access to information" for further details)

*A3. Board composition*

Code Principle

The board should have a balance of skills and experience appropriate to the requirements of the business of the issuer, which also consists of a balanced composition of executive and Non-Executive Directors (including independent Non-Executive directors) so that independent judgment can effectively be exercised.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Identify the independent Non-Executive directors in all corporate communications.	✓	Composition of the Board, by category of Directors, including names executive Directors and Independent Non-Executive Directors are disclosed in all corporate communications.

*A4. Appointments, re-election and removal*

Code Principle

Formal, considered and transparent procedures should be established for the appointment of new directors. Significant emphasis should also be placed on issue of succession planning.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Non-Executive directors should be appointed for a specific term, subject to re-election.	✓	All directors, including Executive and Non-Executive Directors serve three-year terms, and are subject to re-election.
All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.	✓	According to the Articles of the Company, new directors appointed shall hold office only until the next following Annual General Meeting ("AGM"). Subject to shareholders' approval at the forthcoming AGM, new Directors are required to submit themselves to election at the first general meeting (either AGM or Extraordinary General Meeting) following their appointment.
Every director should be subject to rotation at least once every three years.	✓	At each annual general meeting, one-third of the Directors (including Executive and Non-Executive Directors), or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office.

*A5. Responsibilities of directors*

Code Principle

All directors (including Non-Executive directors) are required to keep abreast of their responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer.

<b>Code provisions</b>	<b>Alignment?    Governance procedures for Natural Beauty</b>
Every newly appointed director should receive a comprehensive, formal induction to ensure that he has a proper understanding of the business; his responsibilities under the Listing Rules, applicable regulatory requirements, business and governance policies of the issuer.	✓ On appointment, new Directors will be given a comprehensive orientation training by the Company's legal counsel, to explain the responsibilities and duties, and other regulatory requirements.
Functions of Non-Executive directors include: <ul style="list-style-type: none"><li>- bring an independent judgment at the board meeting</li><li>- take the lead where potential conflicts of interests arise</li><li>- serve on committees if invited</li><li>- scrutinise the issuer's performance.</li></ul>	✓ All independent Non-Executive Directors are members of the two standing committees of the Board, namely the Audit Committee and Remuneration Committee.
Directors should ensure that they can give sufficient time and attention to the affairs of the issuer.	✓ There is satisfactory attendance for Board and Board Committee meetings in 2005.
Directors must comply with their obligations under the Model Code set out in Appendix 10.	✓ Throughout the year, Directors complied with the required standards of the Model Code set out in Appendix 10 to the Listing Rules regarding Directors' securities.

*A6. Supply of and access to information*

Code Principle

Directors should be provided in a timely manner with appropriate information so as to enable them to make an informed decision and to discharge their duties and responsibilities.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Board papers should be sent to all directors at least three days before the date of board/committee meeting.	✓	Board papers are sent to all Directors at least three days before the date of board/committee meeting.
Each director should have separate and independent access to senior management.	✓	Senior management are from time to time brought into formal and informal contact with the Board at board meetings and other events.
Directors are entitled to have access to board papers; steps must be taken to respond properly and fully to director queries.	✓	Board papers and minutes are made available for inspection by Directors and Committee Members.

**B. Remuneration of Directors and Senior Management**

*B1. The level and make-up of remuneration and disclosure*

Code Principle

A formal and transparent procedure should be established for setting policy on Executive Director remuneration and for fixing the remuneration packages for all directors. No director should be involved in deciding his own remuneration.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Issuers should establish a remuneration committee with specific written terms of reference (containing the minimum prescribed duties) which information is available on request or on the website.	✓	Natural Beauty set up a Remuneration Committee in 2005. Full terms of reference are available on the Company's website: <a href="http://www.nblife.com">www.nblife.com</a> .
The committee should consult the chairman and/or chief executive officer regarding proposed remuneration of other executive directors and have access to professional advice where necessary.	✓	Three of the Directors' service contract were expired during the year. With reference to the remuneration committee charter, each committee member had carefully reviewed and considered the terms of the expired service contracts, contribution of each of the Directors to the Group, the Directors' experience in the beauty and spa business and the market rate paid by comparable companies.
The remuneration committee should be provided with sufficient resources to discharge its duties.	✓	The terms of the renewed service contracts of each of the Directors were remain unchanged and renew for another three years.
	✓	Independent professional advice will be sought to supplement internal resources where appropriate.

## C. Accountability and Audit

### C1. Financial reporting

#### Code Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Code provisions	Alignment?    Governance procedures for Natural Beauty
Management to provide explanation and information to enable board to make informed assessment of relevant matters.	✓ Directors are provided with reports on the management's strategic plans, updates on lines of business, financial objectives, plans and actions.
Acknowledgement of director responsibility for preparing the accounts; a statement by the auditors regarding reporting responsibilities in auditors' report.	✓ The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31st December, 2005, the Directors have: <ul style="list-style-type: none"><li>• approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;</li><li>• selected and applied consistently appropriate accounting policies;</li><li>• made judgements and estimates that are prudent and reasonable;</li><li>• prepared the accounts on the going concern basis.</li></ul> A statement by the auditors about their reporting responsibilities is included in the Report of the Auditors on page 82.
Board responsibility to present a balanced, clear and understandable assessment in annual/interim reports, price sensitive announcements; other financial disclosures/reports under the Listing Rules and statutory requirements.	✓ The Board will present a balanced, clear and understandable assessment to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

*C2. Internal controls*

Code Principle

The board should maintain a sound and effective internal controls system to safeguard the shareholders' investment and the issuer's assets.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
The directors should at least annually conduct a review of the effectiveness of the system of internal controls.	✓	The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. Management regularly reviews the effectiveness of the risk management and system of internal controls and compliance with best practices. The Executive Directors and Financial Controller also report to the Audit Committee twice a year on key findings regarding internal controls. The Audit Committee, in turn, communicates any material issues to the full Board.

*C3. Audit Committee*

Code Principle

The audit committee should have clear terms of reference, including arrangements for considering how it applies the financial reporting and internal controls principles. The committee should maintain an appropriate relationship with the company's auditors.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Minutes be kept by a duly appointed secretary; and should be sent to all committee members within a reasonable time.	✓	Draft minutes prepared by the Company Secretary are sent to members within 14 days of each meeting.
A former partner of the existing auditors should not sit on the Audit Committee.	✓	None of the three Audit Committee members are former partners of the external auditors.
The terms of reference of audit committee (containing the minimum prescribed duties) be made available on request and on the website.	✓	Full terms of reference (Audit Committee Charter) are available on website: <a href="http://www.nblife.com">www.nblife.com</a> .
Disclosure – statement from the audit committee explaining its recommendation on the appointment, resignation or dismissal of external auditors; express disclosure where the board disagrees with the committee's view.	✓	Audit Committee recommended to the Board (which in turn endorsed the view) that, subject to shareholders' approval at the forthcoming AGM, Deloitte Touche Tohmatsu be reappointed as the external auditors for 2006.
The audit committee should be provided with sufficient resources to discharge its duties.	✓	There is an agreed procedure for Audit Committee members to take independent professional advice at Company's expense.

## **D. Delegation by the Board**

### *D1. Management functions*

#### Code Principle

An issuer should have a formal schedule of matters reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Board must give clear directions as to the powers of management, including circumstances where management should obtain prior approval from the board.	✓	<p>There is a defined schedule of matters reserved for full Board decision, including:</p> <ul style="list-style-type: none"><li>– Long-term objectives and strategies;</li><li>– Extension of group activities into new business areas;</li><li>– Annual budgets;</li><li>– Preliminary announcements of interim and final results;</li><li>– Dividend;</li><li>– Material banking facilities;</li><li>– Material acquisitions and disposals;</li><li>– Material connected transactions;</li><li>– Annual internal controls assessment; and</li><li>– Appointments to the Board following recommendations by the Nomination Committee.</li></ul>
Formalise the functions reserved to the board and those delegated to management.	✓	

### *D2. Board Committees*

#### Code Principle

Board committees should be formed with specific written terms of reference that deal clearly with the committees' authority and duties.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Clear terms of reference to enable proper discharge of committee functions.	✓	The Board has established two Board Committees (Audit Committee and Remuneration Committee) with specific terms of reference available at the Company's website <a href="http://www.nblife.com">www.nblife.com</a> .
The terms of reference should require committees to report their decisions to the board.	✓	Board Committees present their respective reports to the Board after each meeting, which reports address their work and findings.

## **E. Communication with Shareholders**

### *E1. Effective communication*

#### Code Principle

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
A separate resolution be proposed by the chairman for each substantially separate issue.	✓	Separate resolutions are proposed at the meeting on each substantially separate issue, including the election of individual Directors.
The chairman of the board should attend the general meeting and arrange for the chairmen of the audit, remuneration and nomination committees to be present.	✓	All Executive Directors, Independent Non-Executive Directors, and Chairman of Audit and Remuneration Committees are requested to attend the forthcoming annual general meeting.

### *E2. Voting by poll*

#### Code Principle

The issuer should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

<b>Code provisions</b>	<b>Alignment?</b>	<b>Governance procedures for Natural Beauty</b>
Disclosure in general meeting circulars of procedures and rights of shareholders to demand a poll.	✓	Procedures for demanding a poll were set out in the notice of AGM. These procedures were also explained during the AGM proceedings.
Ensure that votes cast are properly counted and recorded.	✓	A representative of the Company's Share Registrar, Hong Kong Registrars Limited was appointed as scrutineer.
Chairman of meeting should adequately explain the poll procedures at commencement of meeting.	✓	Poll results were published in major Hong Kong newspapers on the business day following the meeting and posted on the websites of the Stock Exchange.

## **ADDITIONAL CORPORATE GOVERNANCE AREAS**

### **Institutional shareholder communications**

We regard it important to enter into a dialogue with institutional shareholders based on mutual understanding of objectives. An Executive Director and Group Financial Controller participated in three road shows during the year covering London, Beijing and Hong Kong.

本公司董事會及管理層致力維持高企業管治水平。董事會已採納有關本公司如何應用企業管治原則的企業管治指引（於網站www.nblife.com可供參閱）。

本公司已應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14之企業管治常規守則（「守則」）所載原則，而除於委任董事方面有若干偏離外，亦已遵守當中所載全部守則條文。下文概列本公司之企業管治常規並解釋偏離守則（如有）之原因。

除符合適用法規外，本公司致力參照本地及國際最佳常規，持續檢討及改進企業管治常規。

### 遵例聲明

#### A. 董事

##### A1. 董事會

###### 守則原則

董事會應負有領導及監控發行人的責任，並負責指導及監督本公司事務。

主要企業管治原則及自然美之常規

守則條文	是否符合 守則條文	自然美之規管程序		
		薪酬委員會 會議	審核委員會 會議	董事會 會議
每年至少召開四次會議。	✓	• 二零零五年曾舉行八次董事會會議。 • 二零零五年之董事出席記錄詳情：		
		薪酬委員會 會議	審核委員會 會議	董事會 會議
<b>執行董事</b>				
蔡燕玉博士		不適用	不適用	8/8
李明達先生		不適用	不適用	8/8
蘇建誠先生		1/1	2/2	8/8
蘇詩琇博士		不適用	不適用	8/8
<b>獨立非執行董事</b>				
葉良輝先生		1/1	2/2	3/8
陳謝淑珍女士		1/1	2/2	3/8
謹清先生		1/1	2/2	3/8
全體董事皆有機會提出商討事項列入董事會定期會議議程。	✓	已諮詢各董事，以提出任何商討事項以列入董事會定期會議議程。		

守則條文	是否符合 守則條文	自然美之規管程序
召開董事會定期會議應發出至少14天通知。	✓	本公司一般就定期董事會會議發出至少14天預先通知及會議議程初稿。本公司力求就所有其他董事會會議發出時間合理之通知。
可獲公司秘書提供意見和服務。	✓	所有董事均可與公司秘書聯絡。公司秘書之職責為確保董事會程序獲遵守及就企業管治及合規事宜向董事會提供建議。
會議記錄由公司秘書備存及可供查閱。	✓	公司秘書負責所有董事會及其轄下委員會會議之會議記錄，而會議紀錄將於各會議後合理時間內（一般為十四日內）送交各董事，並可供各董事／委員會成員查閱。
於合理時間內將會議記錄初稿及最終定稿送交全體董事	✓	
訂立協定程序，讓董事徵求獨立專業意見，費用由公司支付。	✓	自然美之企業管治指引規定董事可徵求獨立專業意見，費用由本公司支付。
倘若主要股東／董事於重大事宜中存有利益衝突，應舉行董事會會議。該董事必須放棄投票及不計入法定人數。	✓	就任何與關連人士進行之重要交易，將會舉行全體董事會會議，而不會以書面形式處理。於交易中並無重大權益之獨立非執行董事及其聯繫人士應出席該會議。
		本公司之章程細則規定投票及法定人數須符合守則之規定。

## A2. 主席及行政總裁

### 守則原則

主席及行政總裁的責任應清楚區分，以確保權力和授權平衡。

守則條文	是否符合 守則條文	自然美之規管程序
主席與行政總裁的角色應有區分，並以書面清晰列載。	✓	蔡燕玉博士為主席，而李明達先生則出任行政總裁。主席專注本集團之策略及董事會事務。董事總經理則擔綱行政總裁職務，掌管本集團整體業務及發展。
主席應確保董事會會議上所有董事均獲簡報當前事項。	✓	主席有明確職責，須向全體董事會提供所有與履行董事會職責有關的資料。
主席應確保董事獲得充足資料。	✓	本公司致力持續改善向董事發佈資料之質素及時間性（進一步詳情請參閱第A6節一「資料提供及使用」）

## A3. 董事會組成

### 守則原則

董事會應具備發行人業務所需的適當技能和經驗，而執行董事與非執行董事（包括獨立非執行董事）組合亦應保持均衡，以便能夠有效地作出獨立判斷。

守則條文	是否符合 守則條文	自然美之規管程序
所有公司通訊中均應列出獨立非執行董事身分。	✓	在所有公司通訊中已按董事類別（包括姓名、執行董事及獨立非執行董事）披露董事會的組成。

#### A4. 委任、重選及撤換

##### 守則原則

董事會應制定正式、經審慎考慮並具透明度的新董事委任程序，並應著重於設定董事接任計劃。

守則條文	是否符合 守則條文		自然美之規管程序
	✓	✓	
非執行董事的委任應有指定任期，並須接受重選。	✓		所有董事（包括執行董事及非執行董事）於出任三年後均須接受重選。
所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受重選。		✓	根據本公司章程細則，新委任董事之任期均直至下屆股東週年大會（「股東週年大會」）為止。董事須在接受委任後的首次股東大會（不論為股東週年大會或股東特別大會）膺選連任，惟須待股東於即將舉行之股東週年大會批准。
每名董事應至少每三年輪值退任一次。		✓	於每屆股東週年大會，三分之一董事（包括執行或非執行董事，或如董事數目並非三或三之倍數，則為最接近但不超過三分之一的人數）須輪值退任。每年退任之董事應為在任年期最長者。

## A5. 董事責任

### 守則原則

各董事（包括非執行董事）須不時瞭解其作為發行人董事的職責，以及發行人的經營方式、業務活動及發展。

守則條文	是否符合 守則條文	自然美之規管程序
每名新委任的董事均應在首次接受委任時獲得全面及正式的就任介紹，以確保彼適當理解發行人的業務，以及彼根據上市規則、適用監管規定以及發行人的業務及管治政策下的職責。	✓	新董事於獲委時均會獲本公司法律顧問提供全面迎新培訓，向彼闡釋其職責及其他監管規定。
非執行董事的職能包括：	✓	公司秘書負責通知全體董事最新的上市規則及其他法例規定。
－ 於董事會會議作出獨立判斷 － 在出現潛在利益衝突時帶頭處理 － 應邀出任各委員會成員 － 仔細評核發行人的表現。	✓	全體獨立非執行董事均為董事會兩個常務委員會（審核委員會及薪酬委員會）之成員。
各董事應確保彼等能付出足夠時間及精力處理發行人的事務。	✓	二零零五年度各董事會及董事會委員會會議之出席率令人滿意。
董事必須遵守彼等根據附錄10所載標準守則的責任。	✓	於整個年度內，各董事已遵守上市規則附錄10有關董事證券交易的標準守則所規定標準。

#### A6. 資料提供及使用

##### 守則原則

董事應適時獲提供適當的資料，以便彼等作出知情決定及履行其職責。

守則條文	是否符合 守則條文	自然美之規管程序
董事會文件應至少於董事會／委員會會議舉行日期三天前送出予各董事	✓	董事會文件至少於董事會／委員會會議舉行日期三天前送交各董事。
各董事應有自行接觸公司高級管理人員的獨立途徑。	✓	高級管理層不時於董事會會議及其他場合與董事會正式或非正式會面。
各董事均有權查閱董事會文件，而公司必須採取步驟適當及全面回應董事查詢。	✓	董事會文件及會議記錄均可供董事及委員會成員查閱。
B. 董事及高級管理人員的薪酬		
<i>B1. 薪酬及披露的水平及組成</i>		
守則原則		
應設有正規而具透明度的程序，以制訂有關執行董事酬金的政策及釐訂各董事的薪酬方案。董事不應參與決定其本身之薪酬。		
守則條文	是否符合 守則條文	自然美之規管程序
發行人應設立薪酬委員會，其明確書面職權範圍（包括規定最低職責）須可供查閱或載於網站。	✓	自然美已於二零零五年設立薪酬委員會，其詳盡職權範圍載於本公司網站www.nblife.com。
薪酬委員會應就其他執行董事的薪酬建議諮詢主席及／或行政總裁，並可於有需要時取得專業意見。	✓	三名董事之服務合約於年內屆滿。經參考薪酬委員會之規章後，各委員會成員已詳細檢討及考慮已屆滿服務合約之條款、各董事對本集團之貢獻、董事於美容及spa業務之經驗以及可資比較公司支付之市場薪酬。
		各董事之業績服務合約條款維持不變，已重續三年。
薪酬委員會應獲提供充足資源以履行其職責。	✓	於適當時將會尋求獨立專業意見以補充內部資源。

## C. 問責及核數

### C1. 財務匯報

#### 守則原則

董事會應平衡、清晰及全面地評核公司的表現、狀況及前景。

守則條文	是否符合 守則條文	自然美之規管程序
管理層應提供解釋及資料，讓董事會可以就有關事宜作出知情決定。	✓	董事獲提供本集團之策略計劃、主要業務活動回顧及詳細財務目標、計劃及行動。
確認董事編製賬目的責任；於核數師報告中載列核數師就其申報責任之聲明。	✓	<p>管理層須負責置存適當會計記錄及就各財務期間編製賬目，有關賬目須真實和公允地反映本集團業務狀況及於該期間的業績及現金流量。於編製截至二零零五年十二月三十一日止年度之賬目時，董事已：</p> <ul style="list-style-type: none"><li>批准採納所有由香港會計師公會頒佈的適用財務報告準則；</li><li>挑選及貫徹應用適當會計原則；</li><li>作出審慎合理的判斷和預測；</li><li>按持續經營基準編製賬目。</li></ul>
董事會有責任於年度／中期報告、股價敏感公佈、根據上市規則及法規規定提供其他須予披露財務資料／財務報告中作出清晰、平衡及易於理解的評審。	✓	董事會將會於年報及中期報告、其他股價敏感公佈、根據上市規定之其他財務披露、呈交監管機構之報告以及根據法規規定須予作出之披露中作出平衡、清晰及易於理解的評審。

## C2. 內部監控

### 守則原則

董事會應設立穩健有效的內部監控系統，以保障股東的投資及發行人的資產。

守則條文	是否符合 守則條文	自然美之規管程序
董事應最少每年檢討一次內部監控系統的成效。	✓	董事會對集團內部監控系統負有整體責任，並檢討其成效。管理層定期檢討風險管理及內部監控系統的成效，並遵守最佳常規。執行董事及財務總監亦會就內部監控的主要檢討結果每年向審核委員會匯報兩次，而審核委員會則會將任何重大事宜提交全體董事會。

## C3. 審核委員會

### 守則原則

審核委員會應設有明確職權範圍，包括如何應用財務匯報及內部監控原則的安排。審核委員會應與公司核數師維持適當關係。

守則條文	是否符合 守則條文	自然美之規管程序
會議記錄應由正式委任的會議秘書保存，並於一段合理時間內發送予審核委員會全體成員。	✓	公司秘書草擬之會議記錄於各會議14日內發送交各成員。
現任核數公司的前任合夥人不得擔任審核委員會成員。	✓	三名審核委員會中無外聘核數師前任合夥人。
於應要求及在網站提供審核委員會的職權範圍（包括規定最低職責）。	✓	完整職權範圍（審核委員會規章）刊載於網站www.nblife.com
披露審核委員會的聲明，並於董事會不同意審核委員會的見解時解釋其委聘、辭退或解僱外聘核數師的建議。	✓	審核委員會推薦董事會（而董事會已認可其見解），待於即將舉行之股東週年大會獲股東批准後，重新委任德勤•關黃陳方會計師事務所為外二零零六年外聘核數師。
審核委員會應獲供給充足資源以履行其職責。	✓	現時已設有協定程序，讓審核委員會成員尋求獨立專業意見，費用由本公司支付。

## D. 董事會權力的轉授

### D1. 管理功能

#### 守則原則

發行人應設有一項正式的事項列表，列明留待董事會決定的事項。董事會應給予管理層清晰指示，列明彼等代表發行人作出決定前必須經由董事會批准之事項。

守則條文	是否符合 守則條文	自然美之規管程序
董事會必須就管理層的權力給予清晰指引，包括在何種情況下管理層應先取得董事同意。	✓	現時已設有明確事項列表，列明須由董事會決定的事項，包括： <ul style="list-style-type: none"><li>– 長期目標及策略；</li><li>– 擴展集團業務至新範疇；</li><li>– 年度預算；</li><li>– 中期及末期業績公佈初稿；</li><li>– 股息；</li><li>– 重大銀行融資；</li><li>– 重大收購及出售；</li><li>– 重大關連交易；</li><li>– 年度內部監控評估；及</li><li>– 經提名委員會推薦後委任董事加入董事會。</li></ul>
正式落實董事會專責的職能及授予管理層的職能。	✓	

### D2. 董事會轄下委員會

#### 守則原則

成立董事會轄下各委員會時應書面設定明確職權範圍，清晰列載委員會的權力及職責。

守則條文	是否符合 守則條文	自然美之規管程序
設定清晰職權範圍，讓委員會適當地履行其職能。	✓	董事會轄下設有兩個董事會委員會（審核委員會及薪酬委員會），其明確職權範圍於本公司網站www.nblife.com登載。
職權範圍應規定各委員會需向董事會匯報其決定。	✓	董事會委員會於各會議後向董事會提呈報告，載列其工作或所得結果。

## E. 與股東溝通

### E1. 有效溝通

#### 守則原則

董事會應盡力與股東持續保持對話，尤其是藉股東週年大會或其他股東大議與股東溝通及鼓勵彼等參與。

守則條文	是否符合 守則條文	自然美之規管程序
會議主席應就每項實際獨立的事宜個別提呈決議案。	✓	於股東大會上，均已就每項大致上獨立的事宜（包括選舉個別董事）個別提呈決議案。
董事會主席應出席股東週年大會，並安排審核委員會、薪酬委員會及提名委員會的主席出席。	✓	全體執行董事、獨立非執行董事、審核委員會主席及薪酬委員會主席均需出席即將舉行之股東週年大會。
<b>E.2 以投票方式表決</b>		
守則原則		
發行人應定期通知股東以按股數方式表決的程序，並確保符合上市規則有關以按股數方式表決的規定及本公司的組織章程文件。		
守則條文	是否符合 守則條文	自然美之規管程序
於股東大會通函內，披露股東要求以按股數方式表決的程序。	✓	要求以按股數方式表決的程序已載於股東週年大會通告。該等程序亦會於股東週年大會中闡釋。
確保所投票數獲適當點算及記錄。	✓	本公司股份過戶登記處香港證券登記有限公司已獲委任為監票人。
會議主席須於大會開始時充分解釋按股數方式表決的程序。	✓	按股數方式表決的結果於舉行會議後第二個營業日在香港各主要報章公佈，並於聯交所網站刊登。

## 其他企業管治範疇

### 機構投資者通訊

我們認為與機構投資者按照對目標的共同理解進行對話非常重要。一名執行董事及本集團財務總監於年內曾參與在倫敦、北京及香港三地舉行的巡迴展覽。

## MANAGEMENT PROFILE

### 管理層履歷



#### Executive Director: Dr. Tsai Yen Yu (alias Tsai Yen Pin) ("Dr. Tsai")

Aged 59, 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

#### Executive Director: Lee Ming Ta (alias Lee Ming Tah)

Aged 59, 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.



### **Executive Director: Su Chien Cheng**

Aged 34, 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.

### **Executive Director: Su Sh Hsyu**

Aged 32, the daughter of Dr. Tsai, is the Managing Director & CEO, China. Furthermore, she has been appointed as an Executive Director of the Group since September 21, 2004. She is responsible for managing the business and overseeing the operation in the PRC. She advises the Group in various aspects including i) strategic planning and development, ii) project management involving in the full process from development to roll-out of products and services, iii) exploring new distribution channels and advising on the enhancement of the existing ones and iv) identifying potential strategic partner and involving in the negotiation of partnership. Dr. Su graduated from the London School of Economics with a master of science degree in industrial relations, personnel management and human resources management and obtained her PhD in International & Comparative Education, Columbia University in New York, US. Dr. Su had been actively engaged in the marketing and business development of the Group in Taiwan and the PRC during the period from 1998 and 2000.

### **Independent Non-executive Director: Yeh Liang Fei**

Aged 74, 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.

### **Independent Non-executive Director: Chen Shieh Shu Chen**

Aged 51, 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.

### **Independent Non-executive Director: Chen Ching**

Aged 43, is the Independent Non-Executive Director of the Group. He is also the Managing Partner of Dinkum & Co, CPAs in Taiwan and has over 14 years of experience in accounting. He was a part-time lecturer of the Accounting Information Department in Takming College from 2000 to 2001 and Accounting Department in Chung Kuo Institute of Technology from 2001 to 2002, respectively, both of which are tertiary academic institutions in Taiwan. Mr. Chen is an Independent Director of Yufo Electronics Corporation, a company listed on the GreTai Securities Market (Over-The-Counter Market) in Taiwan. Mr. Chen graduated from the National Cheng-Chi University with a master of science degree in accounting and is a member of Certified Public Accountants Association of Taiwan.

### **Senior Management: Chen Hwa Lien**

Aged 57, is the Head of Administration for NB Shanghai and is responsible for the administration, logistics and human resources of the Group's PRC operation. Prior to joining the Group in 1993, Ms. Chen had over 10 years of regional administrative experience in Taiwan. She is one of the key employees for the Group's expansion in the PRC.

### **Senior Management: Lin Fu Shui**

Aged 56, 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..

### **Senior Management: Yan Yi Ling**

Aged 45, 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.

### **Senior Management: Lin Min Ju**

Aged 44, 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.

### **Senior Management: Wang Pang Chi**

Aged 53, 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.

### **Senior Management: Fong Chiu Hsia**

Aged 51, 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.

### **Senior Management: Yang Chiao Ling**

Aged 33, is the Chief Operation Officer of NB Taiwan and is responsible for the sales and marketing of our franchise operation, self-own spas, as well as the branding in Taiwan. Ms. Yang was graduated from Shih-Chien University in Taiwan and also studied in Fashion Institute of Technology in New York. Prior to joining the Group in 2003, Ms. Yang had been working in various organizations, such as Otto, Citibank etc., in the field of merchandising and marketing. She is also the wife of Su Chien Cheng.

### **Senior Management: Chung Ning Hsiang**

Aged 34, is the Public Relations Assistant Vice President of NB Taiwan, and is responsible for the coordination of promotional activities and public relations with media in Taiwan. Prior to joining the Group in 2000, Ms. Chung was working as a Legal and Public Relations Supervisor for another beauty company in Taiwan.

### **Senior Management: Chan Yan Kwan, Andy**

Aged 37, is the Financial Controller and Company Secretary of the Group. Mr. Chan is responsible for the financial planning and monitoring. He graduated from the University of Hull in the UK with a bachelor's degree in economics (economics and accounting) in 1992. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group in July 2004, Mr. Chan worked in an international accounting firm and had served senior financial positions in a NASDAQ listed company and a renowned German exhibition company.

#### **執行董事：蔡燕玉博士（又名蔡燕萍）（「蔡博士」）**

59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
- ▶ 台灣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

#### **執行董事：李明達**

59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。



#### **執行董事:蘇建誠**

34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。

#### **執行董事:蘇詩琇**

32歲,蔡博士的女兒,中國地區董事總經理兼行政總裁。此外,彼於二零零四年九月二十一日獲委任為本集團執行董事。彼負責管理中國之業務及監督其營運。彼於多個範疇為本集團提供意見,包括i)策略規劃;ii)涉及由發展以至推出產品及服務整個程序之項目管理;iii)開拓新分銷渠道及就提升現有渠道提供意見;及iv)物色潛在策略夥伴及參與磋商合夥。蘇博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,並獲美國紐約哥倫比亞大學頒授國際及比較教育博士學位。蘇博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。

#### **獨立非執行董事:葉良輝**

74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。

#### **獨立非執行董事:陳謝淑珍**

51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,亦是台灣合胤製衣廠有限公司董事,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。

#### **獨立非執行董事：謹清**

43歲，本集團獨立非執行董事，亦為台灣鼎信聯合會計師事務所主管合夥人，從事會計工作逾14年。他曾於二零零零年至二零零一年期間擔任德明技術學院的會計資訊科兼任講師，亦於二零零一年至二零零二年期間擔任中國工商技術學院會計科兼任講師，上述兩間學院均為台灣之專上學院。謹先生亦為育富電子股份有限公司（為一間在台灣證券櫃檯買賣中心上櫃之公司）之獨立董事。謹先生畢業於國立政治大學並取得會計碩士學位。彼為台灣會計師公會會員。

#### **高級管理層：陳華蓮**

57歲，自然美上海副總經理，負責上本集團中國業務之行政管理、後勤及人力資源工作。於一九九三年加入本集團前，陳女士在台灣擁有逾10年地區行政管理經驗，為本集團開拓大陸市場的主要僱員。

#### **高級管理層：林福水**

56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。

#### **高級管理層：顏逸翎**

45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。

#### **高級管理層：林敏如**

44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。

#### **高級管理層：王邦畿**

53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。

#### **高級管理層：封秋霞**

51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。

#### **高級管理層：楊巧聆**

33歲，為自然美台灣的業務總監，負責加盟店及自資經營水療中心的銷售及市場推廣，以及於台灣的品牌形象。楊女士畢業於台灣實踐大學，亦曾於紐約FIT服裝學院修讀。於二零零三年加入本集團前，楊女士曾於Otto、花旗銀行等多間機構任職銷售規劃及市場推廣範疇。彼為蘇建誠先生之妻子。

#### **高級管理層：鐘凝香**

34歲，為自然美台灣的媒體公關協理，負責台灣地區的媒體廣告安排及對外活動策劃。於二零零零年加入本集團前，鐘女士曾任台灣另一間美容公司的法務公關部主任。

#### **高級管理層：陳仁君**

37歲，本集團財務總監兼公司秘書，負責財務計劃及監督。彼於一九九二年畢業於英國University of Hull，持有經濟學士學位（經濟及會計學）。彼為香港會計師公會會員及英國公認會計師公會資紳會員。於二零零四年七月加入本集團前，陳先生曾任職一家國際會計師行，亦曾於一家納斯達克上市公司及一家著名德國展覽公司擔任高級財務職位。

## DIRECTORS' REPORT : 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in (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. The principal activities of its subsidiaries are set out in note 40 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 84.

An interim dividend of HK\$0.009 per share and a special dividend of HK\$0.004 per share were paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK\$0.020 per share to the shareholders on the register of members on 28 April 2006, amounting to approximately HK\$40,000,000. Details of the dividends are set out in note 14 to the financial statements.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total turnover and purchases for the year, respectively.

### INVESTMENT PROPERTIES

The Group's investment properties at 31 December 2005 were revalued by an independent firm of professional property valuers on a fair value basis. The revaluation increase of approximately HK\$4.5 million has been recognised in the income statement. Details of movements during the year in the investment properties of the Group are set out in note 16 to the financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the financial statements.

本公司董事提呈本公司及本集團截至二零零五年十二月三十一日止年度的年報及經審核財務報表。

### 主要業務

本公司為投資控股公司，本集團主要業務為(a)製造及銷售護膚、美容及香薰產品及(b)提供肌膚護理、美容及spa服務以及肌膚護理顧問服務及美容培訓。本集團附屬公司的主要業務載於財務報表附註40。

### 業績及分派

本集團截至二零零五年十二月三十一日止年度的業績載於第84頁的綜合收益表。

於年內，本公司向股東派發每股0.009港元之中期股利及每股0.004港元之特別股利。董事現建議向於二零零六年四月二十八日名列股東名冊之股東派發末期股利每股0.020港元，合共約40,000,000港元，有關股利詳情載於財務報表附註14。

### 主要客戶及供應商

本集團五大客戶及供應商應佔總銷售額及採購額分別佔本集團本年度的總銷售額及採購額不足30%。

### 投資物業

本集團投資物業於二零零五年十二月三十一日由獨立專業物業估值師行按公開市值基準重新估值。重估增加約4,500,000港元已於收益表確認。有關本集團投資物業於年內的變動詳情載於財務報表附註16。

### 不動產、廠場及設備

本集團於年內的不動產、廠場及設備的變動詳情載於財務報表附註17。

## DIRECTORS' REPORT : 董事會報告書

### SHARE CAPITAL

Details of the share capital of the Company are set out in note 31 to the financial statements.

### DIRECTORS

The directors of the Company 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  
Dr. Su Sh Hsysu

#### Independent non-executive directors:

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

In accordance with Clause 117 of the Company's articles of association, Dr. Tsai Yen Yu and Dr. Su Sh Hsysu will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

All the independent non-executive directors are members of the Company's Audit Committee and Remuneration Committee.

### DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2005, in the opinion of the directors of the Company, the Company's reserves available for distribution to shareholders were approximately HK\$391,833,000 which represents the share premium and accumulated profits of the Company.

### 股本

本公司股本的詳情載於財務報表附註31。

### 董事

於年內及截至本報告刊發日期止，本公司董事如下：

#### 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  
蘇詩琇博士

#### 獨立非執行董事：

葉良輝先生  
陳謝淑珍女士  
謹清先生

根據本公司之公司組織章程細則第117條，蔡燕玉博士及蘇詩琇博士將輪值告退，惟符合資格，並願於即將舉行之股東週年大會膺選連任。

本公司已自各獨立非執行董事接獲根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）第3.13條發出之年度獨立性確認書。本公司認為全體獨立非執行董事均為獨立。

全體獨立非執行董事均為本公司審核委員會及薪酬委員會成員。

### 本公司可供分派儲備

於二零零五年十二月三十一日，本公司董事認為，本公司可供分派予股東之儲備約為391,833,000港元，該等儲備乃本公司之股份溢價及累計溢利。

## DIRECTORS' REPORT : 董事會報告書

### DIRECTORS' SERVICE CONTRACTS

The directors' service contracts entered into between the Company and all executive directors were for a term of three years, commencing from 11 March 2002, in the case of Dr. Tsai Yen Yu ("Dr. Tsai"), Mr. Lee Ming Ta ("Mr. Lee") and Mr. Su Chien Cheng ("Mr. Su") and from 21 September 2004 in the case of Dr. Su Sh Hsyu ("Dr. Su"). The service contracts of the independent non-executive directors were also for a term of three-years, commencing from 11 March 2002 in the case of Mr. Yeh Liang Fei ("Mr. Yeh") and Mrs. Chen Shieh Shu Chen ("Mrs. Chen") and from 21 September 2004 in the case of Mr. Chen Ching ("Mr. Chen"). These service contracts may be terminated by either party giving to the other not less than three calendar months' notice in writing. The service contracts of Dr. Tsai, Mr. Lee, Mr. Su, Mr. Yeh and Mrs. Chen expired on 10 March 2005 and were renewed for another three years on 11 March 2005. The initial aggregate annual remuneration pursuant to such service contracts is HK\$2,988,000 (as to HK\$1,000,000 to Dr. Tsai, HK\$700,000 to Mr. Lee, HK\$600,000 to Mr. Su, HK\$600,000 to Dr. Su, HK\$20,000 to Mr. Yeh, HK\$20,000 to Mrs. Chen and HK\$48,000 to Mr. Chen) subject to an annual increment at the discretion of the directors of not more than 10% of the annual remuneration immediately prior to such increase.

For the year ended 31 December 2005, each of the executive directors voluntarily agreed to waive the entitlement to certain remuneration of approximately HK\$2.9 million (2004: HK\$2.8 million).

Each of Dr. Tsai, Mr. Lee, Mr. Su and Dr. Su is also entitled to a management bonus. The aggregate amount of the bonuses payable to these executive directors will not exceed 15% of the audited consolidated profit attributable to equity holders of the Company in respect of that financial year of the Group. For the year ended 31 December 2005, the Board of Directors has decided not to pay any management bonus under the said service contracts.

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

全體執行董事與本公司訂立之董事服務合約均為期三年，蔡燕玉博士（「蔡博士」）、李明達先生（「李先生」）及蘇建誠先生（「蘇先生」）之合約年期由二零零二年三月十一日開始；蘇詩琇博士（「蘇博士」）之合約年期由二零零四年九月二十一日開始。各獨立非執行董事亦訂立為期三年之服務合約，葉良輝先生（「葉先生」）及陳謝淑珍女士（「陳女士」）之合約年期由二零零二年三月十一日開始；謹清先生（「謹先生」）之合約年期則由二零零四年九月二十一日開始。該等服務合約可由任何一方向對方發出不少於三個曆月的書面通告終止。蔡博士、李先生、蘇先生、葉先生及陳女士之服務合約已於二零零五年三月十日屆滿，並已自二零零五年三月十一日起重續三年。根據該等服務合約的初步年度酬金總額為2,988,000港元（蔡博士獲1,000,000港元、李先生獲700,000港元、蘇先生獲600,000港元、蘇博士獲600,000港元、葉先生獲20,000港元、陳女士獲20,000港元及謹清先生獲48,000港元），董事每年可酌情增加酬金，惟增幅不得超過於緊接該增加前之年度酬金的10%。

截至二零零五年十二月三十一日止年度，各執行董事自願同意豁免收取若干酬金金額約2,900,000港元（二零零四年：2,800,000港元）。

蔡博士、李先生、蘇先生及蘇博士亦可享有管理花紅。應付該等執行董事的花紅總額不得超逾本集團有關財政年度的本公司股東應佔經審核綜合溢利之15%。截至二零零五年十二月三十一日止年度，董事會已決定不會根據上述服務合約支付任何管理花紅。

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。

## DIRECTORS' REPORT : 董事會報告書

### DIRECTORS' INTERESTS IN SHARES

As at 31 December 2005, the interests of the directors, the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

#### Long positions in shares and underlying shares of the Company

Ordinary shares

### 董事於股份的權益

於二零零五年十二月三十一日，董事、主要行政人員及彼等之聯繫人士於本公司及其相聯法團的股份、相關股份及債券中，擁有記錄於本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置的登記冊，或根據上市規則所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所的權益如下：

#### Name of directors 董事姓名

Dr. Tsai  
蔡博士

Mr. Su  
蘇先生

Dr. Su  
蘇博士

Mr. Lee  
李先生

於本公司股份及相關股份的好倉  
普通股

Name of directors 董事姓名	Family interests 家族權益	Corporate interests 公司權益	Number of ordinary shares 普通股數目	
			% of the issued share capital of the Company 佔本公司已發行 股本百分比	
Dr. Tsai 蔡博士	-	1,500,000,000 (Note 1) (附註1)	75.00%	
Mr. Su 蘇先生	-	225,000,000 (Note 2) (附註2)	11.25%	
Dr. Su 蘇博士	-	225,000,000 (Note 2) (附註2)	11.25%	
Mr. Lee 李先生	1,500,000,000 (Note 1) (附註1)	-	75.00%	

## DIRECTORS' REPORT : 董事會報告書

### DIRECTORS' INTERESTS IN SHARES (continued)

Notes:

- (1) The two references to 1,500,000,000 shares relate to the same block of shares. Such block of shares are held by Efficient Market Investments Limited ("Efficient Market") which is beneficially owned as to 70% by Dr. Tsai through Knightcote Enterprises Limited ("Knightcote").
- Mr. Lee, the spouse of Dr. Tsai, is deemed to be interested in 1,500,000,000 ordinary shares of the Company.
- (2) The two references to 225,000,000 shares are included in the 1,500,000,000 shares held by Efficient Market which Mr. Su and Dr. Su each has 15% beneficial interest through Knightcote. Mr. Su and Dr. Su are the son and daughter of Dr. Tsai respectively.

Other than as disclosed above, none of the directors, the chief executive or their associates had any interests or short position in any shares, underlying shares on debentures of the Company or any of its associated corporations as at 31 December 2005.

### SHARE OPTION

Particulars of the Company's share option scheme are set out in note 32 to the financial statements.

No share options were granted or exercised during the year ended 31 December 2005. At 31 December 2005, no share option of the Company were outstanding.

### ARRANGEMENTS TO PURCHASE SHARES OF DEBENTURES

At no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefit by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### 董事於股份的權益 (續)

附註:

- (1) 以上兩次提述的1,500,000,000股股份指同一批股份。該等股份由Efficient Market Investments Limited(「Efficient Market」)持有，而Efficient Market Investments Limited則由蔡博士透過Knightcote Enterprises Limited(「Knightcote」)實益擁有70%。
- 蔡博士之配偶李先生被視作擁有本公司1,500,000,000股普通股之權益。
- (2) 以上兩次提述的225,000,000股股份計入由Efficient Market持有的1,500,000,000股股份中，而蘇先生及蘇博士各於Efficient Market Investments Limited透過Knightcote佔有15%實益權益。蘇先生及蘇博士乃蔡博士子女。

除上文披露者外，於二零零五年十二月三十一日，概無董事、行政總裁或彼等之聯繫人士於本公司或其任何相聯法團的任何股份、相關股份或債券中擁有任何權益或淡倉。

### 購股權

本公司購股權計劃之詳情載於財務報表附註32。

於截至二零零五年十二月三十一日年度內並無購股權獲授出或已行使。於二零零五年十二月三十一日，概無本公司購股權尚未行使。

### 購買股份或債券之安排

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，致令本公司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。

## DIRECTORS' REPORT : 董事會報告書

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests in the issued capital of the Company.

#### Long position in shares and underlying shares of the Company

*Ordinary shares of HK\$0.10 each of the Company*

### 主要股東

於二零零五年十二月三十一日，本公司根據證券及期貨條例第336條存置的主要股東名冊顯示，以下股東已知會本公司彼等於本公司已發行股本的有關權益。

#### 於本公司股份及相關股份的好倉

本公司每股面值0.10港元的普通股

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

Notes:

1. Efficient Market is beneficially owned by Knightcote.
  2. The controlled corporation, Knightcote, is beneficially owned by Dr. Tsai as to 70%, Mr. Su as to 15% and Dr. Su as to 15%.
  3. These shares are attributable to Dr. Tsai in respect of her 70% interest in Knightcote.
  4. These shares are attributable to Mr. Su in respect of his 15% interest in Knightcote.
  5. These shares are attributable to Dr. Su in respect of her 15% interest in Knightcote.
1. Efficient Market由Knightcote實益擁有。
  2. 受控法團Knightcote分別由蔡博士、蘇先生及蘇博士實益擁有70%、15%及15%權益。
  3. 由於蔡博士擁有Knightcote 70%權益，故該等股份屬彼所擁有。
  4. 由於蘇先生擁有Knightcote 15%權益，故該等股份屬彼所擁有。
  5. 由於蘇博士擁有Knightcote 15%權益，故該等股份屬彼所擁有。

Other than the interests disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2005.

除上文披露的權益外，於二零零五年十二月三十一日，本公司並無獲知會於本公司已發行股本之任何其他有關權益或淡倉。

## DIRECTORS' REPORT : 董事會報告書

### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS

On 28 July 2005, a natural health food purchase agreement ("Natural Health Food Purchase Agreement") was entered into between Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("NB Sanlian"), a 90% indirectly-owned subsidiary, and 上海自然美生物醫學有限公司 Shanghai Natural Beauty Bio-Med Company Limited ("Bio-Med"), a company wholly owned by Dr. Tsai, for the period from 28 July 2005 to 31 December 2007, with the annual cap amount of HK\$3.0 million, HK\$4.0 million and HK\$5.0 million for the financial years ended/ending 31 December 2005, 2006 and 2007 respectively.

In addition, on 28 July 2005, NB Sanlian entered into a lingerie purchase agreement ("Lingerie Purchase Agreement") 上海自然美製衣有限公司 with Shanghai Natural Beauty Apparel-Manufacture Company Limited ("Apparel-Manufacture"), a company owned as to 51.72% by Dr. Tsai, for the period from 28 July 2005 to 31 December 2007, with the annual cap amount of HK\$1.0 million, HK\$1.8 million and HK\$3.0 million for the financial years ended/ending 31 December 2005, 2006 and 2007 respectively.

The transactions under the Natural Health Food Purchase Agreement and Lingerie Purchase Agreement are regarded as connected transactions pursuant to Chapter 14A of the Listing Rules of the Stock Exchange. Details of which were set out in the announcement of the Company dated 2 August 2005.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditors have reported their factual findings on these procedures to the board of directors.

Particulars of the above and other transactions, in which a director of the Company had interest, are disclosed in note 38 to the financial statements.

### 關連交易及董事於合約之權益

於二零零五年七月二十八日，本公司間接擁有90%權益之附屬公司上海自然美三聯化粧品有限公司（「自然美三聯」）與蔡博士全資擁有之上海自然美生物醫學有限公司（「自然美生物醫學」）訂立天然健康食品採購協議（「天然健康食品採購協議」），由二零零五年七月二十八日起至二零零七年十二月三十一日止，而於截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為3,000,000港元、4,000,000港元及5,000,000港元。

此外，於二零零五年七月二十八日，自然美三聯亦與蔡博士擁有51.72%權益之上海自然美製衣有限公司（「自然美製衣」）訂立內衣採購協議（「內衣採購協議」），由二零零五年七月二十八日起至二零零七年十二月三十一日止，而於截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為1,000,000港元、1,800,000港元及3,000,000港元。

根據聯交所創業板上市規則第14A章，天然健康食品採購協議及內衣採購協議項下交易被視為關連交易，詳情載於本公司日期為二零零五年八月二日之公佈。

根據上市規則第14A.38條，董事會已委聘本公司核數師就本集團的持續關連交易進行若干協定核數程序。核數師已向董事會匯報該等程序之實際結果。

上述及其他本公司董事擁有權益之交易詳情，於財務報表附註38披露。

## DIRECTORS' REPORT : 董事會報告書

### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS (continued)

The independent non-executive directors confirm that the transactions have been entered into by the Group in the ordinary course of its business, on terms no less favourable than terms available from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above:

- (i) no contracts of significance subsisted to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly at the end of the year or at any time during the year; and
- (ii) there were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

### EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualification and competence.

The emoluments of the executive directors of the Company are recommended by the Remuneration Committee and decided by the board of directors, as authorised by shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme is set out in note 32 to the financial statements.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### 關連交易及董事於合約之權益 (續)

獨立非執行董事確認該等交易乃於本集團日常業務過程中按不遜於自獨立第三方取得之條款訂立，以及根據規管該等協議並屬公平合理及符合本公司股東利益之條款進行。

除上文披露者外：

- (i) 在年結日或本年度任何時間內，本公司或其附屬公司概無訂立本公司董事直接或間接在其中擁有重大權益的任何重大合約；及
- (ii) 並無任何其他按照上市規則須被視為關連交易而予以披露的交易。

### 酬金政策

本集團僱員的酬金政策由董事會按彼等之貢獻、資歷及能力而設立。

本公司董事酬金由薪酬委員會建議，並由股東於股東週年大會授權董事會，因應本集團經營業績、個別表現及可資比較市場數據決定。

本公司已採納一項購股權計劃，以鼓勵董事會及合資格僱員。該計劃之詳情載於財務報表附註32。

### 優先購買權

本公司之公司組織章程細則或開曼群島法例並無有關優先購買權的條文，規定本公司須按比例向現有股東提呈發售新股份。

## DIRECTORS' REPORT : 董事會報告書

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficiency of public float throughout the year ended 31 December 2005.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

### 充足公眾持股量

本公司於截至二零零五年十二月三十一日止整個年度內維持充足公眾持股量。

### 購買、出售或贖回本公司上市證券

截至二零零五年十二月三十一日止年度，本公司或其任何附屬公司亦無購買、出售或贖回本公司任何上市證券。

### 核數師

本公司將於股東週年大會提呈決議案，以續聘德勤•關黃陳方會計師行為本公司核數師。

On behalf of the Board

**Dr. Tsai Yen Yu**

*Chairman*

Hong Kong, 12 April 2006

承董事會命

**蔡燕玉博士**

*主席*

香港，二零零六年四月十二日

## REPORT OF THE AUDITORS : 核數師報告書

# Deloitte. 德勤

### TO THE SHAREHOLDERS OF NATURAL BEAUTY BIO-TECHNOLOGY LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Natural Beauty Bio-Technology Limited (the "Company") and its subsidiaries (the "Group") from pages 84 to 169 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

### 致自然美生物科技有限公司 全體股東

(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84至169頁按照香港公認會計原則編製的自然美生物科技有限公司(「貴公司」)及其附屬公司(「貴集團」)經審核綜合財務報表。

### 董事及核數師各自的責任

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。

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《香港核數準則》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。

## 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 consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

## OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## 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 貴集團於二零零五年十二月三十一日的財政狀況和 貴集團於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。

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
12 April 2006

**德勤•關黃陳方會計師行**  
**執業會計師**

香港  
二零零六年四月十二日

## CONSOLIDATED INCOME STATEMENT : 綜合收益表

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

	Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Turnover	營業額	7	358,142
Cost of sales	銷售成本	<u>(73,309)</u>	<u>(82,291)</u>
Gross profit	毛利	284,607	275,851
Other operating income	其他經營收益	9	43,135
Distribution costs	分銷成本	<u>(127,655)</u>	<u>(126,921)</u>
Administrative expenses	行政開支	<u>(61,961)</u>	<u>(63,873)</u>
Other operating expenses	其他經營支出	<u>(18,221)</u>	<u>(8,759)</u>
Share of loss of an associate	應佔一家聯營公司虧損	<u>(60)</u>	<u>(337)</u>
Profit before taxation	除稅前溢利	10	99,058
Income tax expense	所得稅開支	<u>13</u>	<u>(36,333)</u>
Profit for the year	本年度溢利	<u><b>81,011</b></u>	<u><b>62,725</b></u>
Attributable to:	應佔：		
Equity holders of the Company	本公司股東盈利	<u><b>81,092</b></u>	63,262
Minority interests	少數股東權益	<u>(81)</u>	<u>(537)</u>
		<u><b>81,011</b></u>	<u><b>62,725</b></u>
Dividends	股利	14	50,000
Earnings per share	每股盈利	15	
Basic	基本	<u><b>HK 4.1 cents</b></u>	<u><b>HK 3.2 cents</b></u>
Diluted	攤薄	<u><b>N/A 不適用</b></u>	<u><b>N/A 不適用</b></u>

## CONSOLIDATED BALANCE SHEET : 綜合資產負債表

*At 31 December 2005 於二零零五年十二月三十一日  
(Expressed in Hong Kong dollars) (以港元為單位)*

	Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
<b>Non-current assets</b>			
Investment properties	16	159,653	160,459
Property, plant and equipment	17	178,725	183,445
Prepaid lease payments	18	9,039	9,275
Intangible assets	19	927	2,137
Goodwill	20	13,898	16,801
Interest in an associate	21	545	605
Other long-term receivables	22	-	5,158
Available-for-sale investments	23	6,786	-
Investments in securities	24	-	6,786
Deferred taxation assets	33	4,716	4,729
		<hr/> <b>374,289</b>	<hr/> 389,395
<b>Current assets</b>			
Inventories	25	56,477	55,726
Trade and other receivables	26	141,229	124,576
Prepaid lease payments	18	236	236
Held-for-trading investments	27	26,491	-
Investments in securities	24	-	94,378
Bank balances and cash		<hr/> 338,748	<hr/> 235,920
		<hr/> <b>563,181</b>	<hr/> 510,836
<b>Current liabilities</b>			
Trade and other payables	28	82,041	60,160
Deferred income	29	8,489	9,172
Taxation payable		<hr/> 15,753	<hr/> 16,103
		<hr/> <b>106,283</b>	<hr/> 85,435
<b>Net current assets</b>		<hr/> <b>456,898</b>	<hr/> 425,401
<b>Total assets less current liabilities</b>		<hr/> <b>831,187</b>	<hr/> 814,796
<b>Non-current liabilities</b>			
Retirement benefit obligations	30	10,890	10,165
		<hr/> <b>820,297</b>	<hr/> 804,631

At 31 December 2005 於二零零五年十二月三十一日  
 (Expressed in Hong Kong dollars) (以港元為單位)

	<i>Notes</i>	2005 附註 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
<b>Capital and reserves</b>			
Share capital		股本 31 200,000	200,000
Reserves		儲備 613,511	594,969
		<hr/>	<hr/>
<b>Equity attributable to equity holders of the Company</b>			
<b>Minority interests</b>			
		本公司股東應佔權益 813,511	794,969
		少數股東權益 6,786	9,662
		<hr/>	<hr/>
<b>Total equity</b>		<b>總權益 820,297</b>	<b>804,631</b>
		<hr/>	<hr/>

The financial statements on pages 84 to 169 were approved and authorised for issue by the Board of Directors on 12 April 2006 and are signed on its behalf by:

第84至169頁的財務報表於二零零六年四月十二日由董事會批准並授權刊發，並由以下董事代表簽署：

**Dr. Tsai Yen Yu**  
 蔡燕玉博士  
*DIRECTOR*  
 董事

**Mr. Lee Ming Ta**  
 李明達先生  
*DIRECTOR*  
 董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY : 綜合權益變動表

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

Attributable to equity holders of the Company 本公司股東應佔										
	Share capital 股本	Capital surplus 股本盈餘	Share premium 股份溢價	Revaluation reserve 重估儲備	Statutory reserve 法定儲備	Exchange reserve 匯兌儲備	Accumulated profits 累計溢利	Total 總計	Minority interests 少數股東權益	Total 總計
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>THE GROUP</b>										
At 1 January 2004	於二零零四年一月一日	200,000	42,554	336,758	14,236	66,702	(18,169)	108,308	750,389	10,199
Exchange differences arising from translation of overseas operation	海外業務匯率折算差額	-	-	-	-	-	23,813	-	23,813	-
Revaluation surplus, net of \$287,000 deferred tax (note 33)	重估盈餘，已扣除遞延稅項 287,000港元 (附註33)	-	-	-	2,505	-	-	-	2,505	-
Total income recognised directly in equity	直接於權益確認之收入總額	-	-	-	2,505	-	23,813	-	26,318	-
Profit for the year	本年度溢利	-	-	-	-	-	-	63,262	63,262	(537)
Total income and expense recognised for the year	就本年度確認之收入及開支總額	-	-	-	2,505	-	23,813	63,262	89,580	(537)
Transfer to statutory reserve	撥往法定儲備	-	-	-	-	12,058	-	(12,058)	-	-
Dividends paid (note 14)	已派股利 (附註14)	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
At 31 December 2004, as originally stated	於二零零四年十二月三十一日，按原先呈列	200,000	42,554	336,758	16,741	78,760	5,644	114,512	794,969	9,662
Effects of changes in accounting policies (note 3)	會計政策變動之影響 (附註3)	-	-	-	(16,741)	-	-	16,741	-	-
At 1 January 2005 as restated	於二零零五年一月一日，經重列	200,000	42,554	336,758	-	78,760	5,644	131,253	794,969	9,662
Exchange differences arising from translation of overseas operation	海外業務匯率折算差額	-	-	-	-	-	(1,550)	-	(1,550)	219
Net expense recognised directly in equity	直接於權益確認之收入總額	-	-	-	-	-	(1,550)	-	(1,550)	219
Profit for the year	本年度溢利	-	-	-	-	-	-	81,092	81,092	(81)
Total income and expense recognised for the year	就本年度確認之收入及開支總額	-	-	-	-	-	(1,550)	81,092	79,542	138
Transfer to statutory reserve	撥往法定儲備	-	-	-	-	16,215	-	(16,215)	-	-
Acquisition of additional interest in a subsidiary	收購一家附屬公司額外權益	-	-	-	-	-	-	-	-	(2,709)
Dividends paid (note 14)	已派股利 (附註14)	-	-	-	-	-	(61,000)	(61,000)	-	(61,000)
Dividends paid to minority shareholders	派發予少數股東之股利	-	-	-	-	-	-	-	-	(305)
At 31 December 2005	於二零零五年十二月三十一日	200,000	42,554	336,758	-	94,975	4,094	135,130	813,511	6,786
										820,297

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

### **SHARE PREMIUM**

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.

### **STATUTORY RESERVE**

According to the laws and regulations of the People's Republic of China ("PRC"), the 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 generally accepted accounting principles ("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.

### **股份溢價**

根據開曼群島公司法，股份溢價賬可分派予本公司股東，惟本公司須於緊隨擬分派股利日期後，仍能償還其於日常業務過程中到期之債務。

### **法定儲備**

根據中華人民共和國（「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。其他中國公司須將中國公認會計原則項下純利若干百分比轉撥至法定盈餘公積金，法定盈餘公積金結餘達到實收股本的50%時，可以不再轉撥；另須將中國公認會計原則項下純利若干百分比撥至法定公益金。

根據台灣法例及規例，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。

## CONSOLIDATED CASH FLOW STATEMENT : 綜合現金流量表

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
<b>Operating Activities</b>		
Profit before taxation	119,845	99,058
Adjustments for:		
Interest income	(3,297)	(1,956)
Depreciation of property, plant and equipment	24,666	28,919
Loss on disposal of property, plant and equipment	3,881	217
Release of prepaid lease payments	236	236
Write off of intangible assets	325	-
Gain on disposal of held-for-trading investments/investments in securities	(1,388)	(1,739)
Gain on acquisition of additional interest in a subsidiary	(2,709)	-
Increase in fair value of investment properties	(4,477)	-
Impairment loss on goodwill	3,192	-
Amortisation of goodwill	-	6,755
Amortisation of intangible assets	915	1,074
Allowance for obsolete inventories	8,463	1,783
Impairment loss on trade receivables	3,311	-
Share of loss of an associate	60	337
Operating cash flows before movements in working capital	153,023	134,684
(Increase) decrease in inventories	(9,214)	5,197
(Increase) decrease in trade and other receivables	(14,806)	9,664
Increase in trade and other payables	21,881	6,485
(Decrease) increase in deferred income	(683)	3,928
Increase in retirement benefit obligations	725	1,789
Cash generated from operations	150,926	161,747
Overseas tax paid	(39,248)	(28,953)
<b>Net cash from operating activities</b>	<b>111,678</b>	<b>132,794</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
<b>Investing activities</b>		
Proceeds from disposal of held-for-trading investments/investments in securities	出售持作買賣投資／證券投資所得款項 620,237	107,519
Interest received	已收利息 3,297	1,956
Proceeds from disposal of property, plant and equipment	出售不動產、廠場及設備 所得款項 2,088	2,915
Purchase of held-for-trading investments/investments in securities	購買持作買賣投資／證券 投資所得款項 (550,962)	(121,278)
Purchase of property, plant and equipment	購買不動產、廠場及設備 所得款項 (24,897)	(14,162)
Expenditure on intangible assets	無形資產開支 -	(21)
<b>Net cash from (used in) investing activities</b>	<b>投資業務所得 (所用) 現金淨額 49,763</b>	<b>(23,071)</b>
<b>Financing activities</b>		
Dividends paid	已派股利 (61,000)	(45,000)
Dividends paid to minority shareholders of subsidiaries	已派附屬公司少數 股東股利 -	-
<b>Net cash used in financing activities</b>	<b>融資活動所用現金淨額 (61,305)</b>	<b>(45,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加 淨額 100,136</b>	<b>64,723</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初之現金及現金等價物 235,920</b>	<b>170,265</b>
<b>Effect of foreign exchange rate changes</b>	<b>匯率變動之影響 2,692</b>	<b>932</b>
<b>Cash and cash equivalents at end of the year, represented by bank balances and cash</b>	<b>年終之現金及現金等價物 (指銀行結存及現金) 338,748</b>	<b>235,920</b>

# NOTES TO THE FINANCIAL STATEMENTS : 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 1. GENERAL

The Company was incorporated in Cayman Islands on 29 June 2001 as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate holding company are Knightcote Enterprises Limited and Efficient Market Investments Limited respectively, and both were incorporated in British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The Company acts as an investment holding company. The Group is principally engaged in (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. The principal activities of its subsidiaries are set out in note 40 to the financial statements.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The change in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

## 1. 一般資料

本公司於二零零一年六月二十九日在開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之最終控股公司及直接控股公司分別為Knightcote Enterprises Limited及Efficient Market Investments Limited，兩間公司均於英屬維爾京群島註冊成立。本公司之註冊辦事處及主要營業地點之地址於年報緒言中披露。

本公司為投資控股公司。本集團主要從事(a)製造及銷售護膚、美容及香薰產品及(b)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服務，其附屬公司之主要業務載於財務報表附註40。

財務報表以港元呈列，與本公司之功能貨幣相同。

## 2. 香港財務報告準則之應用

於本年度，本集團首次應用由香港會計師公會所頒佈於二零零五年一月一日或之後開始會計期間生效之多項新訂香港財務報告準則、香港會計準則及詮釋（下文統稱「新香港財務報告準則」）。應用新香港財務報告準則導致綜合收益表、綜合資產負債表及綜合權益變動表之呈報方式有變，尤其是少數股東權益之呈報方式。呈報方式之變動已追溯應用。採納新香港財務報告準則導致本集團下列範疇之會計政策有變，對目前及／或過往會計年度業績之編製及呈報方式構成影響：

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS** (continued)

### **Business Combinations**

In the current year, the Group has applied HKFRS 3, *Business Combinations* which is effective for business combinations for which the agreement date is on or after 1 January 2005. The principal effects of the application of HKFRS 3 to the Group is in relation to goodwill.

In previous years, goodwill was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1 January 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$11.3 million with a corresponding decrease in the cost of goodwill (See note 20). The Group has discontinued amortising such goodwill from 1 January 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated (See note 3 for the financial impact).

In the current year, the Group has also applied HKAS 21 *The Effects of Changes in Foreign Exchange Rates* which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisitions of foreign operations was reported at the historical rate at each balance sheet date. In accordance with the relevant transitional provisions in HKAS 21, goodwill arising on acquisitions prior to 1 January 2005 is treated as a non-monetary foreign currency item. Therefore, no prior period adjustment has been made.

## **香港財務報告準則之應用（續）**

### **業務合併**

於本年度，本集團已應用香港財務報告準則第3號業務合併，有關準則適用於協議日期為二零零五年一月一日或以後之業務合併。採用香港財務報告準則第3號對本集團之主要影響與商譽有關。

於過往年度，商譽撥充資本及於其估計可使用年期攤銷。本集團已應用香港財務報告準則第3號有關過渡條文。就以往於資產負債表撥充資本之商譽而言，本集團已於二零零五年一月一日透過減少商譽成本對銷相關累計攤銷之賬面值11,300,000港元（見附註20）。本集團已自二零零五年一月一日起終止攤銷有關商譽，商譽將最少每年檢測有否出現減值。於二零零五年一月一日後進行收購所產生商譽經初步確認後按成本減累計減值虧損（如有）計算。由於是項會計政策變動，本年度並無扣除任何商譽攤銷。二零零四年之比較數字並無重列（有關財務影響見附註3）。

於本年度，本集團亦應用香港會計準則第21號匯率變動之影響，該準則規定商譽當作海外業務之資產與負債處理，按各結算日之收市匯率換算。過往，收購海外業務所產生商譽於各結算日按歷史匯率呈報。按照香港會計準則第21號之有關過渡條文，於二零零五年一月一日前進行之收購所產生商譽當作非貨幣外匯項目處理。因此，並無作出前期調整。

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

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

### **Financial Instruments**

In the current year, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current or prior accounting years. The principal effects resulting from the implementation of HKAS 39 are summarised below:

#### *Classification and measurement of financial assets and financial liabilities*

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

## **香港財務報告準則之應用（續）**

### **金融工具**

於本年度，本集團已應用香港會計準則第32號金融工具：披露及呈列以及香港會計準則第39號金融工具：確認及計量。香港會計準則第32號規定追溯應用。於二零零五年一月一日或之後開始年度期間生效之香港會計準則第39號，一般不允許按追溯基準確認、剔除確認或計量金融資產及負債。應用香港會計準則第32號並無對本集團目前或過往會計年度之金融工具呈報方式構成重大影響。實行香港會計準則第39號引致之主要影響概述如下：

#### **金融資產及金融負債之分類及計量**

本集團已就香港會計準則第39號範圍內金融資產及金融負債之分類及計量應用香港會計準則第39號有關過渡條文。

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

### **Investments in debt and equity securities previously accounted for under the benchmark treatment of SSAP 24**

By 31 December 2004 the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for Investments in Securities" issued by the HKICPA. Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Group has classified and measured its investments in debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

## **香港財務報告準則之應用（續）**

### **債務及股本證券投資以往根據會計實務準則第24號之基準處理方式入賬**

直至二零零四年十二月三十一日止，本集團根據香港會計師公會頒佈之會計實務準則第24號「證券投資會計法」基準處理方法分類及計量其債務及股本證券。根據會計實務準則第24號，債務或股本證券投資列作「投資證券」、「其他投資」或「持至到期投資」（視適情況而定）。「投資證券」按成本減減值虧損（如有）列賬，而「其他投資」按公平值連同計入溢利或虧損之未變現收益或虧損計量。持至到期投資按攤銷成本減減值虧損（如有）列賬。由二零零五年一月一日起，本集團根據香港會計準則第39號分類及計量其債務及股本證券投資。根據香港會計準則第39號，金融資產列作「按公平值計入損益之金融資產」、「可出售金融資產」、「貸款及應收賬款」或「持至到期金融資產」。「按公平值計入損益之金融資產」及「可出售金融資產」按公平值列賬，其公平值變動分別於損益及股本確認。於活躍市場並無報價及公平值無法可靠計量之可出售股本投資以及與無報價股本投資掛鈎且須以交付該等衍生工具結算之衍生工具，於初步確認後按成本減減值計量。「貸款及應收賬款」及「持至到期金融資產」於初步確認後採用實質利率法按攤銷成本計量。

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

### **Investments in debt and equity securities previously accounted for under the benchmark treatment of SSAP 24 (continued)**

*Financial assets and financial liabilities other than investments in debt and equity securities*

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than investments in debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

The adoption of HKAS 39 has had no material effect on the results for the current accounting year.

## **香港財務報告準則之應用（續）**

**債務及股本證券投資以往根據會計實務準則第24號之基準處理方式入賬（續）**

**債務及股本證券投資以外之金融資產及金融負債**

自二零零五年一月一日起，本集團按照香港會計準則第39號之規定分類及計量債務及股本證券投資以外之金融資產及金融負債。該等資產與負債以往不屬會計實務準則第24號範圍。如前所述，香港會計準則第39號將金融資產分類為「按公平值計入損益之金融資產」、「可供出售金融資產」、「貸款及應收賬款」或「持至到期金融資產」。金融負債一般分類為「按公平值計入損益之金融負債」或「其他金融負債」。「按公平值計入損益之金融負債」按公平值計量，其公平值變動直接於損益確認。其他金融負債於初步確認後採用實質利率法按攤銷成本列賬。

採納香港會計準則第39號並無對本會計年度之業績構成重大影響。

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

### **Owner-occupied Leasehold Interest in Land**

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 *Leases*. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (See note 3 for the financial impact). As a result of this change in accounting policy, property, plant and equipment of HK\$9.5 million has been decreased at 31 December 2004. The carrying amount of prepaid lease payment has been increased by HK\$9.5 million at 31 December 2004. This change in accounting policy has had no material effect on how the results for the current or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

## **2. 香港財務報告準則之應用（續）**

### **業主自用之土地租賃權益**

於過往年份，業主自用之租賃土地及樓宇計入不動產、廠場及設備，以成本模式計量。於本年度，本集團已應用香港會計準則第17號租賃。根據香港會計準則第17號，就租賃分類而言，土地及樓宇租賃之土地及樓宇部分被視作獨立部分，除非有關租賃付款未能於土地及樓宇部分間可靠分配，在此情況下，整項租賃一概視為融資租賃。倘租賃付款能夠於土地及樓宇部分間可靠分配，於土地之租賃權益應重新分類為經營租賃之預付租賃款項，以成本列賬，並於租賃期按直線基準攤銷。此項會計政策變動已追溯應用。（有關財務影響見附註3）由於是項會計政策變動，於二零零四年十二月三十一日之不動產、廠場及設備減少9,500,000港元。於二零零四年十二月三十一日之預付租賃款項賬面值增加9,500,000港元。是項會計政策變動並無對目前或過往會計年度業績之編製及呈報方式構成重大影響。因此，毋須作出前期調整。

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

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 *Investment Property*. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the year in which they arise. In previous years, investment properties under SSAP 13 Accounting for Investment Properties were measured at open market values, with revaluation increase or decrease credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 January 2005 onwards. The amount held in the investment properties revaluation reserve of approximately HK\$16.7 million at 1 January 2005 has been transferred to the Group's accumulated profits (See note 3 for the financial impact).

### Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively (See note 3 for the financial impact).

## 香港財務報告準則之應用（續）

### 投資物業

於本年度，本集團首次應用香港會計準則第40號投資物業。本集團選用公平值模式將其投資物業入賬，該模式規定投資物業公平值變動所產生損益直接於產生年度之損益確認。於過往年度，根據會計實務準則第13號「投資物業會計法」，投資物業按公開市值計量，而重估增值或減值於投資物業重估儲備計入或扣除，除非該儲備之結餘不足以抵銷重估減值，在此情況下，重估減值超出投資物業重估儲備結餘之部分於收益表扣除。倘以往曾於收益表扣除減值，而其後產生重估增值，則相等於以往扣除減值之增值部分計入收益表。本集團已應用香港會計準則第40號有關過渡條文，並選擇自二零零五年一月一日起應用香港會計準則第40號。於二零零五年一月一日列入投資物業重估儲備約16,700,000港元已轉撥本集團之累計溢利（有關財務影響見附註3）。

### 投資物業相關遞延稅項

於過往年度，根據先前詮釋，重估投資物業相關遞延稅務影響按出售物業收回賬面值所引致稅務影響為基準評估。於本年度，本集團已應用香港（詮釋常務委員會）詮釋第21號所得稅－收回經重估不可折舊資產，該詮釋移除透過出售收回投資物業賬面值之假設。因此，投資物業之遞延稅務影響現時按反映本集團預期收回有關物業之方式所引致稅務影響為基礎於各個結算日作出評估。基於香港（詮釋常務委員會）詮釋第21號並無任何特定過渡條文，是項會計政策變動已追溯應用（有關財務影響見附註3）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

### 3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The effects of the application of HKFRSs described in note 2 on the results for the current and prior years which resulted in the following changes:

### 3. 應用香港財務報告準則之影響概要

應用附註2所述香港財務報告準則導致對目前及過往年度業績之影響如下：

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<b>Administrative expense</b> Non-amortisation of goodwill	行政開支 毋須攤銷商譽	6,755
<b>Other operating income</b> Increase in fair value of investment properties	其他經營收益 投資物業公平值增加	4,477
<b>Income tax expense</b> Increase in deferred taxation charge arising from investment properties	所得稅開支 自投資物業產生之遞延稅項 開支增加	(569)
Increase in profit for the year	年內溢利增加	<b>10,663</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

### 3. 應用香港財務報告準則之影響概要(續)

應用新香港財務報告準則於二零零四年十二月三十一日及二零零五年一月一日之累計影響概述如下：

	As at 31 December 2004 (originally stated)		As at 31 December 2004		As at 31 December 2004		As at 1 January 2005
	Effect of HKAS 1	Effect of HKAS 17	Effect of HKAS 17 (restated)	Effect of HKAS 39	Effect of HKAS 40	Effect of HKAS 40 (restated)	
Balance sheet items 資產負債表項目							
Property, plant and equipment 不動產、廠場及設備	192,956	-	(9,511)	183,445	-	-	183,445
Prepaid lease payments 自用土地租賃款							
- non-current -非流動	-	-	9,275	9,275	-	-	9,275
- current -流動	-	-	236	236	-	-	236
Investment in securities 投資證券							
- non-current -非流動	6,786	-	-	6,786	(6,786)	-	-
- current -流動	94,378	-	-	94,378	(94,378)	-	-
Available-for-sale investments 可供出售投資	-	-	-	-	6,786	-	6,786
Held-for-trading investment 持作買賣投資	-	-	-	-	94,378	-	94,378
Other assets and liabilities 其他資產與負債	510,511	-	-	510,511	-	-	510,511
Total effects on assets and liabilities 對資產與負債影響總額	804,631	-	-	804,631	-	-	804,631
Share capital and other reserves 股本及其他儲備	663,716	-	-	663,716	-	-	663,716
Accumulated profits 累計溢利	114,512	-	-	114,512	-	16,741	131,253
Investment properties 投資物業重估儲備							
revaluation reserve	16,741	-	-	16,741	-	(16,741)	-
Minority interests 少數股東權益	-	9,662	-	9,662	-	-	9,662
Total effects on equity 對權益影響總額	794,969	9,662	-	804,631	-	-	804,631
Minority interests 少數股東權益	9,662	(9,662)	-	-	-	-	-
	804,631	-	-	804,631	-	-	804,631

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The application of the new HKFRSs has had no financial impact on the Group's equity on 1 January 2004. The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment) 香港會計準則第1號 (修訂本)	Capital disclosures <sup>1</sup> 資本披露 <sup>1</sup>
HKAS 19 (Amendment) 香港會計準則第19號 (修訂本)	Actuarial gains and losses, group plans and disclosures <sup>2</sup> 精算損益、集團計劃及披露 <sup>2</sup>
HKAS 21 (Amendment) 香港會計準則第21號 (修訂本)	Net investment in a foreign operation <sup>2</sup> 海外業務之投資淨額 <sup>2</sup>
HKAS 39 (Amendment) 香港會計準則第39號 (修訂本)	Cash flow hedge accounting of forecast intragroup transactions <sup>2</sup> 預測集團內公司間交易之現金流量對沖會計法 <sup>2</sup>
香港會計準則第39號 (修訂本)	The fair value option <sup>2</sup> 公平值選擇權 <sup>2</sup>
HKAS 39 (Amendment) 香港會計準則第39號 (修訂本)	Financial guarantee contracts <sup>2</sup> 財務擔保合約 <sup>2</sup>
HKAS 39 & HKFRS 4 (Amendments) 香港會計準則第39號及香港財務報告準則第4號 (修訂本)	Exploration for and evaluation of mineral resources <sup>2</sup> 礦產資源之勘探及評估 <sup>2</sup>
HKFRS 6 香港財務報告準則第6號	Financial instruments: Disclosures <sup>1</sup> 金融工具：披露 <sup>1</sup>
HKFRS 7 香港財務報告準則第7號	Determining whether an arrangement contains a lease <sup>2</sup> 釐定安排是否包括租賃 <sup>2</sup>
HK(IFRIC) – INT 4 香港（國際財務報告詮釋委員會）詮釋第4號	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds <sup>2</sup> 終止運作、復原及環境修復基金所產生權益之權利 <sup>2</sup>
HK(IFRIC) – INT 5 香港（國際財務報告詮釋委員會）詮釋第5號	Liabilities arising from participating in a specific market, waste electrical and electronic equipment <sup>3</sup> 參與特定市場、廢棄電力及電子設備所產生之負債 <sup>3</sup>
HK(IFRIC) – INT 6 香港（國際財務報告詮釋委員會）詮釋第6號	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>4</sup> 根據香港會計準則第29號惡性通貨膨脹經濟中的財務報告採用重列法 <sup>4</sup>
HK(IFRIC) – INT 7 香港（國際財務報告詮釋委員會）詮釋第7號	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 December 2005.

<sup>4</sup> Effective for annual periods beginning on or after 1 March 2006.

### 應用香港財務報告準則之影響概要 (續)

應用新香港財務報告準則對本集團於二零零四年一月一日之權益並無財務影響。本集團並無提早採納下列已頒佈但未生效之新準則、修訂及詮釋。本公司董事預期，應用此等新準則、修訂及詮釋不會對本集團財務報表構成重大影響。

<sup>1</sup> 於二零零七年一月一日或之後開始之年度期間生效。

<sup>2</sup> 於二零零六年一月一日或之後開始之年度期間生效。

<sup>3</sup> 於二零零五年十二月一日或之後開始之年度期間生效。

<sup>4</sup> 於二零零六年三月一日或之後開始之年度期間生效。

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the consolidation. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

#### **4. 主要會計政策**

除投資物業及金融工具按重估金額或公平值計量之外，綜合財務報表乃按照歷史成本基準編製，詳情於下列會計政策闡釋。

綜合財務報表已按香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則及香港公司條例所規定適用披露。

##### **綜合基準**

綜合財務報表包括本公司及其附屬公司之財務報表。

年內所收購或出售之附屬公司之業績，由實際收購日期起或截至實際出售日期止（視適用情況而定）計入綜合收益表。

如需要，將會就附屬公司財務報表作出調整，致使其會計政策與本集團其他成員公司所用者貫徹一致。

所有集團內公司間交易、結餘、收入及開支於綜合賬目時對銷。

綜合入賬附屬公司之淨資產中少數股東權益與本集團之權益分開呈列。少數股東權益包括該等權益於原業務合併日期金額及自合併日期以來少數股東應佔權益變動。少數股東應佔虧損超出少數股東於附屬公司應佔權益之差額，將計入本集團權益，惟少數股東有具約束力責任且有能力作出額外投資以填補虧損則除外。

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Goodwill**

###### *Goodwill arising on acquisitions prior to 1 January 2005*

Goodwill arising on an acquisition of a subsidiary and an associate for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

###### *Goodwill arising on acquisitions on or after 1 January 2005*

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

#### **主要會計政策 (續)**

##### **商譽**

於二零零五年一月一日前進行收購所產生商譽

收購附屬公司及聯營公司所產生商譽 (收購之協議日期為二零零五年一月一日以前)，指收購成本超出於收購日期本集團應佔有關附屬公司之可識別資產與負債公平值權益之差額。

就先前已撥充資本之二零零一年一月一日後進行收購所產生商譽而言，本集團自二零零五年一月一日起已終止攤銷有關商譽，而商譽將每年及當有跡象顯示商譽相關現金產生單位可能出現減值時檢測減值 (見下列會計政策)。

於二零零五年一月一日或之後進行收購所產生商譽

收購附屬公司所產生商譽 (收購之協議日期為二零零五年一月一日或之後)，指收購成本超出於收購日期本集團應佔有關附屬公司之可識別資產、負債及或然負債公平值權益之差額。有關商譽按成本減任何累計減值虧損列賬。

已撥充資本之收購附屬公司所產生商譽，於資產負債表獨立呈列。

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#### 4. SIGNIFICANT ACCOUNTING POLICIES 4.

(continued)

##### Goodwill (continued)

*Goodwill arising on acquisitions on or after 1 January 2005*  
(continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

##### Interests in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### 主要會計政策 (續)

商譽 (續)

於二零零五年一月一日或之後進行收購所產生商譽 (續)

就減值檢測而言，收購所產生商譽分配至預期受惠於收購所產生協同效益之有關現金產生單位或一組現金產生單位。獲分配商譽之現金產生單位會每年及當有跡象顯示該單位可能出現減值時檢測減值。就因收購產生商譽之財政年度而言，獲分配商譽之現金產生單位會於該財政年度結束前檢測減值。倘現金產生單位之可收回金額低於其賬面值，則減值虧損會先用作減低任何分配至該單位之商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽減值虧損直接於收益表確認。商譽減值虧損不會於往後期間撥回。

倘往後出售附屬公司，於釐定出售所得損益時會包括已撥充資本商譽應佔金額。

##### 於聯營公司之權益

聯營公司之業績及資產與負債以權益會計法計入此等財務報表。根據權益法，於聯營公司之投資按成本，並就本集團應佔溢利或虧損之收購後變動及聯營公司權益變動作出調整，再減任何可識別減值虧損計入綜合資產負債表。當本集團應佔聯營公司虧損相等於或超出其於該聯營公司權益（包括任實質上構成本集團於該聯營公司之投資淨額之任何長期權益）時，本集團終止確認進一步應佔虧損。僅在本集團承擔法定或推定責任或代表該聯營公司付款之情況下，方就額外應佔虧損撥備並確認負債。

倘集團實體與本集團聯營公司進行交易，溢利及虧損將與本集團於有關聯營公司之權益對銷。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Revenue recognition**

Sale of goods is recognised when goods are delivered and title has passed.

Service income is recognised when services are provided. Payments that are related to service not yet rendered are deferred and shown as deferred income in balance sheet.

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.

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### **Property, plant and equipment**

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account if their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

#### **主要會計政策 (續)**

##### **收入確認**

銷售貨品於貨品付運及擁有權轉移時確認。

服務收入於提供服務時確認。尚未提供服務相關付款遞延入賬，於資產負債表列作遞延收入。

本集團委託第三方經營者經營其業務所得委託經營收入，於委託經營期間分期按均等款額於收益表確認。

經營租賃項下租金收入於有關租賃期按直線基準確認。

來自金融資產之利息收入參考未償還本金及適用實際利率按時間比例計算。適用實際利率指在金融資產預期可使用年期實際折算估計未來現金收入至其賬面淨值之比率。

##### **不動產、廠場及設備**

不動產、廠場及設備按成本減初次確認後累計折舊及累積減損列賬。

不動產、廠場及設備項目在其估計可使用年期及經計及其估計餘下價值，以直線法折舊及攤銷，以撇銷其成本。

不動產、廠場及設備項目於出售或預期不會自持續使用資產產生日後經濟利益時剔除確認。剔除確認資產所產生任何收益或虧損（按出售所得款項淨額與項目賬面值之間差額計算）於項目剔除確認之年度計入收益表。

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES 4.

(continued)

##### **Leasehold land and buildings under development for future owner-occupied purpose**

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

##### **Investment properties**

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

##### **Operating lease**

###### *The Group as lessor*

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

###### *The Group as lessee*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### 主要會計政策 (續)

##### **日後業主自用之發展中租賃土地及樓宇**

就用作生產、租賃或行政用途之發展中租賃土地及樓宇而言，租賃土地部分列作預付租金付款，按租賃期以直線基準攤銷。於建築期間，租賃土地之攤銷費用撥備列入在建樓宇之成本。在建樓宇按成本減任何可識別減值虧損列賬。樓宇於可供使用時（即達到可按管理層擬定方式營運所需之地點及狀況）開始計算折舊。

##### **投資物業**

於初次確認時，投資物業按成本計量，包括任何直接應佔開支。於初次確認後，投資物業以公平值模式計量。投資物業公平值變動所產生收益或虧損，於產生期間計入損益。

##### **經營租賃**

###### **本集團作為出租人**

來自經營租賃之租金收入於有關租賃期按直線基準在收益表確認。商討及安排經營租賃產生之初次直接成本計入租賃資產賬面值，於租賃期按直線基準確認為開支。

###### **本集團作為承租人**

根據經營租賃應付租金於有關租賃期按直線基準在損益扣除。訂立經營租賃時已收及應收作為獎勵之利益，於租賃期按直線基準扣減租金開支。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange difference arising on a monetary items that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### **主要會計政策 (續)**

##### **外幣**

編製集團旗下個別實體之財務報表時，以該實體之功能貨幣以外貨幣(外幣)進行之交易，按交易日期之適用匯率折算為其功能貨幣(即該實體經營業務所在主要經濟環境之貨幣)入賬。於各結算日，以外幣列值之貨幣項目按該結算日之適用匯率重新換算。按公按平入賬之以外幣列值非貨幣項目，按釐定其公平值當日之適用匯率重新換算。按歷史成本計量之以外幣列值非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目所產生匯兌差額，於該等差額產生期間之損益確認，惟因構成本集團於海外業務投資淨額一部分之貨幣項目所產生匯兌差額除外，於此情況下，該等匯兌差額於綜合財務報表內權益確認。重新換算按公平值入賬之非貨幣項目所產生匯兌差額計入期內損益，惟重新換算損益直接於權益確認之非貨幣項目所產生差額除外，於此情況下，匯兌差額亦直接於權益確認。

就綜合財務報表之呈列方式而言，本集團海外業務之資產與負債按於結算日適用之匯率換算為本公司之呈列貨幣(即港元)，而其收入及開支則按該年度之平均匯率換算，惟匯率於該期間大幅波動則除外，於此情況下，則按各交易日期適用之匯率換算。產生之匯兌差額(如有)確認為權益之獨立部分(匯兌儲備)。該等匯兌差額於出售海外業務期間之損益確認。

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#### 4. SIGNIFICANT ACCOUNTING POLICIES 4.

(continued)

##### Foreign currencies (continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

As mentioned in note 2, goodwill and fair value adjustments arising on acquisition of foreign operations prior to 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

##### Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as other operating income.

##### Retirement benefits costs

Payments to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the PRC municipal government retirement scheme, are charged as an expense as they fall due.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

#### 主要會計政策 (續)

##### 外幣 (續)

於二零零五年一月一日或之後收購海外業務所產生商譽及所收購可識別資產公平值變動，當作該海外業務之資產與負債處理，按於各結算日適用之匯率換算。所產生匯兌差額於匯兌儲備確認。

誠如附註2所述，於二零零五年一月一日前收購海外業務所產生商譽及公平值變動，當作收購方之非貨幣外匯項目處理，按收購日期之歷史匯率呈報。

##### 政府補助金

政府補助金於有關成本相應期間確認為收入。有關開支項目之補助金，於該等開支計入收益表相同期間確認，並獨立計入其他經營收益。

##### 退休福利成本

香港強制性公積金計劃條例及中國市政府退休計劃規定之強制性公積金付款，於到期支付時於收益表確認為開支。

就定額福利退休計劃而言，提供福利之成本採用預計單位給付成本法釐定，於每個結算日作出精算估值。精算收益及虧損倘超出本集團退休金責任現值及計劃資產公平值兩者之較高者10%，則於參與僱員之預期平均剩餘工作年期攤銷。倘福利已歸僱員所有，則即時確認過往服務成本，或於平均期間按直線法攤銷，直至經修訂福利歸僱員所有為止。自此計算所得任何資產限於未確認精算虧損及過往服務成本，加日後計劃供款可用退款及扣減之現值。

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES 4.

(continued)

##### **Retirement benefits costs** (continued)

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

##### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### 主要會計政策 (續)

##### **退休福利成本** (續)

於資產負債表確認之數額指定額福利責任之現值，經未確認精算收益及虧損以及未確認過往服務成本調整，並扣減計劃資產公平值。自此計算所得任何資產限於未確認精算虧損及過往服務成本，加日後計劃供款可用退款及扣減之現值。

##### **稅項**

所得稅指即期應付稅項及遞延稅項總和。

即期應付稅項按年內應課稅溢利計算。由於應課稅溢利不包括其他年度的應課稅或可扣稅收入或開支項目，亦不包括毋須課稅或不可扣稅之項目，故與收益表所列純利不同。本集團即期稅項負債按於結算日已頒佈或實際上已頒佈稅率計算。

遞延稅項就綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基之間差額確認，以資產負債表負債法列賬。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產於應課稅溢利可能用作扣減可扣減暫時差額時確認。倘商譽或初次確認不影響應課稅溢利或會計溢利之交易（業務合併除外）之其他資產及負債產生暫時差額，有關資產及負債不予以確認。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Taxation (continued)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

##### **Intangible assets**

On initial recognition, intangible assets acquired separately and from business combinations are recognised at cost and at fair value, respectively. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **主要會計政策 (續)**

##### **稅項 (續)**

於附屬公司及聯營公司投資所產生應課稅暫時差額，確認為遞延稅項負債，惟本集團有能力控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況除外。

遞延稅項資產之賬面金額於每個結算日審閱，於不再有足夠應課稅溢利可供恢復全部或部分資產時減少。

遞延稅項按預期適用於清償負債或變賣資產期間之稅率計算。遞延稅項於損益扣除或計入，惟倘遞延稅項與直接於權益扣除或計入之項目有關，則遞延稅項亦於權益中處理。

##### **無形資產**

初次確認時，獨立購入及自業務合併所得無形資產分別按成本及公平值確認。初次確認後，有固定可用年期之無形資產按成本減累計攤銷及任何累計減值虧損列賬。有固定可用年期之無形資產於估計可用年期按直線基準攤銷。

剔除確認無形資產所產生收益或虧損，按出售所得款項淨額與資產賬面值之間差額，於剔除確認資產時在收益表確認。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Intangible assets** (continued)

###### *Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

##### **Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **主要會計政策 (續)**

##### **無形資產 (續)**

###### *研究及開發支出*

研究活動支出於產生期間確認為開支。

倘預計就明確界定項目產生之開發成本，將透過日後經濟活動收回，則確認開發支出有關的內部形成無形資產。所產生資產於其可使用年期按直線法攤銷，並按成本減初次確認後累計攤銷及任何累計減值虧損列賬。

倘並無確認內部形成之無形資產，則開發支出於產生期間確認為開支。

##### **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。

##### **金融工具**

當集團實體成為工具合約條文之訂約方，即於資產負債表確認金融資產及金融負債。金融資產及金融負債初次按公允值計量。收購或發行金融資產及金融負債（按公允值計入損益之金融資產及金融負債除外）直接產生之交易成本，於初次確認時於金融資產及金融負債（按適用情況而定）之公允值計入或扣除。收購按公允值計入損益之金融資產及金融負債直接應佔交易成本，即時於損益確認。

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#### 4. SIGNIFICANT ACCOUNTING POLICIES 4.

(continued)

##### Financial instruments (continued)

###### Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

###### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables, including trade and other receivables and bank balances, are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 主要會計政策 (續)

##### 金融工具 (續)

###### 金融資產

本集團之金融資產可分為三個類別，包括按公平價值計入損益之金融資產、貸款及應收賬款及可出售金融資產。金融資產一般買賣按交易日基準確認及剔除確認。一般買賣指於市場規定或慣例確立之期限內交付資產之金融資產購買或銷售。每類金融資產採納之會計政策載列如下。

###### 按公平值計入損益之金融資產

按公平值計入損益之金融資產細分為兩類，包括持作買賣金融資產及於初次確認時按公平值計入損益之金融資產。於初次確認後各結算日，按公平值計入損益之金融資產按公平價值計量，而其公平值變動於產生期間直接在損益確認。

###### 貸款及應收賬款

貸款及應收賬款為附帶固定或待定付款之非衍生金融資產，且並無在活躍市場報價。於初次確認後各結算日，貸款及應收賬款（包括貿易及其他應收賬款以及銀行結存）採用實際利率法按攤銷成本，減任何已識別減值虧損列賬。倘有客觀證據證明資產出現減值，則於損益確認減值虧損，並按資產賬面值與按原實際利率折算之估計未來現金流量現值之間差額計量。當資產之可收回金額增加可客觀地與確認減值後發生之事件聯繫，則減值虧損於其後期間撥回，惟於撥回減值日期之資產賬面值不得超逾假設並無確認減值之原有攤銷成本。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Financial instruments (continued)**

###### *Financial assets (continued)*

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

#### **主要會計政策 (續)**

##### **金融工具 (續)**

###### **金融資產 (續)**

###### **可出售金融資產**

可出售金融資產為並無指定或並無列作其他類別（載於上文）之非衍生項目。於初次確認後各結算日，可出售金融資產按公平價值計量。公平值變動於權益確認，直至該金融資產被出售或釐定出現減值為止，屆時以往於權益確認之累計收益或虧損會自權益剔除，並於損益確認。可出售金融資產之任何減值虧損於損益確認。可出售股本投資之減值虧損將不會於以後期間撥回。就可出售債務投資而言，倘該項投資之公平值增加客觀地與確認減值虧損後發生之事件聯繫，則其後將撥回減值虧損。

就可出售股本投資而言，倘並無於活躍市場之報價、其公平價值無法可靠計算且為與該等非上市股本工具有關並須以交付該等工具之方式結算之衍生工具，則可出售股本投資於初次確認後各結算日按成本值減任何可識別減值虧損計量。倘有客觀證據證明資產出現減值，則於損益表確認減值虧損。減值虧損金額按資產賬面值與按類似金融資產之現行市場回報率折升估計未來現金流量現值之間差額計量。該等減值虧損將不會於其後期間撥回。

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#### **4. SIGNIFICANT ACCOUNTING POLICIES 4.**

*(continued)*

##### **Financial instruments (continued)**

###### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The Group's financial liabilities are trade and other payables which fall within the category other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

###### *Other financial liabilities*

Other financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

###### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

###### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

#### **主要會計政策 (續)**

##### **金融工具 (續)**

###### **金融負債及股本權益**

由集團旗下實體發行之金融負債及股本工具，按所訂立合約安排性質以及金融負債及股本工具之定義分類。

股本工具為證明集團資產剩餘權益（經扣除其所有負債）之任何合約。

本集團之金融負債為屬於其他金融負債類別之貿易及其他應付賬款。就金融負債及股本工具而採納之會計政策載列如下。

###### **其他金融負債**

其他金融負債包括貿易及其他應付賬款，於初次確認後採用實際利率法按攤銷成本計量。

###### **股本工具**

由本公司發行之股本工具按已收所得款項扣除直接發行成本入賬。

###### *剔除 確認*

當自資產收取現金流量之權利已屆滿，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移，則金融資產將剔除確認。剔除確認金融資產時，資產賬面值與已收代價及已直接於權益確認之累計損益總和之間差額，於損益確認。

至於金融負債，則於本集團之資產負債表中剔除（即當於有關合約訂明之責任獲解除、取消或屆滿）。剔除確認之金融負債賬面值與已付或應付代價之間差額，於損益確認。

#### 4. SIGNIFICANT ACCOUNTING POLICIES 4. 主要會計政策 (續)

(continued)

##### **Impairment losses (other than goodwill (see the accounting policies in respect of goodwill))**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 4, management has made the following judgment and estimation uncertainty that have most significant effect on the amounts recognised in the financial statements.

##### **Depreciation and amortisation**

The Group's carrying values of property, plant and equipment and intangible assets as at 31 December 2005 were approximately HK\$178.7 million and HK\$0.9 million, respectively. The Group depreciates and amortised the property, plant and equipment and intangible assets over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the rates as detailed in notes 17 and 19, respectively. The estimated useful life and dates that the Group places, plant and equipment and intangible assets into productive use reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets.

##### **減值虧損 (商譽除外，有關詳情請參閱有關商譽之會計政策)**

本集團於每個結算日檢討其有形及無形資產之賬面值，以釐定該等資產有否出現減值虧損跡象。倘資產之可收回金額估計低於其賬面值，則資產之賬面值將撇減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損隨後撥回，資產賬面值將增至經修訂之估計可收回金額，惟因此而增加之賬面值不可超過假設往年並無就該資產確認減值虧損而原應釐定之賬面值。減值虧損撥回即時確認為收入。

#### 5. 關鍵會計判斷及不確定估計之主要來源

應用附註4所述本集團會計政策時，管理層曾作出對財務報表所確認數額產生重大影響之判斷及不確定估計如下。

##### **折舊及攤銷**

本集團於二零零五年十二月三十一日之不動產、廠場及設備以及無形資產賬面值分別約為178,700,000港元及900,000港元。本集團經考慮資產之估計剩餘價值後，於資產估計可用年期內以直線法分別按附註17及19所詳述比率，對不動產、廠場及設備以及無形資產計算折舊及攤銷。估計可使用年期及本集團將不動產、廠場及設備以及無形資產投入生產之日起乃反映董事對本集團擬自使用中其不動產、廠場及設備以及無形資產可獲取之日後經濟利益之有關期間之估計。

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## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2005, the carrying amount of goodwill is approximately HK\$13.9 million (net of accumulated impairment loss of approximately HK\$3.2 million). Details of the recoverable amount calculation are set out in note 20.

### Impairment loss on trade receivables

The policy for assessing the impairment of the trade receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the trade receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

### Allowances for inventories

The management of the Group reviews an inventories listing at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

## 關鍵會計判斷及不確定估計之主要來源 (續)

### 估計商譽減值

釐定商譽是否減值需估計獲分配商譽之現金產生單位之使用價值。計算使用價值時，本集團需估計該現金產生單位預期日後產生現金流量，並估算合適折算率以計算現值。於二零零五年十二月三十一日，商譽賬面值約為13,900,000港元，已扣除累計減值虧損約3,200,000港元。計算可收回金額之詳情載於附註20。

### 貿易應收賬款減值虧損

評估本集團貿易應收賬款減值之政策乃按管理層之判斷持續評核貿易應收賬款之收回可能性及賬齡分析。評估該等應收賬款最終收回可能性時需要作出相當判斷，包括個別客戶之信用情況及過往付款記錄。倘本集團客戶之財務狀況轉壞，損害彼等之付款能力，本集團或需確認額外減值虧損。

### 存貨撥備

本集團管理層於各結算日檢討存貨水平，並就識別為不再適用於生產之陳舊及滯銷存貨項目作出撥備。管理層主要根據最近期發票價格及現行市況，估計有關項目之可變現淨值。本集團於各結算日按個別產品基準檢討存貨，並就陳舊項目撥備。

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## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

### **Income taxes**

As at 31 December 2005, a deferred tax asset of approximately HK\$7.9 million in relation to impairment loss on trade receivables, defined benefit liability and unrealised profits on inventories has been recognised in the Group's balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

### **Fair value**

The fair value of financial assets and financial liabilities is estimated by discounting the future cash flows at prevailing market rate available to the Group for similar financial investments. Such assessments was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

## **6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's major financial instruments include equity investments, trade receivables, trade payables and other long-term receivables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### **Currency risk**

Certain trade receivables and other long-term receivables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **關鍵會計判斷及不確定估計之主要來源 (續)**

### **所得稅**

於二零零五年十二月三十一日，本集團於資產負債表就貿易應收賬款減值虧損、定額福利責任及存貨未變現溢利確認遞延稅項資產約7,900,000港元。遞延稅項資產可否變現主要視乎日後會否產生足夠溢利或應課稅暫時差額。倘日後實際所產生溢利少於預期，或需撥回大量遞延稅項資產，並於撥回期間在收益表確認。

### **公平值**

金融資產及金融負債之公平值按本集團就類似金融投資所得現行市場利率折算日後現金流量估計。有關評估基於若干假設作出，有關假設屬不確定且可能與實際結果大不相同。

## **6. 財務風險管理目標及政策**

本集團主要金融工具包括股本投資、貿易應收賬款、貿易應付賬款及其他長期應收賬款。此等金融工具之詳情於有關附註披露。與此等金融工具有關之風險及減低相關風險政策載於下文。管理層管理及監控該等風險，確保及時採取有效措施。

### **外匯風險**

本集團若干貿易應收賬款及其他長期應收賬款以外幣列值。本集團目前並無外匯對沖政策。然而，管理層監控外匯風險，並於有需要時考慮對沖重大外匯風險。

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

## **6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **Credit risk**

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical locations are mainly People's Republic of China other than Hong Kong (the "PRC") and Taiwan, which accounted for 60% (2004: 60%) and 38% (2004: 40%) of the turnover for the year ended 31 December 2005.

### **Price risk**

The Group's held-for-trading investments is measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

## **6. 財務風險管理目標及政策**

### **信貸風險**

於二零零五年十二月三十一日，本集團就訂約方未能履行其責任而按各類別已確認金融資產面對之最高信貸風險，為綜合資產負債表所述該等資產之賬面值。為盡量減低信貸風險，本集團管理層已委任一組人員，專責釐定信貸限額、批核信貸及進行其他監控程序，確保跟進有關逾期債務之追討事宜。此外，本集團會於各結算日檢討個別貿易債務之可收回金額，確保就不可收回款項確認足夠減值虧損。就此，本公司董事認為，本集團之信貸風險已大幅減少。

流動資金之信貸風險有限，原因為訂約方為具備高信貸評級之銀行。

本集團按地區劃分之信貸風險集中於中華人民共和國（香港除外，「中國」）及台灣。於二零零五年十二月三十一日，兩地分別佔營業額60%（二零零四年：60%）及38%（二零零四年：40%）。

### **價格風險**

本集團持作買賣投資於各結算日按公平值計量。因此，本集團面對股本證券價格風險。管理層透過維持具有不同程度風險之投資組合管理此項風險。

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## 7. TURNOVER

Turnover represents (i) the net amounts received and receivables for goods sold by the Group to outside customers and is stated net of sales returns and allowances, (ii) service income from provision of skin treatments, beauty and SPA services and (iii) entrustment fee income for the year, and is analysed as follows:

Sales of goods	產品銷售
Service income	服務收入
Entrustment fee income	委託經營收益

## 7. 營業額

營業額指(i)本年度本集團售予外界客戶之貨品已收及應收淨額，扣除銷售退貨及折扣後列賬；(ii)提供肌膚護理、美容及SPA服務之服務收入；及(iii)委託經營收益，分析如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
322,847	324,730
29,814	28,338
5,255	5,074
<hr/>	<hr/>
<b>357,916</b>	<b>358,142</b>

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8.

### Geographical segments

The Group's operations are located in the PRC, Taiwan, Hong Kong and Malaysia.

### 業務及地域分部

#### 地域分部

本集團之業務位於中國大陸、台灣、香港及馬來西亞。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
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8. BUSINESS AND GEOGRAPHICAL SEGMENTS		8. 業務及地域分部(續)							
(continued)		地域分部(續)							
<b>Geographical segments (continued)</b>									
An analysis of the Group's revenue and contribution to operating results and segmental assets and liabilities by geographic segments based on customers location, irrespective of the origin of the goods/services, is presented below:									
		PRC	Taiwan	Others	Total				
		中國大陸	台灣	其他地區	總計				
		HK\$'000	HK\$'000	HK\$'000	HK\$'000				
		千港元	千港元	千港元	千港元				
<b>For the year ended 31 December 2005</b>		<b>截至二零零五年十二月 三十一日止年度</b>							
Turnover	營業額	213,915	137,358	6,643	357,916				
Other operating income	其他經營收益	28,780	13,551	804	43,135				
Total revenue	總收入	242,695	150,909	7,447	401,051				
Segment results	分部業績	88,157	52,430	(14,707)	125,880				
Unallocated corporate expenses	未撥配公司支出				(5,975)				
Share of loss of an associate	應佔一家聯營公司虧損				(60)				
Profit before taxation	除稅前溢利				119,845				
Income tax expense	所得稅開支				(38,834)				
Profit for the year	年內溢利				81,011				

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

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部(續)

(continued)

### Geographical segments (continued)

Consolidated balance sheet

地域分部(續)

綜合資產負債表

		PRC	Taiwan	Others	Total
		中國大陸	台灣	其他地區	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Assets	資產				
Segment assets	分部資產	504,092	372,023	9,738	885,853
Interest in an associate	於一家聯營公司之權益	545	-	-	545
Unallocated corporate assets	未撥配公司資產				51,072
Consolidated total assets	綜合總資產				937,470
Liabilities	負債				
Segment liabilities	分部負債	48,786	45,522	3,111	97,419
Unallocated corporate liabilities	未撥配公司負債				19,754
Consolidated total liabilities	綜合總負債				117,173
Other information	其他資料				
Capital expenditure	資本開支	19,697	2,930	2,270	24,897
Depreciation	折舊	16,921	6,831	914	24,666
Impairment loss of goodwill	商譽減值虧損	3,192	-	-	3,192
Write off of intangible assets	無形資產撇銷	325	-	-	325
Release of prepaid lease payments	撥回自用土地租賃款	236	-	-	236
Loss on disposal of property, plant and equipment	出售不動產、廠場及設備虧損	1,678	-	2,203	3,881
Amortisation of intangible assets	無形資產攤銷	915	-	-	915
Allowance for obsolete inventories	陳舊存貨撥備	4,436	2,969	1,058	8,463
Impairment loss on trade receivables	貿易應收賬款減值虧損	793	43	2,475	3,311

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部(續)

(continued)

### Geographical segments (continued)

### 地域分部(續)

		PRC 中國大陸 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Total 總計 HK\$'000 千港元
For the year ended 31 December 2004	截至二零零四年 十二月三十一日止年度				
Turnover	營業額	214,061	142,150	1,931	358,142
Other operating income	其他經營收益	14,161	8,540	396	23,097
Total revenue	總收入	228,222	150,690	2,327	381,239
Segment results	分部業績	71,328	40,516	(1,840)	110,004
Unallocated corporate expenses	未撥配公司支出				(10,609)
Share of loss of an associate	應佔一家聯營公司虧損				(337)
Profit before taxation	除稅前溢利				99,058
Income tax expense	所得稅開支				(36,333)
Profit for the year	年內溢利				62,725

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

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部(續)

(continued)

### Geographical segments (continued)

Consolidated balance sheet

### 地域分部(續)

綜合資產負債表

		PRC	Taiwan	Others	Total
		中國大陸	台灣	其他地區	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Assets	資產				
Segment assets	分部資產	462,399	390,018	15,077	867,494
Interest in an associate	於一家聯營公司之權益	605	-	-	605
Unallocated corporate assets	未撥配公司資產				32,132
Consolidated total assets	綜合總資產				900,231
Liabilities	負債				
Segment liabilities	分部負債	26,214	45,423	72	71,709
Unallocated corporate liabilities	未撥配公司負債				23,891
Consolidated total liabilities	綜合總負債				95,600
Other information	其他資料				
Capital expenditure	資本開支	8,122	5,843	218	14,183
Depreciation	折舊	21,276	6,491	1,152	28,919
Release of prepaid lease payments	撥回自用土地租賃款項	236	-	-	236
Loss on disposal of property, plant and equipment	出售不動產、廠場及設備虧損	217	-	-	217
Amortisation of intangible assets	無形資產攤銷	1,074	-	-	1,074
Amortisation of goodwill	商譽攤銷	6,720	35	-	6,755
Allowance for obsolete inventories	陳舊存貨撥備	1,783	-	-	1,783

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部(續)

(continued)

### Business segments

For management purposes, the Group is currently organised into 2 operating divisions – sale of cosmetic products and provision of beauty services and leasing of investment properties. In the opinion of the directors, the leasing of investment properties are not considered as the principal activity of the Group, and accordingly, the operating income from this segment is not included as turnover.

An analysis of the Group's turnover by business segments is presented below:

Cosmetic products and	美容產品及
beauty services	美容服務
Investment properties	投資物業
Others	其他

Turnover 營業額	Other operating income 其他經營收益	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
357,916	358,142	-
-	-	10,303
-	-	32,832
<b>357,916</b>	<b>358,142</b>	<b>43,135</b>

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the business segments in which the assets are located:

Cosmetic products and	美容產品及
beauty services	美容服務
Investment properties	投資物業

Carrying amount of segment assets 分部資產賬面值	Capital expenditure 資本開支	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
726,200	707,035	24,897
159,653	160,459	-
<b>885,853</b>	<b>867,494</b>	<b>24,897</b>

本集團營業額之業務分部分析如下：

就資產所在地進行之分部資產及資本開支之業務分部分析如下：

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

## 9. OTHER OPERATING INCOME

## 9. 其他經營收益

	來自投資物業之租金收益
Rental income from investment properties	5,826
Interest income on bank deposits	3,297
Financial refunds ( <i>note</i> )	19,621
Increase in fair value of investment properties	4,477
Gain on disposal of held-for-trading investments/investment in securities	1,388
Gain on acquisition of additional interest in a subsidiary	2,709
Others	5,817
	<b>43,135</b>

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
5,568	5,568
1,956	1,956
9,977	9,977
–	–
1,739	1,739
–	–
3,857	3,857
<b>23,097</b>	<b>23,097</b>

*Note:* Pursuant to the local practice of the finance bureau of the provinces in which certain of the PRC subsidiaries operate, the PRC subsidiaries will receive financial refunds in the form of government grants by way of negotiation with the relevant finance bureau with reference to the percentage of 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省分之財政部門的當地慣例，中國附屬公司將於與有關財政部門商議後，按收益及其他已繳稅款某個百分比獲得財務退款方式獲得政府補助。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。

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

## 10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

Staff costs:

- directors' emoluments (note 11)
- other staff costs

Retirement benefits scheme contributions, excluding directors:

- contributions to defined contribution plan
- expenses recognised in respect of defined benefit plan (note 30)

Total staff costs

Depreciation of property, plant and equipment

Amortisation of goodwill, included in administrative expenses

Amortisation of intangible assets, included in administrative expenses

Total depreciation and amortisation

Release of prepaid lease payments

Impairment loss on goodwill

Auditors' remuneration

Loss on disposal of property, plant and equipment

Write off of intangible assets

Research and development costs

Allowance for obsolete inventories

Cost of inventories recognised as expense

Impairment loss on trade receivables

and after crediting:

Gain on acquisition of additional interest in a subsidiary

Rental income from investment properties, net of outgoings of HK\$224,000 (2004: HK\$581,000)

Rental income from other properties, net of outgoings of HK\$315,000 (2004: HK\$49,000)

除稅前溢利經扣除下列各項後列賬：

員工成本：

－董事酬金 (附註11)

－其他員工成本

退休福利計劃供款，

不包括董事之：

－定額供款計劃供款

－一定額福利計劃之已確認開支

(附註30)

員工成本總額

不動產、廠場及設備折舊

商譽攤銷，包括於行政開支

無形資產攤銷，包括於

行政開支

折舊及攤銷總額

撥回自用土地租賃款

商譽減值虧損

核數師酬金

出售不動產、廠場及設備虧損

無形資產撇銷

研發成本

陳舊存貨撥備

已認為開支之存貨成本

貿易應收賬款減值虧損

並計入：

收購一家附屬公司額外權益之收益

投資物業之租金收益減支銷

224,000港元 (二零零四年：

581,000港元)

其他物業之租金收益減支銷

315,000港元 (二零零四年：

49,000港元)

2005  
二零零五年  
HK\$'000  
千港元

2004  
二零零四年  
HK\$'000  
千港元

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
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## 11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2004: 7) directors were as follows:

	Mr. Su	Mrs. Chen					Total	
	Dr. Tsai	Mr. Lee	Chien	Dr. Su	Mr. Yeh	Shieh	Mr. Chen	
	Yen Yu	Ming Ta	Cheng	Sh Hsyu	Liang Fei	Shu Chen	Ching	2005
	蔡燕玉	李明達	蘇建誠	蘇詩琇	葉良輝	陳謝淑珍	謹清	總計
	博士	先生	先生	博士	先生	女士	先生	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	1,000	700	600	600	20	20	48
Other emoluments	其他酬金							
Salaries and other benefits	薪金及其他福利	14	326	291	356	-	-	987
Contributions to retirement benefits scheme	退休福利計劃供款	-	6	6	2	-	-	14
Waiver of fees	豁免袍金	(1,000)	(700)	(600)	(600)	-	-	(2,900)
Total emoluments	酬金總額	14	332	297	358	20	20	48
		14	332	297	358	20	20	1,089
	Mr. Su	Mrs. Chen					Total	
	Dr. Tsai	Mr. Lee	Chien	Dr. Su	Mr. Yeh	Shieh	Mr. Chen	
	Yen Yu	Ming Ta	Cheng	Sh Hsyu	Liang Fei	Shu Chen	Ching	2004
	蔡燕玉	李明達	蘇建誠	蘇詩琇	葉良輝	陳謝淑珍	謹清	總計
	博士	先生	先生	博士	先生	女士	先生	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	1,000	700	600	528	20	20	13
Other emoluments	其他酬金							
Salaries and other benefits	薪金及其他福利	-	294	262	195	-	-	751
Contributions to retirement benefits scheme	退休福利計劃供款	-	6	5	3	-	-	14
Waiver of fees	豁免袍金	(1,000)	(700)	(600)	(528)	-	-	(2,828)
Total emoluments	酬金總額	-	300	267	198	20	20	13
		-	300	267	198	20	20	818

For the year ended 31 December 2005, each of the executive directors voluntarily agreed to waive their entitlement to certain remuneration of approximately HK\$2.9 million (2004: HK\$2.8 million).

## 11. 董事酬金

已付或應付予七名(二零零四年:七名)  
董事之酬金如下:

截至二零零五年十二月三十一日止年度，各執行董事自願同意豁免收取若干酬金約2,900,000港元(二零零四年:2,800,000港元)。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2004: two) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three (2004: three) individuals were as follows:

Salaries and other benefits	薪金及其他福利
Contributions to retirement benefits scheme	退休福利計劃供款

## 12. 僱員酬金

本集團五名最高薪酬人士包括兩名(二零零四年:兩名)董事,彼等之薪酬詳情已於上文附註11披露。其餘三名(二零零四年:三名)人士之薪酬如下:

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
1,395	1,076
28	20
<b>1,423</b>	<b>1,096</b>

The emoluments of each of the employees are less than HK\$1,000,000 for both years.

各名僱員於該兩個年度之酬金均少於1,000,000港元。

## 13. INCOME TAX EXPENSE

The charge comprises: 支出包括:

Hong Kong Profits Tax 香港利得稅

Taxation in other jurisdictions  
Current year  
Underprovision in prior years  
於其他司法權區之稅項  
本年度  
過往年度撥備不足

## 13. 所得稅開支

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
-	-
35,263	30,589
<b>3,635</b>	<b>935</b>
<b>38,898</b>	<b>31,524</b>

Deferred taxation (note 33)  
Current year  
Underprovision in prior years  
遞延稅項(附註33)  
本年度  
過往年度撥備不足

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
(64)	4,553
-	256
<b>(64)</b>	<b>4,809</b>
<b>38,834</b>	<b>36,333</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 13. INCOME TAX EXPENSE (continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in Taiwan, certain of the Group's Taiwan subsidiaries are eligible to certain tax concessions.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries have no assessable profit for both years.

The tax charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit before taxation	除税前溢利 <b>119,845</b>	<b>99,058</b>
Tax at the average income tax rate of 32.3% (2004: 29.4%)	按平均所得税率 32.3% (二零零四年: 29.4%) <b>38,710</b>	29,123
Tax effect of expenses not deductible for tax purpose	不可扣税支出之税务影響 <b>8,093</b>	5,017
Tax effect of income not taxable for tax purpose	毋須課税收入之税务影響 <b>(6,518)</b>	(3,776)
Tax effect of tax losses not recognised	未確認税项虧損之税务影響 <b>5,039</b>	7,486
Tax effect of tax concession provided to a Taiwan subsidiary	給予一家台灣附屬公司稅務寬減之税务影響 <b>(10,149)</b>	(2,807)
Tax effect of share of loss of an associate	應佔一家聯營公司虧損之税务影響 <b>24</b>	99
Underprovision in prior years	過往年度撥備不足 <b>3,635</b>	<b>1,191</b>
Tax charge for the year	年內税項支出 <b>38,834</b>	<b>36,333</b>

Note: The average income tax rate for the year ended 31 December 2005 represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before taxation and the relevant statutory rates or other reasonable basis.

### 13. 所得税開支 (續)

其他司法權區所產生稅項乃按該等司法權區之現行稅率計算。

根據台灣有關法例及規例，本集團若干台灣附屬公司合資格享有若干稅務寬減。

由於兩個年度均無應課稅溢利，故並無就香港利得稅作出撥備。

年內支出與綜合收益表內除稅前溢利對賬如下：

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit before taxation	除税前溢利 <b>119,845</b>	<b>99,058</b>
Tax at the average income tax rate of 32.3% (2004: 29.4%)	按平均所得税率 32.3% (二零零四年: 29.4%) <b>38,710</b>	29,123
Tax effect of expenses not deductible for tax purpose	不可扣税支出之税务影響 <b>8,093</b>	5,017
Tax effect of income not taxable for tax purpose	毋須課税收入之税务影響 <b>(6,518)</b>	(3,776)
Tax effect of tax losses not recognised	未確認税项虧損之税务影响 <b>5,039</b>	7,486
Tax effect of tax concession provided to a Taiwan subsidiary	給予一家台灣附屬公司稅務寬減之税务影响 <b>(10,149)</b>	(2,807)
Tax effect of share of loss of an associate	應佔一家聯營公司虧損之税务影响 <b>24</b>	99
Underprovision in prior years	過往年度撥備不足 <b>3,635</b>	<b>1,191</b>
Tax charge for the year	年內税項支出 <b>38,834</b>	<b>36,333</b>

附註：截至二零零五年十二月三十一日止年度之平均所得税率為有關業務於不同司法權區之加權平均税率，按除税前純利相對金額及相關法定税率之基準或其他合理基準計算。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

#### 14. DIVIDENDS

#### 14. 股利

Ordinary shares:

Interim dividend, paid –  
HK\$0.0090 per share  
(2004: HK\$0.0075)  
Special dividend, paid –  
HK\$0.0040 per share  
(2004: HK\$Nil)  
Final dividend, proposed –  
HK\$0.020 per share  
(2004: HK\$0.0175 per share)

普通股

已派發中期股利 – 每股0.0090港元  
(二零零四年: 0.0075港元)  
已派發特別股利 – 每股0.0040港元  
(二零零四年: 無)  
擬派末期股利 – 每股0.020港元  
(二零零四年: 0.0175港元)

2005	2004
二零零五年	二零零四年
<i>HK\$'000</i>	<i>HK\$'000</i>
千港元	千港元
18,000	15,000
8,000	–
40,000	35,000
<hr/> <b>66,000</b>	<hr/> <b>50,000</b>

The final dividend of HK\$0.020 (2004: HK\$0.0175) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

董事建議派付末期股利每股0.020港元  
(二零零四年: 0.0175港元), 惟須待股東於股東大會批准。

#### 15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit attributable to the equity holders of the Company of HK\$81,092,000 (2004: HK\$63,262,000) and on the number of 2,000,000,000 (2004: 2,000,000,000) ordinary shares of the Company in issue during the year.

No diluted earnings per share has been presented as the Company has no dilutive potential ordinary shares in issue.

#### 15. 每股盈利

本公司股東應佔每股基本盈利乃根據本公司股東應佔溢利81,092,000港元(二零零四年: 63,262,000港元)及本公司年內已發行普通股數目2,000,000,000股(二零零四年: 2,000,000,000股)計算。

由於本公司並無已發行具潛在攤薄影響普通股, 故並無呈列每股攤薄盈利。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 16. INVESTMENT PROPERTIES

FAIR VALUE	公平值
At 1 January	於一月一日
Exchange realignment	匯兌調整
Net increase in fair value recognised in the revaluation reserve	於重估儲備確認之公平值增加淨額
Net increase in fair value recognised in the income statement	於收益表確認之公平值增加淨額
At 31 December	於十二月三十一日

The fair values of the Group's investment properties at 31 December 2005 have been arrived at on the basis of a valuation carried out on that date by Messrs. Vigers Landmart Taiwan Limited, independent qualified professional valuers not connected with the Group. Messrs. Vigers Landmart Taiwan Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises freehold land outside Hong Kong.

## 16. 投資物業

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
160,459	145,673
(5,283)	11,994
-	2,792
4,477	-
<b>159,653</b>	<b>160,459</b>

本集團之投資物業於二零零五年十二月三十一日之公平值乃按與本集團並無關連之獨立合資格專業估值師Messrs. Vigers Landmart Taiwan Limited進行之估值為基準得出。Messrs. Vigers Landmart Taiwan Limited為估值師學會(Institute of Valuers)會員，具備合適資格，最近亦有評估相關地區類似物業之經驗。有關估值符合國際估值準則(International Valuation Standards)，乃經參考類似物業之交易價格市場證據得出。

本集團以經營租賃持有用作賺取租金或資本升值之物業權益，均以公平值模式計量，並分類為及列作投資物業。

以上投資物業賬面值包括於香港境外之永久業權土地。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 17. PROPERTY, PLANT AND EQUIPMENT

## 17. 不動產、廠場及設備

	Freehold land 永久業權 土地 HK\$'000 千港元	Buildings 樓宇 HK\$'000 千港元	Leasehold improvements 租賃改良 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Furniture, fixtures and equipment 傢具、裝置及設備 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>COST</b>							
At 1 January 2004, as originally stated	於二零零四年一月一日， 按原先呈列	23,818	124,411	57,436	15,400	5,317	57,954
Effect of changes in accounting policies (note 2)	會計政策變動之影響 (附註2)	-	(10,507)	-	-	-	(10,507)
At 1 January 2004, as restated	於二零零四年一月一日， 經重列	23,818	113,904	57,436	15,400	5,317	57,954
Exchange realignment	匯兌調整	-	3,395	1,151	52	72	1,551
Additions	增添	-	-	4,912	2,495	954	5,801
Reclassification	重新分類	-	-	2,355	10,086	-	(12,441)
Disposals	出售	-	(471)	(461)	(3,068)	(1,095)	(3,916)
At 1 January 2005	於二零零五年一月一日	23,818	116,828	65,393	24,965	5,248	48,949
Exchange realignment	匯兌調整	-	883	334	504	61	(204)
Additions	增添	-	12,878	5,259	2,506	959	3,295
Disposals	出售	-	-	(12,360)	(1,504)	(518)	(5,085)
<b>At 31 December 2005</b>	<b>於二零零五年 十二月三十一日</b>	<b>23,818</b>	<b>130,589</b>	<b>58,626</b>	<b>26,471</b>	<b>5,750</b>	<b>46,955</b>
<b>DEPRECIATION AND AMORTISATION</b>							
At 1 January 2004, as originally stated	於二零零四年一月一日， 按原先呈列	-	15,790	20,562	8,322	2,884	29,924
Effect of changes in accounting policies (note 2)	會計政策變動之影響 (附註2)	-	(760)	-	-	-	(760)
At 1 January 2004, as restated	於二零零四年一月一日， 經重列	-	15,030	20,562	8,322	2,884	29,924
Exchange realignment	匯兌調整	-	549	549	14	37	845
Provided for the year	年內撥備	-	2,703	15,389	2,732	766	7,329
Reclassification	重新分類	-	-	1,327	7,576	86	(8,989)
Eliminated on disposals	於出售時撇銷	-	(129)	(201)	(2,656)	(859)	(2,034)
At 1 January 2005	於二零零五年一月一日	-	18,153	37,626	15,988	2,914	27,075
Exchange realignment	匯兌調整	-	17	247	384	56	(144)
Provided for the year	年內撥備	-	3,031	11,025	2,366	786	7,458
Eliminated on disposals	於出售時撇銷	-	-	(9,498)	(657)	(345)	(2,998)
<b>At 31 December 2005</b>	<b>於二零零五年 十二月三十一日</b>	<b>-</b>	<b>21,201</b>	<b>39,400</b>	<b>18,081</b>	<b>3,411</b>	<b>31,391</b>
<b>CARRYING VALUES</b>							
<b>At 31 December 2005</b>	<b>於二零零五年 十二月三十一日</b>	<b>23,818</b>	<b>109,388</b>	<b>19,226</b>	<b>8,390</b>	<b>2,339</b>	<b>15,564</b>
At 31 December 2004	於二零零四年 十二月三十一日	23,818	98,675	27,767	8,977	2,334	21,874
							183,445

*For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)*

## **17. PROPERTY, PLANT AND EQUIPMENT**

*(continued)*

The carrying values of buildings are located outside Hong Kong under medium-term leases.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rate per annum:

Freehold land	Nil
Buildings	40 – 55 years
Leasehold improvements	The shorter of the unexpired period of the lease and estimated useful life
Plant and machinery	5 – 10 years
Motor vehicles	3 – 5 years
Furniture, fixtures and equipment	2 – 15 years

The Group has acquired buildings in the PRC. While the Group has paid substantially the purchase consideration, the relevant government authorities have not granted formal title to certain of the buildings to the Group. As at 31 December 2005, the carrying values of the building for which the Group had not been granted formal title amounted to approximately HK\$13.0 million (2004: approximately HK\$0.3 million). In the opinion of the directors, the absence of formal title to these buildings does not impair its value. The directors also believe that formal title to these buildings will be granted to the Group in due course.

Certain property and equipment with a total carrying values of HK\$11,016,000 (2004: HK\$19,231,000) were entrusted to the operators of the Group (note 22).

## **17. 不動產、廠場及設備(續)**

位於香港境外樓宇之賬面值乃以中期租約持有。

上述不動產、廠場及設備項目採用直線法按以下年率折舊：

永久業權土地	無
租賃土地及樓宇	40-55年
租賃改良	剩餘租賃年期及估計可使用年期之較短者
廠場及機器	5-10年
汽車	3-5年
傢具、裝置及設備	2-15年

本集團已於中國購入多幢樓宇。雖然本集團已支付大部分購買代價，有關政府部門仍未就若干樓宇批出正式業權予本集團。於二零零五年十二月三十一日，本集團未獲批出正式業權之樓宇的賬面值約為13,000,000港元（二零零四年：約300,000港元）。董事認為，該等樓宇欠缺正式業權不會損害其價值。董事相信該等樓宇之正式業權將於適當時候批出予本集團。

總賬面金額11,016,000港元（二零零四年：19,231,000港元）之若干不動產及設備已委託予本集團附屬公司經營者（附註22）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 18. PREPAID LEASE PAYMENTS

## 18. 自用土地租賃款

The Group's prepaid lease payments comprise land use rights in the PRC under medium-term lease

Analysed for reporting purposes as:

Non-current asset	非流動資產
Current asset	流動資產

本集團之自用土地租賃款包括於中國以中期租約持有之土地使用權

就申報用途分析如下：

	非流動資產
	流動資產

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<b>9,275</b>	<b>9,511</b>
<hr/>	<hr/>
9,039	9,275
236	236
<hr/>	<hr/>
<b>9,275</b>	<b>9,511</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
 (Expressed in Hong Kong dollars) (以港元為單位)

## 19. INTANGIBLE ASSETS

### 19. 無形資產

	Patents and development	Web site costs	Software costs	Total
	trademarks	專利權 及商標	網站開發 成本	軟件成本
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>COST</b>	成本			
At 1 January 2004	於二零零四年一月一日	1,635	4,551	677
Exchange realignment	匯兌調整	14	(21)	(2)
Additions	添置	-	-	21
		_____	_____	_____
At 1 January 2005	於二零零五年一月一日	1,649	4,530	696
Exchange realignment	匯兌調整	63	106	-
Written off	撇銷	-	-	(696)
		_____	_____	_____
At 31 December 2005	於二零零五年 十二月三十一日	1,712	4,636	-
		_____	_____	6,348
<b>AMORTISATION</b>	攤銷			
At 1 January 2004	於二零零四年一月一日	1,635	1,820	205
Exchange realignment	匯兌調整	14	(9)	(1)
Charge for the year	本年度支出	-	907	167
		_____	_____	_____
At 1 January 2005	於二零零五年一月一日	1,649	2,718	371
Exchange realignment	匯兌調整	63	76	-
Charge for the year	本年度支出	-	915	-
Written off	撇銷	-	-	(371)
		_____	_____	_____
At 31 December 2005	於二零零五年 十二月三十一日	1,712	3,709	-
		_____	_____	5,421
<b>CARRYING VALUES</b>	賬面值			
<b>At 31 December 2005</b>	<b>於二零零五年 十二月三十一日</b>	<b>-</b>	<b>927</b>	<b>-</b>
<b>At 31 December 2004</b>	<b>於二零零四年 十二月三十一日</b>	<b>-</b>	<b>1,812</b>	<b>325</b>
		_____	_____	_____
				2,137

Patents and trademarks are internally generated and the website was acquired from third parties.

專利權及商標為公司內部產生，而網站則自第三方購入。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

#### 19. INTANGIBLE ASSETS (continued)

The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Patents and trademarks	5 – 10 years	專利權及商標	5-10年
Web site development costs	5 years	網站開發成本	5年
Software costs	5 – 10 years	軟件成本	5-10年

#### 20. GOODWILL

#### 19. 無形資產 (續)

上述無形資產均有限定使用年期。該等無形資產採用直線法按下列年期攤銷：

#### 20. 商譽

HK\$'000  
千港元

COST	成本	
At 1 January 2004	於二零零四年一月一日	28,228
Exchange realignment	匯兌調整	(82)
		<hr/>
At 31 December 2004	於二零零四年十二月三十一日	28,146
Exchange realignment	匯兌調整	289
Elimination of accumulated amortisation upon the application of HKFRS 3 (see note 2)	應用香港財務報告準則第3號時對銷累計攤銷 (見附註2)	(11,345)
		<hr/>
At 31 December 2005	於二零零五年十二月三十一日	17,090
		<hr/>
AMORTISATION	攤銷	
At 1 January 2004	於二零零四年一月一日	4,603
Exchange realignment	匯兌調整	(13)
Charge for the year	本年度開支	6,755
		<hr/>
At 31 December 2004	於二零零四年十二月三十一日	11,345
Elimination of accumulated amortisation upon the application of HKFRS 3 (see note 2)	應用香港財務報告準則第3號時對銷累計攤銷 (見附註2)	(11,345)
		<hr/>
At 31 December 2005	於二零零五年十二月三十一日	-
		<hr/>
IMPAIRMENT	減值	
Impairment loss recognised for the year and at 31 December 2005	本年度確認之減值虧損及於二零零五年十二月三十一日	3,192
		<hr/>
CARRYING VALUES	賬面值	
At 31 December 2005	於二零零五年十二月三十一日	13,898
		<hr/>
At 31 December 2004	於二零零四年十二月三十一日	16,801

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 20. GOODWILL (continued)

Prior to 1 January 2005, goodwill had been amortised over its estimated useful life of 5 years.

For the purposes of impairment testing, goodwill has been allocated to individual cash generating unit, namely, sale of cosmetic product (CGU). The carrying amounts of goodwill as at 31 December 2005 is allocated to this CGU.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period using a steady 5% growth rate, and discount rate of 5%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

During the year ended 31 December 2005, the Group recognised an impairment loss of approximately HK\$3,192,000 in relation to the goodwill.

## 21. INTEREST IN AN ASSOCIATE

Cost of unlisted investment in associate  
Share of post-acquisition profits, net of dividends received

於聯營公司非上市投資之成本

應佔收購後溢利，扣除已收股利

## 20. 商譽 (續)

於二零零五年一月一日之前，商譽按估計可使用年期5年攤銷。

就檢測減值，商譽已分配至個別現金產生單位（即美容產品）。於二零零五年十二月三十一日之商譽賬面值乃分配至此現金產生單位。

現金生產單位的可收回金額已根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流量預測，以5%定速增長率及5%折扣率計算。此增長率乃根據相關行業增長預測，惟不可超過該相關行業平均長期增長率。使用價值計算之另一項主要假設為根據現金產生單位之過往表現及管理層對市場發展之預期釐定之預算毛利率。管理層相信任何該等假設可能出現的合理變動不會導致現金產生單位之賬面總值超逾現金產生單位之可收回總金額。

於截至二零零五年十二月三十一日止年度，本集團確認3,192,000港元有關商譽之減值虧損。

## 21. 於一家聯營公司之權益

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
942	942
(397)	(337)
<hr/> <b>545</b>	<hr/> <b>605</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 21. INTEREST IN AN ASSOCIATE (continued)

As at 31 December 2005, the Group had interest in the following associate, which is an unlisted corporate entity:

Name of entity 實體名稱	Form of business structure 業務結構模式	Place of registration and operation 登記及經營地點	Issued and fully paid registered capital 已發行及繳足註冊資本	Proportion of nominal value of registered capital held by the Group 本集團所持有註冊資本面值比例	Principal activity 主要業務
Shanghai Rui Mei Medical and Health-care Company Limited 上海瑞美醫療保健有限公司	Registered 已登記	PRC 中國	RMB5,000,000 人民幣5,000,000元	20%	Provision of health care services 提供健康護理服務

The summarised financial information in respect of the Group's associate is set out below:

本集團聯營公司之財務資料摘要如下：

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Total assets 資產總值	3,707	4,154
Total liabilities 負債總值	(982)	(1,129)
Net assets 資產淨值	<hr/> 2,725	<hr/> 3,025
Group's share of net assets of associate 本集團應佔聯營公司資產淨值	<hr/> 545	<hr/> 605
Revenue 收益	<hr/> 6,306	<hr/> 5,027
Loss for the year 本年度虧損	<hr/> (300)	<hr/> (1,685)
Group's share of loss of associate for the year 本年度本集團應佔聯營公司虧損	<hr/> (60)	<hr/> (337)

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 22. OTHER LONG-TERM RECEIVABLES

Since 2002, certain subsidiaries have entered into Assets Entrustment Agreements with various operators. Pursuant to these agreements, these subsidiaries appointed an 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 product, the provision of beauty training courses and the provision of assistance to the subsidiary in the development of the franchise network. The appointments are effective for period ranging from one to five years and the operators are required to pay the subsidiaries an annual fee which is determined with reference to the net asset value of the respective subsidiaries at the date of the agreement. The operators are entitled to retain any profits and are obligated to bear any losses, excluding the depreciation of property, plant and equipment, arising of the Entrusted Assets under the operators' management and operation. The subsidiaries retain the title to the property, plant and equipment. As security for the operators' obligations under the agreement, the operators are required to place a security with the subsidiaries.

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

Net book value of property, plant and equipment entrusted 已委託不動產、廠場及設備 賬面淨值

Entrustment fee income 年內委託費收益  
for the year

## 22. 其他長期應收賬款

自二零零二年起，若干附屬公司與多家經營者訂立資產委託經營協議。根據該等協議，該等附屬公司委任經營者管理及經營其全部業務（「受託管資產」），涵蓋提供Spa及美容服務、銷售美容及護膚產品、提供美容培訓課程及協助附屬公司加盟經營網絡。經營者任期為五年，每年須向附屬公司支付一筆參考附屬公司於協議日期資產淨值釐訂之費用。經營者有權保留其於管理及經營期間自受託管資產產生的任何溢利，並須承擔其於管理及經營期間自受託管資產產生的任何虧損，惟不包括固定資產折舊。附屬公司保留不動產、廠場及設備之擁有權。根據該協議，經營者須向附屬公司繳交一筆保證金，以保證其履行基於協議項下責任。

該等資產委託經營協議對財務報表之影響摘要如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
11,016	19,231
5,255	5,074

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 22. OTHER LONG-TERM RECEIVABLES (continued)

At the balance sheet date, the following outstanding balances arising from the assets entrustment agreements with operators are included as other receivables in the balance sheet:

Entrustment fees receivable	應收委託費用
Consideration receivable for use of assets by the operators	就經營者使用資產之應收代價
– due within one year	– 於一年內到期
– due after more than one year	– 一年後到期

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
9,020	6,500
5,080	5,330
–	5,158
<hr/> 14,100	<hr/> 16,988

The fair value of the Group's other long-term receivables as at the balance sheet determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date approximates to the carrying amount of the receivables.

## 22. 其他長期應收賬款(續)

於結算日，與經營者所訂立資產委託經營協議，產生下列尚未償還結餘，計入資產負債表之其他應收賬款：

於資產負債表所列之本集團其他長期應收賬款於的公平值乃按照以結算日之現行市場利率折算後之估計未來現金流量現值計算，與應收賬款之賬面值相若。

## 23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31 December 2005 comprise:

Unlisted equity securities, at cost	非上市股本證券，按成本
-------------------------------------	-------------

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Taiwan. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair values cannot be reliably measured.

## 23. 可供出售投資

於二零零五年十二月三十一日之可供出售投資包括：

2005
二零零五年
HK\$'000
千港元
<hr/> 6,786

上述非上市投資代表於台灣註冊成立之私人實體所發行非上股本證券的投資。由於該等非上市投資的估計合理公平值之幅度太大，董事認為不能可靠量度公平值，故此該等非上市投資於各結算日按成本扣除減值後計算。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

#### 24. INVESTMENTS IN SECURITIES

Investments in securities as at 31 December 2004 are set out below. Upon the application of HKAS 39 on 1 January 2005, investments in securities were reclassified to appropriate categories under HKAS 39 (see note 2 for details).

	2004 二零零四年 HK\$'000 千港元
Non-current investments	
Investment securities	非流動投資 投資證券
Unlisted equity securities, at cost	非上市股本證券，按成本值
	6,786
Current investments	
Other investments	流動投資 其他投資
Listed equity securities outside Hong Kong, at market value	香港境外上市股本證券，按市值
	94,378

#### 25. INVENTORIES

#### 24. 投資證券

於二零零四年十二月三十一日之投資證券載列如下。於二零零五年一月一日應用香港會計準則第39號後，投資證券已根據香港會計準則第39號重新分類至適當類別（詳情見附註2）。

#### 25. 存貨

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Raw materials	原材料	23,014
Work in progress	在產品	2,721
Finished goods	產成品	29,991
	24,271	56,477
	2,480	55,726
	29,726	

Included in the above amount are inventories of approximately HK\$17,344,000 (2004: HK\$16,386,000), which are carried at net realisable value.

上述金額包括存貨約17,344,000港元(二零零四年:16,386,000港元)，乃按可變現淨值列賬。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 26. TRADE AND OTHER RECEIVABLES

## 26. 貿易及其他應收賬款

Trade receivables	貿易應收賬款	
Prepayments and deposits	預付款項及押金	
Financial refunds receivable	應收財務退款	
Other receivables	其他應收賬款	
Total trade and other receivables	貿易及其他應收賬款總額	

The Group allows a credit period ranging from one to six months to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

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

The fair value of the Group's trade and other receivables at 31 December 2005 was approximate to the corresponding carrying amount.

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
77,891	59,282
14,760	25,178
19,206	9,962
29,372	30,154
<b>141,229</b>	<b>124,576</b>

本集團給予其貿易客戶一至六個月之信貸期。於結算日之貿易應收賬款賬齡分析如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
71,956	57,971
5,022	288
307	293
606	730
<b>77,891</b>	<b>59,282</b>

本集團貿易及其他應收賬款於二零零五年十二月三十一日之公平值與其相應賬面值相若。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 27. HELD FOR TRADING INVESTMENTS

Held for trading investments as at 31 December 2005 include:

Listed equity securities outside Hong Kong 香港以外之上市股本證券

The fair values of the above held for trading investments are determined based on the quoted market bid prices available on the relevant exchange.

## 28. TRADE AND OTHER PAYABLES

## 27. 持作買賣投資

於二零零五年十二月三十一日，持作買賣投資包括：

2005 二零零五年 HK\$'000 千港元
<b>26,491</b>

上述持作買賣投資之公平價值乃按有關交易所所報之市場買價計算。

## 28. 貿易及其他應付賬款

Trade payables 貿易應付賬款  
Deposits from customers 客戶押金  
Other tax payables 其他應付稅項  
Other payables 其他應付賬款

Total trade and other payables 貿易及其他應付賬款總額

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<b>16,593</b>	10,118
<b>16,088</b>	6,499
<b>15,785</b>	7,296
<b>33,575</b>	36,247
<b>82,041</b>	<b>60,160</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

## 28. TRADE AND OTHER PAYABLES (continued)

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

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

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
15,949	9,971
500	-
-	147
144	-
<hr/>	<hr/>
16,593	10,118
<hr/>	<hr/>

The fair value of the Group's trade and other payables at 31 December 2005 was approximate to the corresponding amount.

## 29. DEFERRED INCOME

Prepaid treatment fees	預付療程費
------------------------	-------

Deferred income represents the receipts via credit cards, cheques and cash from sales of beauty services to customers and recognised in the consolidated income statement upon provision of the services to the customers.

## 28. 貿易及其他應付賬款(續)

於結算日之貿易應付賬款賬齡分析如下：

本集團貿易及其他應付賬款於二零零五年十二月三十一日之公平值與其相應賬面值相若。

## 29. 遞延收入

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
8,489	9,172
<hr/>	<hr/>

遞延收入指向客戶銷售美容服務而透過信用卡、支票及現金收取之款項，並於向客戶提供服務時於綜合收益表確認。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 30. RETIREMENT BENEFITS PLANS

#### (a) Defined benefit 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.

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 2005 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 18% (2004: 16%) covered by the deposits paid with the Central Trust of China, a government institution.

(i) The main actuarial assumptions used were as follows:

Discount rate	折讓率
Expected return on plan assets	計劃資產預期回報率
Expected rate of salary increases	預期薪酬增加幅度

### 30. 退休福利計劃

#### (a) 定額福利計劃

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薪金總額作出2%供款。

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預計金額計算，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。於二零零五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，本集團於定額福利退休計劃項下債務為18% (二零零四年：16%)，由已付政府機構中央信託局之押金填補。

(i) 採用之主要精算假設如下：

2005 二零零五年	2004 二零零四年
3.75%	3.75%
2.75%	2.75%
2.50%	2.50%

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 30. RETIREMENT BENEFITS PLANS (continued)

#### (a) Defined benefit plan (continued)

- (ii) Amounts recognised in income in respect of the defined benefit plans are as follows:

Current service cost	現時服務成本
Interest cost	利息成本
Actuarial expected return on plan assets	計劃資產之預期精算回報

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
523	1,147
488	353
(67)	(57)
<b>944</b>	<b>1,443</b>

The charge for the year has been included in employee benefits costs as follows:

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

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
426	749
277	323
241	371
<b>944</b>	<b>1,443</b>

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 HK\$24,000 (2004: HK\$30,000).

計劃資產之實際回報（經計及計劃資產公平價值之所有變動，惟不包括已付及已收供款）為24,000港元（二零零四年：30,000港元）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 30. RETIREMENT BENEFITS PLANS (continued)

#### (a) Defined benefit plan (continued)

- (iii) The amounts included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans are as follows:

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Present value of funded obligations	資金債務現值	12,363
Fair value of plan assets	計劃資產公平價值	(1,987)
Net unrecognised actuarial gains (losses)	未確認精算收益 (虧損)淨額	(211)
	<hr/>	<hr/>
	<b>10,890</b>	<b>10,165</b>

- (iv) Movements in the net liability recognised in the current year were as follows:

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
At 1 January	於一月一日	8,376
Contributions	供款	(384)
Amount charged to income (note 10)	於收入扣除之款項 (附註10)	1,443
Exchange differences	匯兌差額	730
	<hr/>	<hr/>
At 31 December	<b>10,890</b>	<b>10,165</b>

### 30. 退休福利計劃 (續)

#### (a) 定額福利計劃 (續)

- (iii) 本集團就定額福利計劃所產生債務金額已計入資產負債表，並載列如下：

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Present value of funded obligations	資金債務現值	12,363
Fair value of plan assets	計劃資產公平價值	(1,987)
Net unrecognised actuarial gains (losses)	未確認精算收益 (虧損)淨額	(211)
	<hr/>	<hr/>
	<b>10,890</b>	<b>10,165</b>

- (iv) 於本年度確認之負債淨額變動如下：

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
At 1 January	於一月一日	8,376
Contributions	供款	(384)
Amount charged to income (note 10)	於收入扣除之款項 (附註10)	1,443
Exchange differences	匯兌差額	730
	<hr/>	<hr/>
At 31 December	<b>10,890</b>	<b>10,165</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 30. RETIREMENT BENEFITS PLANS (continued)

#### (b) Defined contribution plans

- (i) The Group operates a Mandatory Provident Fund Scheme ("the HK MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and Mandatory Provident Fund Scheme under the Labour Standards Law (as amended) in Taiwan (the "TW MPF Scheme"). The HK MPF scheme and TW MPF Scheme are defined contribution retirement scheme administered by independent trustees. Under the HK MPF scheme and TW MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% and 6%, respectively, of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000 for HK MPF Scheme while there is no cap to monthly income under TW MPF Scheme. Contributions to the scheme vest immediately.
- (ii) The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the PRC government. As stipulated by the regulations of the PRC, these relevant subsidiaries participate in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liabilities to these retired staff. 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.

### 30. 退休福利計劃 (續)

#### (b) 定額供款退休計劃

- (i) 本集團根據香港強制性公積金計劃條例為於香港僱傭條例管轄範圍內所聘用之僱員設立強制性公積金計劃（「香港強積金計劃」）及根據台灣勞動基準法（經修訂）設立強制性公積金計劃（「台灣強積金計劃」）。香港強積金計劃及台灣強積金計劃為由獨立信託人管理之定額供款退休計劃。根據香港強積金計劃及台灣強積金計劃，僱主及僱員各自須分別向計劃作出相當於僱員有關收入5%及6%之供款，香港強積金計劃之每月有關收入上限為20,000港元，而台灣強積金計劃則並無每月收入上限。計劃供款即時撥歸僱員所有。
- (ii) 本集團中國附屬公司僱員為中國政府管運之國家管理退休福利計劃成員。有關附屬公司已根據中國法規規定，為其中國僱員參加各個由有關當局統籌之定額供款退休計劃。僱員有權根據有關政府法規，按彼等於退休時之基本薪金以及服務年期收取退休金。中國政府負責向該等退休員工發放退休金，而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付款重大責任。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 31. SHARE CAPITAL

### 31. 股本

	Number of shares 股份數目	Amount HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股	
Authorised:	法定股本:	
At 1 January 2004, 31 December 2004 and 31 December 2005	於二零零四年一月一日、 二零零四年十二月三十一日及 二零零五年十二月三十一日	<u>4,000,000,000</u> <u>400,000</u>
Issued and fully paid:	已發行及繳足:	
At 1 January 2004, 31 December 2004 and 31 December 2005	於二零零四年一月一日、 二零零四年十二月三十一日及 二零零五年十二月三十一日	<u>2,000,000,000</u> <u>200,000</u>

### 32. SHARE OPTION SCHEME

Pursuant to the written resolution passed by the shareholders on 11 March 2002. The Company has adopted a share option scheme (The "Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the 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. Options granted must be taken up within 28 days of the date of grant. The 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 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.

### 32. 購股權計劃

根據股東於二零零二年三月十一日通過之書面決議案，本公司已採納一項認股權計劃（「認股權計劃」）。根據認股權計劃，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。所授出認股權必須於授出日期起計28日內接納。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平均收市價。

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

### **32. SHARE OPTION SCHEME (continued)**

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 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.

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

### **32. 購股權計劃 (續)**

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。

本公司自採納認股權計劃以來並無授出任何認股權。

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

### 33. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised in the balance sheet and movements thereon during the current or prior years are as follows:

	Allowance for bad and doubtful debts	Revaluation of properties	Tax losses	Defined benefit liability	Unrealised profits on inventories	short-term differences	Other
				定額福利	未變現	其他暫時	
	呆壞賬撥備	重估物業	稅項虧損	責任	存貨溢利	短期差額	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2004	於二零零四年一月一日	(746)	1,847	(126)	(2,094)	(7,402)	(1,304)
Charge (credit) to consolidated income statement	於綜合收益表扣除(計入)	-	105	126	(256)	3,522	1,312
Charged to reserves	於儲備扣除	-	287	-	-	-	287
At 31 December 2004	於二零零四年十二月三十一日	(746)	2,239	-	(2,350)	(3,880)	8
Exchange realignment	匯兌調整	182	49	-	(102)	(223)	171
Charge (credit) to consolidated income statement	於綜合收益表扣除(計入)	34	569	-	(274)	(575)	182
At 31 December 2005	於二零零五年 十二月三十一日	(530)	2,857	-	(2,726)	(4,678)	361
							(4,716)

At the balance sheet date, the Group has unutilised tax losses of approximately HK\$71,880,000 (2004: HK\$60,382,000) available for offset against future profits. No deferred tax asset has been recognised of such tax losses due to the unpredictability of future profit streams. The Hong Kong tax losses of HK\$30,797,000 (2004: HK\$16,575,000) do not expire under the current tax legislation in Hong Kong and all other tax losses will expire in 2005 to 2009.

### 33. 遲延稅項

以下為本年度及過往年度於資產負債表確認之主要遞延稅項資產／負債及變動：

於結算日，本集團有未動用稅項虧損約71,880,000港元（二零零四年：60,382,000港元）用作對銷未來溢利。由於未能確定日後溢利來源，因此並無就有關稅項虧損確認遞延稅項資產。根據香港現行稅例，香港稅項虧損30,797,000港元（二零零四年：16,575,000港元）不會到期，而所有其他虧損將於二零零五年至二零零九年到期。

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

## 34. OPERATING LEASES

### The Group as lessee

During the year, the Group made rental payments for office premises under operating leases as follows:

Minimum lease payments	最低租金付款
Contingent rental payments	或然租金付款

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
13,815	9,851
4,175	3,793
<hr/>	<hr/>
<b>17,990</b>	<b>13,644</b>
<hr/>	<hr/>

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)
Over five years	超過五年

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元
9,489	9,285
16,235	17,679
561	1,966
<hr/>	<hr/>
<b>26,285</b>	<b>28,930</b>
<hr/>	<hr/>

Operating lease payments represent rentals payable by the Group for certain of its leased properties. Leases are negotiated and rentals are fixed for an average term of five years. In addition, the Group's PRC subsidiaries have commitments to make rental payments at a percentage of turnover for certain leased properties.

### 34. 經營租約

#### 本集團作為承租人

年內，本集團根據經營租約就租用辦公室物業繳付以下租金：

於結算日，本集團根據不可撤銷經營租約就於下列到期日繳付之最低租金承擔如下：

經營租約承擔即本集團就若干租賃物業支付之款項。租期經磋商而租金按平均五年訂定。此外，本集團中國附屬公司須按若干租賃物業營業額若干百分比支付租金。
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For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 34. OPERATING LEASES (continued)

#### The Group as lessee (continued)

Furthermore, there are commitments of HK\$5,705,000 (2004: HK\$8,860,000) in respect of future minimum lease payments, which fall due within one to over five years, under non-cancellable operating leases entered into by the Group. The business operations at these premises have been entrusted to operators as described in note 22 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.

#### The Group as lessor

Property rental income earned during the year was HK\$5,826,000 (2004: HK\$5,568,000). The properties are expected to generate rental yields of 4% (2004: 3%) on an ongoing basis. All of the properties held have committed tenants for the next one to five years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)

### 34. 經營租約 (續)

#### 本集團作為承租人 (續)

此外，根據本集團所訂立於一年內至五年後到期之不可撤銷經營租約，日後最低租金承擔 5,705,000 港元 (二零零四年：8,860,000 港元)。誠如附註 22 所述，該等物業內之業務運作已交託經營者，該等經營者須負責向有關業主繳付租金。業主與經營者將於現時租賃協議屆滿時訂立新租賃協議。

#### 本集團作為出租人

於年內賺取之物業租金收益為 5,826,000 港元 (二零零四年：5,568,000 港元)。物業預期將持續帶來 4% (二零零四年：3%) 租金回報。所有持有之物業之租客租賃年期介乎一年至五年。

於結算日，本集團與租戶所訂合約之未來最低租金付款如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
5,647	6,065
6,346	7,813
<hr/> <b>11,993</b>	<hr/> <b>13,878</b>

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### 35. CAPITAL COMMITMENTS

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements

就收購不動產、廠場及設備之已訂約但未於財務報表撥備之資本開支

### 35. 資本承擔

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<b>2,972</b>	<b>7,315</b>

### 36. CONTINGENT LIABILITIES

On 10 September 2002, 8 October 2002 and 29 October 2002, Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("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 and to assume all management and operation rights of the PRC subsidiaries. The acquisitions were completed during the year ended 31 December 2003.

Under the terms of the S&P Agreements, in the event that Chong Ming Sanlian fails to settle the amounts owed to the Vendors 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 2005, in respect of the purchase consideration, Chong Ming Sanlian owes to the minority shareholders a total amount of approximately HK\$Nil (2004: HK\$843,000).

### 37. PLEDGE OF ASSETS

Certain freehold investment properties of the Group with a carrying amount of HK\$155,290,000 (2004: HK\$156,083,000) 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.

### 36. 或然負債

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二十九日，上海自然美三聯化粧品有限公司（「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」）與本集團旗下中國附屬公司（「中國附屬公司」）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，並承擔中國附屬公司全部管理及經營權。收購已於截至二零零三年十二月三十一日止年度內完成。

根據買賣協議條款，倘崇明三聯未能就收購中國附屬公司股本權益向賣方清付有關款項，自然美三聯承諾，代表崇明三聯清付未償還款項。於二零零五年十二月三十一日，崇明三聯就購買代價結欠少數股東合共約零港元（二零零四年：843,000港元）。

### 37. 資產抵押

本集團已向一家銀行抵押若干賬面金額為155,290,000港元（二零零四年：156,083,000港元）之永久業權投資物業。該銀行授出之銀行融資已於二零零二年終止，惟尚未解除有關抵押以便日後申請銀行融資。

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### 38. CONNECTED AND RELATED PARTY DISCLOSURES 38. 關連及有關連人士交易

During the year, the Group had significant transactions with related parties, some of which are also deemed to be connected parties pursuant to the Rules Governing the Listing of Securities on the Stock Exchange. The significant transactions with these parties during the year are as follows:

年內，本集團與有關連人士進行重大交易，其中部分根據聯交所證券上市規則被視作關連人士。與該等人士年內進行之重大交易詳情如下：

(A) TRANSACTIONS		(A) 交易	
(I) CONNECTED PARTIES		(I) 關連人士	
Name of company 公司名稱	Nature of transactions 交易性質	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<i>Companies controlled by the substantial shareholders: 主要股東所控制公司：</i>			
自然美雜誌社	Rental income 租金收益	17	17
財團法人台北市蔡燕萍文教事業基金會	Rental income 租金收益	3	3
中華民國儀容美協會	Rental income 租金收益	3	3
自然美出版社	Rental income 租金收益	14	14
中澳義國際股份有限公司	Rental income 租金收益	14	3
自然美美容補習班	Rental income 租金收益	55	14
台北市美容技術協會	Rental income 租金收益	3	-
上海自然美生物醫學有限公司 (附註a)	Purchase of natural health food 採購天然健康產品	2,166	585
上海自然美製衣有限公司 (附註b)	Purchase of lingerie 採購內衣 Balance due to at 31 December - trade payables 於十二月三十一日 到期之餘額 - 貿易應付賬款	198	408
		714	28
<i>Director of the Company: 本公司董事：</i>			
Su Chien Cheng 蘇建誠	Rental expenses 租金支出	203	98

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**38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)** **38. 關連及有關連人士交易 (續)**

**(A) TRANSACTIONS (continued)**

**(i) CONNECTED PARTIES (continued)**

*Notes:*

(a) On 28 July 2005, a natural health food purchase agreement ("Natural Health Food Purchase Agreement") was entered into between Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("NB Sanlian"), a 90% owned subsidiary, and 上海自然美生物醫學有限公司 Shanghai Natural Beauty Bio-Med Company Limited ("Bio-Med"), a company wholly owned by Dr. Tsai Yen Yu ("Dr. Tsai"), for the period from 28 July 2005 to 31 December 2007, with an annual cap amount of HK\$3.0 million, HK\$4.0 million and HK\$5.0 million for the financial year ended/ending 31 December 2005, 2006 and 2007 respectively.

(b) In addition, on 28 July 2005, NB Sanlian entered into a lingerie purchase agreement ("Lingerie Purchase Agreement") with 上海自然美製衣有限公司 Shanghai Natural Beauty Apparel-Manufacture Company Limited ("Apparel-Manufacture"), a company owned as to 51.72% by Dr. Tsai, for the period from 28 July 2005 to 31 December 2007, with an annual cap amount of HK\$1.0 million, HK\$1.8 million and HK\$3.0 million for the financial year ended/ending 31 December 2005, 2006 and 2007 respectively.

**(A) 交易 (續)**

**(i) 關連人士 (續)**

*附註:*

(a) 於二零零五年七月二十八日，本公司擁有90%權益之附屬公司上海自然美三聯化粧品有限公司（「自然美三聯」）與蔡燕玉博士（「蔡博士」）全資擁有之上海自然美生物醫學有限公司（「自然美生物醫學」）訂立天然健康食品採購協議（「天然健康食品採購協議」），年期由二零零五年七月二十八日至二零零七年十二月三十日止，而截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為3,000,000港元、4,000,000港元及5,000,000港元。

(b) 此外，於二零零五年七月二十八日，自然美三聯與蔡博士擁有51.72%權益之公司上海自然美製衣有限公司（「自然美製衣」）訂立內衣採購協議（「內衣採購協議」），年期由二零零五年七月二十八日至二零零七年十二月三十日止，而截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為1,000,000港元、1,800,000港元及3,000,000港元。

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### 38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

#### (A) TRANSACTIONS (continued)

##### (II) RELATED PARTIES, OTHER THAN CONNECTED PARTIES

Name of company 公司名稱	Nature of transactions 交易性質	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		853	846

Associate:  
聯繫人士：

上海瑞美醫療保健有限公司      Rental income  
  租金收益

##### (III) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year was as follows:

Short-term benefits      短期福利  
Post-employment benefits      退休福利

##### (III) 主要管理人員之賠償

董事及主要管理層其他成員於年內之酬金如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
3,898	3,120
102	66
<b>4,000</b>	<b>3,186</b>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

董事及主要行政人員之薪酬乃參考個別表現及市場趨勢後經薪酬委員會釐定。

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### 38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

#### (B) OTHER ARRANGEMENTS

- (i) The Group has entered into agreements with the minority shareholders of NB Sanlian, Shanghai Natural Beauty Qingbo Cosmetics Company Limited ("NB Qingbo"), Shanghai Natural Beauty Fansi Jewellery Company Limited ("NB Fansi") and 上海自然美富儂化粧品有限公司 to the effect that each of these minority shareholders receive a fixed amount per annum and the Group is entitled to or 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 statements.

#### (B) 其他安排

- (i) 本集團與自然美三聯、自然美清波化粧品有限公司（「自然美清波」）、上海自然美梵斯珠寶有限公司（「自然美梵斯」）及上海自然美富儂化粧品有限公司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，本集團有權或負責有關附屬公司全部溢利／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。

Name of company 公司名稱	Nature of transactions 交易性質	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
NB Sanlian 自然美三聯	Annual fixed payment 定額年費	189	189
NB Qingbo 自然美清波	Annual fixed payment 定額年費	118	118
NB Fansi 自然美梵斯 珠寶有限公司	Annual fixed payment 定額年費	5	-
上海自然美富儂化粧品 有限公司	Annual fixed payment 定額年費	5	-
		—	—

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**38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)**

**(B) OTHER ARRANGEMENTS (continued)**

- (ii) Under a licensing agreement, a director of the Company granted to Natural Beauty Cosmetics Company Limited ("NB Taiwan"), a subsidiary incorporated and operated in Taiwan, a license to use a skin test software from 1 January 1997 to 31 December 2011 for a nominal consideration of NT\$1.
  
- (iii) 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.

**38. 關連及有關連人士交易 (續)**

**(B) 其他安排 (續)**

- (ii) 根據許可權協議，本公司董事以象徵式代價新台幣1元，向於台灣註冊成立及經營之自然美化粧品股份有限公司（「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。
  
- (iii) 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。

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### 39. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company, as at 31 December 2005, is as follows:

Non-current assets  
Interests in subsidiaries  
Available-for-sale investments  
Investments in securities

非流動資產  
於附屬公司之權益  
可供出售投資  
證券投資

2005	2004
二零零五年	二零零四年
<b>HK\$'000</b>	<b>HK\$'000</b>
千港元	千港元

<b>551,748</b>	554,352
<b>6,786</b>	-
<b>—</b>	6,786
<b>558,534</b>	561,138

Current assets  
Other receivables  
Bank balances and cash

流動資產  
其他應收款項  
銀行結餘及現金

<b>5,534</b>	299
<b>30,737</b>	20,248
<b>36,271</b>	20,547

Current liabilities  
Other payables

流動負債  
其他應付款項

<b>2,972</b>	2,876
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Net current assets

流動資產淨值

<b>33,299</b>	17,671
---------------	--------

Total assets less current liabilities

資產總值減流動負債

<b>591,833</b>	578,809
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Capital and reserves  
Share capital  
Reserves (note)

資本及儲備  
股本  
儲備 (附註)

<b>200,000</b>	200,000
<b>391,833</b>	378,809
<b>591,833</b>	578,809

### 39. 本公司之資產負債表

於二零零五年十二月三十一日，本公司之資產負債表如下：

2005	2004
二零零五年	二零零四年
<b>HK\$'000</b>	<b>HK\$'000</b>
千港元	千港元
<b>551,748</b>	554,352
<b>6,786</b>	-
<b>—</b>	6,786
<b>558,534</b>	561,138
<b>5,534</b>	299
<b>30,737</b>	20,248
<b>36,271</b>	20,547
<b>2,972</b>	2,876
<b>33,299</b>	17,671
<b>591,833</b>	578,809
<b>200,000</b>	200,000
<b>391,833</b>	378,809
<b>591,833</b>	578,809

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### 39. BALANCE SHEET OF THE COMPANY (continued)

Note:

### 39. 本公司之資產負債表(續)

附註:

		Share premium 股份溢價 HK\$'000 千港元	Accumulated profits 累計溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	336,758	24,153	360,911
Dividend paid	已派股息	-	(45,000)	(45,000)
Profit for the year	年內溢利	-	62,898	62,898
At 31 December 2004	於二零零四年十二月三十一日	336,758	42,051	378,809
Dividend paid	已派股息	-	(61,000)	(61,000)
Profit for the year	年內溢利	-	74,024	74,024
<b>At 31 December 2005</b>	<b>於二零零五年十二月三十一日</b>	<b>336,758</b>	<b>55,075</b>	<b>391,833</b>

### 40. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2005 are as follows:

### 40. 附屬公司詳情

於二零零五年十二月三十一日，本公司附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital 註冊資本／已發行及繳足普通股本公司及	held by the Company and its subsidiaries 其附屬公司所持已發行普通股本公司及	Proportion of nominal value of issued capital Attributable to the Group Principal activity 本集團應佔主要業務
Shanghai Natural Beauty Cosmetics Company Limited 上海自然美化粧品有限公司	PRC 中國大陸	Foreign investment enterprise with limited liability 有限責任外資企業	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 上海自然美三聯化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	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

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**40. PARTICULARS OF SUBSIDIARIES (continued)** **40. 附屬公司詳情 (續)**

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	Attributable to the Group		Principal activity 主要業務
			註冊資本／已發行及繳足普通股本	held by the Company and its subsidiaries	本公司及 其附屬公司 所持已發行 股本面值比例	本集團應佔	
Shanghai Natural Beauty Qingbo Cosmetics Company Limited 上海自然美清波化粧品 有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	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	Limited liability joint venture enterprise 有限責任合營企業	RMB500,000 人民幣500,000元	90%	90%	Sale of jewellery, craftwork, adornment, leather and horologe 銷售珠寶、工藝品、 裝飾品、皮革及 鐘錶	
Xi An Natural Beauty Mingyu Cosmetics Company Limited 西安自然美明宇化粧品 有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB3,000,000 人民幣3,000,000元	90%	81%	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	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB4,000,000 人民幣4,000,000元	90%	81%	Sale of skin care and beauty products and adornment 銷售護膚及美容 產品及裝飾品	

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity 主要業務
			註冊資本／已發行及繳足普通股本	本公司及其附屬公司所持已發行股本面值比例	本集團應佔		
Nanjing Natural Beauty Cosmetics Company Limited 南京自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,000,000 人民幣2,000,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧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	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,500,000 人民幣2,500,000元	90%	81%	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以及美容諮詢及培訓	
Hainan Natural Beauty Cosmetics Company Limited 海南自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,500,000 人民幣2,500,000元	90%	81%	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	

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity 主要業務
			註冊資本／已發行及繳足普通股本	本公司及其附屬公司所持已發行股本面值比例	本集團應佔		
Shenzhen Natural Beauty Cosmetics Company Limited 深圳市自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB4,000,000 人民幣4,000,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Haerbin Sanlian Natural Beauty Cosmetics Company Limited 哈爾濱三聯自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,000,000 人民幣1,000,000元	80%	72%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧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	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB3,500,000 人民幣3,500,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Wuhan Natural Beauty Cultural Development Company Limited 武漢自然美容文化發展有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,500,000 人民幣2,500,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Tianjin Natural Beauty Cosmetics Company Limited 天津自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,000,000 人民幣2,000,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity
			註冊資本／已發行及繳足普通股本	本公司及其附屬公司所持已發行股本面值比例	本集團應佔	主要業務	
Wenzhou Natural Beauty Cosmetics Company Limited 溫州市自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB2,000,000 人民幣2,000,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Beijing Natural Beauty Cosmetics Company Limited 北京自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB20,000,000 人民幣20,000,000元	80%	72%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧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	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,500,000 人民幣1,500,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Changchun Natural Beauty Cosmetics Company Limited 長春自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,500,000 人民幣1,500,000元	90%	81%	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	

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**40. PARTICULARS OF SUBSIDIARIES (continued)** **40. 附屬公司詳情 (續)**

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity
			註冊資本／已發行及繳足普通股本	本公司及其附屬公司所持已發行股本面值比例	本集團應佔	主要業務	
Mudanjiang Natural Beauty Cosmetics Company Limited 牡丹江市自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB800,000 人民幣800,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧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	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,000,000 人民幣1,000,000元	90%	81%	Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及提供美容護理	
Anshan Natural Beauty Cosmetics Company Limited 鞍山市自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,000,000 人民幣1,000,000元	90%	81%	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	
Suzhou Natural Beauty Cosmetics Company Limited 蘇州自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,200,000 人民幣1,200,000元	90%	81%	Sale of skin care and beauty products and related instruments 銷售護膚及美容產品及美容器材	

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

#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity
			註冊資本／已發行及繳足普通股本公司及 其附屬公司所持已發行股本面值比例	本集團應佔	主要業務		
Kunming Natural Beauty Cosmetics Company Limited 昆明自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,000,000 人民幣1,000,000元	90%	81%	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	
Fuzhou Natural Beauty Cosmetics Company Limited 福州自然美化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB1,500,000 人民幣1,500,000元	90%	81%	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	
Shanghai Natural Beauty Cosmetics Company Limited 上海自然美富儂化粧品有限公司	PRC 中國大陸	Limited liability joint venture enterprise 有限責任合營企業	RMB500,000 人民幣500,000元	90%	81%	Wholesale and retail of skin care and beauty products 批發及零售護膚及美容產品	

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital		
			註冊資本／已發行及繳足普通股本	held by the Company and its subsidiaries	本公司及 其附屬公司 所持已發行 股本面值比例	Attributable to the Group 本集團應佔 主要業務
Shanghai Full-Beauty Cosmetics Company Limited 上海富麗化粧品有限公司	PRC 中國大陸	Foreign investment enterprise with limited liability 有限責任外資企業	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	Foreign investment enterprise with limited liability 有限責任外資企業	US\$180,000 美金180,000元	100%	100%	Investment holding 投資控股
Natural Beauty Cosmetics Company Limited 自然美化粧品股份有限公司	Taiwan 台灣	Limited liability company 有限公司	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
Tian Ran Mei Bio-Technology Company Limited 天然美生物科技股份有限公司	Taiwan 台灣	Limited liability company 有限公司	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	Limited liability company 有限公司	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	Limited liability company 有限公司	NT\$174,681,140 新台幣174,681,140元	100%	100%	Investment holding 投資控股

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	Attributable to the Group 本集團應佔	Principal activity 主要業務
			註冊資本／已發行及繳足普通股本	held by the Company and its subsidiaries		
Huei Yao Investment Company Limited 輝耀投資股份有限公司	Taiwan 台灣	Limited liability company 有限公司	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	Limited liability company 有限公司	NT\$242,681,140 新台幣 242,681,140元	100%	100%	Investment holding 投資控股
Belem Holdings Sdn. Bhd. company	Malaysia 馬來西亞	Limited liability company 有限公司	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	Limited liability company 有限公司	MYR2 馬來西亞幣2元	100%	100%	Wholesale of skin care and beauty products 批發護膚及美容產品
Ice Crystal Management Limited 水晶管理有限公司	British Virgin Islands ("BVI")	Limited liability company 有限公司 英屬維爾京群島 (「英屬維爾京群島」)	US\$52,000 美金 52,000元	100%	100%	Investment holding 投資控股
Great Glamour Company Limited	BVI 英屬維爾京群島	Limited liability company 有限公司	US\$50,000 美金 50,000元	100%	100%	Investment holding 投資控股

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#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情 (續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及經營地點	Kind of legal status 法定身分	Registered capital/ issued and fully paid ordinary share capital	Proportion of nominal value of issued capital	held by the Company and its subsidiaries	Attributable to the Group	Principal activity 本集團應佔主要業務
			註冊資本／已發行及繳足普通股本	本公司及其附屬公司所持已發行股本面值比例	本公司及 其附屬公司 所持已發行 股本面值比例		
Next Success International Limited	BVI 英屬維爾京群島	Limited liability company 有限公司	US\$100 美金100元	100%	100%	Investment holding 投資控股	
Fortune Investment Global Limited	BVI 英屬維爾京群島	Limited liability company 有限公司	US\$50,000 美金50,000元	100%	100%	Investment holding 投資控股	
Natural Beauty Bio-Technology (Hong Kong) Company Limited 自然美生物科技(香港)有限公司	Hong Kong 香港	Limited liability company 有限公司	HK\$10,000 10,000港元	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售化粧產品及提供美容護理	

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

於年終或年內任何時間，概無附屬公司有任何尚未償還債務證券。

## FINANCIAL SUMMARY : 財務概要

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度  
(Expressed in Hong Kong dollars) (以港元為單位)

### RESULTS

### 業績

		Year ended 31st December, 截至十二月三十一日止年度				
		2001 二零零一年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
TURNOVER	營業額	254,566	323,251	320,086	358,142	357,916
PROFIT BEFORE TAXATION	除稅前溢利	105,356	94,097	83,525	99,058	119,845
INCOME TAX EXPENSE	所得稅開支	(35,638)	(27,174)	(30,084)	(36,333)	(38,834)
PROFIT FOR THE YEAR	年內溢利	69,718	66,923	53,441	62,725	81,011
ATTRIBUTABLE TO: EQUITY HOLDERS OF THE COMPANY MINORITY INTERESTS	應佔： 本公司股東 少數股東權益	71,043 (1,325)  69,718	68,258 (1,335)  66,923	54,142 (701)  53,441	63,262 (537)  62,725	81,092 (81)  81,011

### ASSETS AND LIABILITIES

### 資產及負債

		At 31st December, 於十二月三十一日				
		2001 二零零一年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
TOTAL ASSETS	總資產	647,489	871,170	841,415	900,231	937,470
TOTAL LIABILITIES	總負債	(164,877)	(107,034)	(80,827)	(95,600)	(117,173)
		482,612	764,136	760,588	804,631	820,297
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	本公司股東 應佔股本	454,343	743,814	750,389	794,969	813,511
MINORITY INTERESTS	少數股東權益	28,269	20,322	10,199	9,662	6,786
		482,612	764,136	760,588	804,631	820,297

Note: The above financial summary prior to 2003 have not been adjusted to take into account the effect on the adoption of the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants as detailed in note 2 to the financial statements, as the directors considered that it is not practicable to do so.

附註：上述於二零零三年前之財務摘要並無就財務報表附註2所詳述就採納香港會計師公會頒佈之新香港財務報告準則、香港會計準則及詮釋影響而作出調整，原因為董事認為並不切實可行。

## 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 Queensway & Victoria Room, JW Marriott Hotel at Pacific Place, 88 Queensway, Hong Kong on 16 May 2006 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements, directors' report and auditors' report of the Company for the year ended 31 December 2005.
2. To approve the final dividend for the year ended 31 December 2005.
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").
4. To re-appoint auditors and to authorise the board of directors of the Company (the "Board") to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

### 5A. "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 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;
- (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;

茲通告自然美生物科技有限公司（「本公司」）將於二零零六年五月十六日下午三時正假座香港香港金鐘道88號太古廣場香港JW萬豪酒店Queensway and Victoria Room舉行股東週年大會（「大會」），以考慮下列事項：

1. 省覽截至二零零五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. 批准截至二零零五年十二月三十一日止年度的末期股利。
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. 繼聘核數師，並授權本公司董事會（「董事會」）釐定其酬金。
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. 「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；

- (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；

## NOTICE OF ANNUAL GENERAL MEETING : 股東週年大會通告

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|--|---|
| <p>(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</p> <p>(d) for the purposes of this resolution:</p> <p>"Relevant Period" means the period from the date of passing of this resolution until whichever is the earliest of:</p> <ul style="list-style-type: none"><li>(i) the conclusion of the next annual general meeting of the Company;</li><li>(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</li><li>(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.</li></ul> | <p>(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</p> <p>(d) 就本決議案而言：</p> <p>「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：</p> <ul style="list-style-type: none"><li>(i) 本公司下屆股東週年大會結束時；</li><li>(ii) 有關法例或本公司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</li><li>(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。</li></ul> |
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## NOTICE OF ANNUAL GENERAL MEETING : 股東週年大會通告

(iv) "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)."

### 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;

(iv) 「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。」

### 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；

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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 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 Article 100 in its entirety and replacing it with the following:

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional to the Board. Any Director so appointed shall hold office only until the first general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 116.

- (b) By deleting Article 123(a) in its entirety and replacing it with the following:

The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may be ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed."

7. To transact any other business.

By order of the Board

**Dr. Tsai Yen Yu**

*Chairman*

Hong Kong, 24 April 2006

6. 作為特別事項，考慮及酌情通過（無論有否修訂）下列決議案為特別決議案：

「**動議**按以下方式修訂本公司之組織章程細則：

- (a) 刪除細則第100條全文，並以下文取代：

本公司有權不時及隨時委任任何人士出任董事，以填補臨時空缺或作為董事會新增成員。就此獲委任之任何董事任期僅直至彼獲委任後本公司首個股東大會為止，屆時彼將合資格於該大會膺選連任，惟就此退任董事不計入根據細則第116條將須於該大會輪值退任董事人數之內。

- (b) 刪除細則第123(a)條全文，並以下文取代：

不論此等細則或本公司與董事所訂任何協議內任何條文，本公司可隨時藉由普通決議案於彼之任期屆滿前撤換任何董事，並藉由普通決議案選舉另一名人士取代彼之職位，包括董事總經理或其他執行董事。就此獲委任人士之任期僅相當於彼所取代董事如無被撤換之原有任期。」

7. 處理任何其他事項。

承董事會命

**蔡燕玉博士**

*主席*

香港，二零零六年四月二十四日

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### Notes:

1. The register of members of the Company will be closed from 28 April 2006 (Friday) to 2 May 2006 (Tuesday), 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 27 April 2006.
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 17th Floor, Chuang's Tower, 30-32 Connaught Road Central, 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 2005 annual report.

### 附註:

1. 本公司之股份過戶登記處將於二零零六年四月二十八日(星期五)至二零零六年五月二日(星期二)(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二零零六年四月二十七日下午四時正前，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17樓。
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，地址為香港中環干諾道中30-32號莊士大廈17樓，方為有效。
4. 關於本通告第5B段所載的決議案，本公司現正徵求股東批准授予董事一般授權，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，本公司現正徵求股東批准授予董事一般授權，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二零零五年年報一併寄交股東。