

自然美  
natural beauty

NATURAL BEAUTY BIO-TECHNOLOGY LIMITED  
自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：157



"Qi" of Beauty

ANNUAL REPORT 2006  
二零零六年報



## Mission Statement

### 我們的使命

Natural Beauty is dedicated to cultivate our staff, customers, students and franchisees to appreciate our education, products and services, which are made by the love and kindness of our founder, Dr. Tsai Yen Pin, who made modern ladies beautiful, confident and wealthy.

我們致力於使員工、顧客、學員及加盟老師們存着一份感恩的心來到自然美，學習自然美容術及使用自然美產品及服務，這都是自然美創辦人蔡燕萍博士以愛心砌成累積的成果，幫助無數女性建立美麗、自信及財富。



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# 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

## Corporate Information (Continued)

### 公司資料(續)

#### AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F One Pacific Place  
88 Queensway  
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

#### WEBSITE

[www.nblife.com](http://www.nblife.com)

## Corporate Information (Continued)

### 公司資料(續)

#### 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)

譔清先生

(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

譔清先生

#### 薪酬委員會成員

葉良輝先生

陳謝淑珍女士

譔清先生

#### 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

干諾道中30-32號

莊士大廈17樓

## Corporate Information (Continued)

### 公司資料(續)

#### 核數師

德勤•關黃陳方會計師行  
執業會計師  
香港  
金鐘道88號  
太古廣場一期35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恆通路

#### 網址

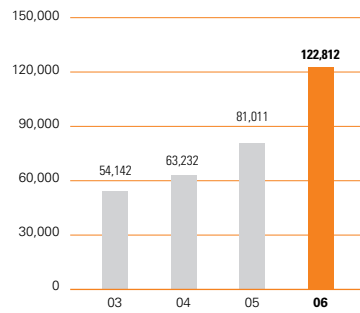
[www.nblife.com](http://www.nblife.com)



51.6% 上升  
up

**Net Income**  
**淨收益**

Expressed in HK\$'000 以千港元列示





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# Financial Highlights

## 財務摘要



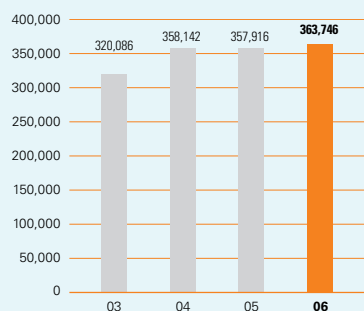
# Financial Highlights

## 財務摘要

1.6% 上升  
up

### Turnover 營業額

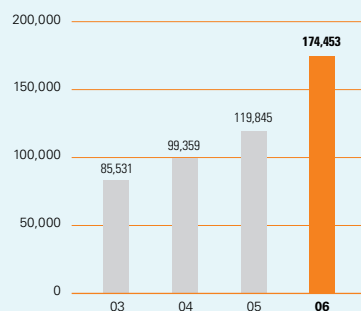
Expressed in HK\$'000 以千港元列示



45.6% 上升  
up

### Operating Profit 經營溢利

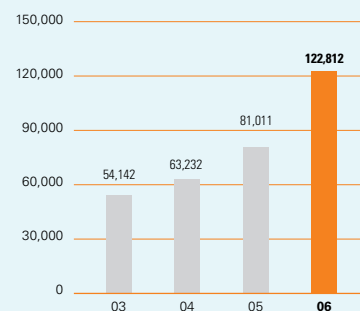
Expressed in HK\$'000 以千港元列示



51.6% 上升  
up

### Net Income 淨收益

Expressed in HK\$'000 以千港元列示



#### Selected Financial Data

HK\$'000 (except per share data)

#### 財務數據摘要

千港元 (每股數據除外)

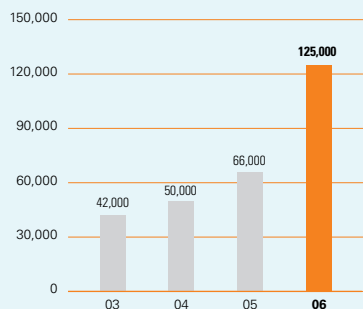
		FY2003 二零零三年 財政年度	FY2004 二零零四年 財政年度	FY2005 二零零四年 財政年度	<b>FY2006 二零零六年 財政年度</b>
Turnover	營業額	320,086	358,142	357,916	<b>363,746</b>
COGS	已售貨品成本	61,192	82,291	73,309	<b>68,725</b>
Gross profit	毛利	258,894	275,851	284,607	<b>295,021</b>
Operating profit	經營溢利	85,531	99,395	119,845	<b>174,453</b>
Net income	淨收益	54,142	63,232	81,011	<b>122,812</b>
Dividend	股利	42,000	50,000	66,000	<b>125,000</b>
EPS – basic	每股盈利 – 基本	\$0.0271	\$0.0320	\$0.0410	<b>\$0.0610</b>
Dividend per share	每股股利	\$0.0210	\$0.0250	\$0.0330	<b>\$0.0625</b>
Return on Equity (ROE)	股本回報	7.2%	8.2%	10.1%	<b>14.5%</b>
Return on Assets (ROA)	資產回報	6.3%	7.3%	8.9%	<b>12.7%</b>

Financial Highlights (Continued)  
財務摘要 (續)

**89.4%** 上升  
up

**Dividends**  
股利

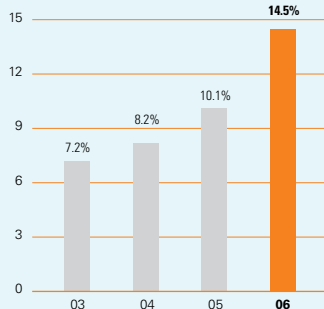
Expressed in HK\$'000 以千港元列示



**4.4%** 上升  
up

**Return on Equity (%)**  
股本回報 (%)

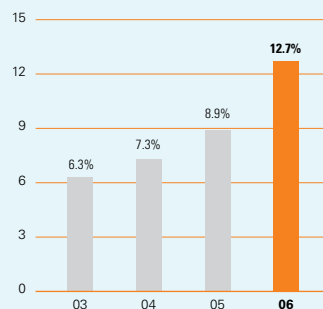
(%)



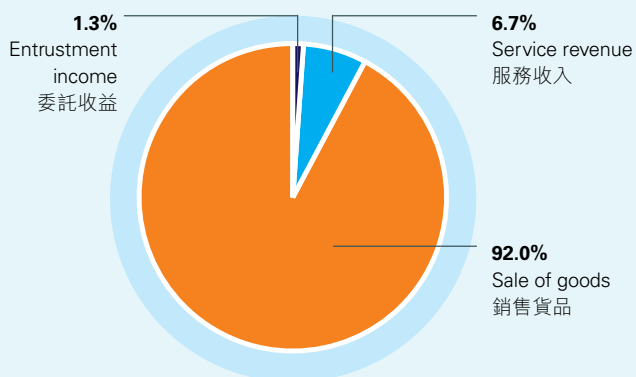
**3.8%** 上升  
up

**Return on Assets (%)**  
資產回報 (%)

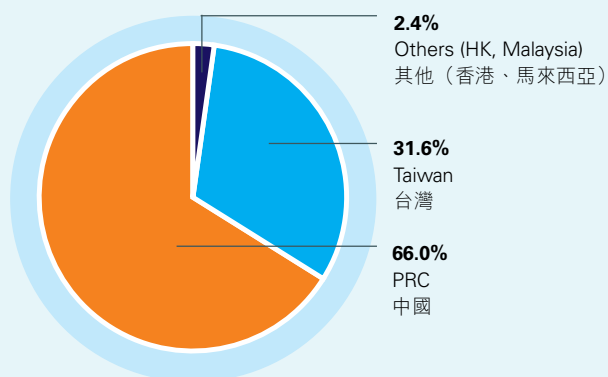
(%)



**Turnover by Revenue Breakdown (%)**  
按收益分析之營業額(%)



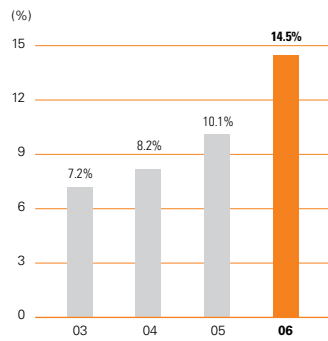
**Turnover by Geographical Breakdown (%)**  
按地域分析之營業額(%)





4.4% <sup>上升</sup>  
<sub>up</sub>

**Return on Equity (%)**  
股本回報 (%)





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# Chairman's Statement

## 主席報告書



# Chairman's Statement

## 主席報告書

*Dear Shareholders,*

### **PERFORMANCE**

I am pleased to present Natural Beauty's annual results for the year ended 31 December 2006. Our turnover for the year has increased by 1.6% at HK\$363.7 million (2005: HK\$357.9 million), mainly attributable to 12.2% turnover growth from our China operation that was offset by lackluster performance in Taiwan due to the island's persistent recession. Stringent cost control measures and our brand revamp initiatives in Taiwan have nonetheless begun to revive the Group's performance in the second half of the year. Hence despite a 16.4% drop in sales in Taiwan, our operating profit in Taiwan for the whole year has increased by 4% to HK\$54.4 million. Our net profit for the year has surged by 51.6% to HK\$122.8 million compared to HK\$81.0 million in 2005, while our net margin has increased 11.2 percentage points from 22.6% in 2005 to 33.8% in current year.

The Group's key performance indicators have displayed satisfactory performance during the year. Operating margin and net margin both shown significant improvement. Our return of equity has grown significantly from 10.1% in 2005 to 14.5% in 2006 while return on assets has improved from 8.9% in 2005 to 12.7% in 2006.

For the period under review, product sales from the PRC has increased by 14.3% to reach HK\$ 229.7 million to account for 95.7% of the total turnover in China, while service revenue has decreased by 27.5% to HK\$ 5.6 million. In Taiwan, product sales has accounted for 84.8% of our total revenue at HK\$ 97.3 million, as compared to HK\$ 117.4 million, or 85.5% of total turnover in 2005. Service revenue accounted for 15.2% of our revenue from the region, at HK\$ 17.4 million.

The Board of Directors has resolved to declare a dividend of 3.0 HK cents per share and a special dividend of 1.25 HK cents per share, totaling 4.25 HK cents per share. Total dividend for the year amounted to 6.25 HK cents that is inclusive of the interim dividend as previously declared with an annual dividend payout ratio of 102%.



## BUSINESS REVIEW

### Product Margin Expanded over Lower Overall Packaging Costs and Popularity of High Margin Products

During the review period, we have seen improvement in our profit margin in both China and Taiwan. Our NB-1 Family products, a premium line that has been very popular, has contributed to higher product margin with its premium pricing. Overall, our brand revamp exercise, of which product packaging is an important aspect, has enabled us to successfully reduce the number of bottle types. We have repackaged 221 products at the end of 2006 (2005: 60). In doing so, we have effectively aligned our products to the Group's updated brand image, and most importantly, improved our product margin in China from 85.1% in 2005 to 85.4% in 2006.

### Product Sales Driven by NB-1 Family Products and Successful Store Image Revamp

In addition to its higher margin and rising popularity, the NB-1 Family line is also instrumental to the Group's top line growth, and has accounted for HK\$120.6 million or a considerable 36% of our product sales for the year. We believe the sales of such premium priced products are greatly benefited by the uniqueness of our sales channels. The successful brand image revamp across 1,451 outlets in China and in Taiwan which were completed during the review period has also helped to drive product sales for the year as customers' feedbacks were almost unanimously positive and franchisee owners have reported that they have been able to market to an uppertier clientele.



### **Continuing to Roll-out Franchisee Network in China while Average Store Sales Grew**

As of 31 December 2006, there were 2,429 stores operating in the Greater China Region and Malaysia. Our total outlets grew by 308 during the year and our total number of franchisee spas in the PRC stood at 1,591. We have continued to leverage numerous forms of above-the-line advertising medium, including television commercials, magazines, and outdoor billboards, as well as online recruitment and promotion, to broaden our brand recognition and brand equity, ultimately enhancing our ability to recruit new franchisees in the PRC and expand NB's distribution network. The average sales per store in China grew by 6.5% in 2006. The NB brand is increasingly identified by the younger professional female and middle class family demographics amongst China's high-growth cities as a quality professional beauty product and service provider.

For our Taiwan operation, the total number of franchisee stores stood at 501 as at 31 December 2006. We have commenced a new initiative to increase the number of our retail outlets in Taiwan. As at the end of 2006, we have successfully established 161 new retail outlets in Taiwan, while our target is to increase the total number of outlets to 1,300 by end of 2007. We believe this approach will best complement our long term growth strategy in Taiwan, as franchise spa market is more mature and competitive than that in China.

### **Building a Professional Managing Team to Gear Up for Group's Future Growth**

To support the growth strategy of the Group, we have recruited key management personnel with the announcement of the appointment of Ms. Betty Yeung as the Chief Operating Officer, China and Mr. Mark Shaw as the Chief Operating Officer, Taiwan & other markets in the beginning of this year. With their extensive knowledge and experiences in the channel distribution and people management in the beauty and consumer industry, we believe the Group will be able to achieve new heights and will be one step closer in realizing our goal increase our market share, fortifying our leading position as the professional beauty products and license training provider in the Greater China region.

## **OUTLOOK**

### **Average Store Sales Expected to Sustain Growth with Enhanced Products, Services, and Brand**

In the year ahead, we will increase our training efforts to provide more licensed beauticians to China and Taiwan, in order to enhance the productivity of our franchisees. We believe average store sales will continue to grow in the coming year, driven by our enhanced brand equity thus pricing power of our products amidst China's robust economic growth. We believe our elevated brand positioning and skilled licensed beauticians will both ensure the service quality and cement the competitive positioning of our franchisees.

### **Expanding Franchisee Network in China will be Key Strategic Focus**

To broaden the reach of our products, our target is to open 400 new stores in 2007. We will encourage successful operators to open new stores by providing different kinds of support and incentives, especially in terms of marketing, promotion, and training. The Group's 15 training centers will play a pivotal role in assisting smaller franchisees to the expansion and growth of smaller franchisee, to ensure a sufficient supply of licensed beauticians. In turn, the Group believes ensuring our franchisee operators are offering high quality products and service to customers will benefit the Group by driving up product sales as well as a fostering a stronger brand name for Natural Beauty.

## Chairman's Statement (Continued)

### 主席報告書(續)

#### **China to Follow Taiwan in Developing a Retail Market**

The Group sees immense potential for personal care products, especially in the DIY treatment market. The retail operation, under the "Fonperi" brand name, which was newly launched in April 2007, is expected to generate satisfactory revenue for the Group through 1,300 retail points of sales including hypermarkets and drugstores throughout Taiwan.

We will also explore the retail business using the "Fonperi" brand in selected cities in the PRC, in areas where purchasing power is strong and demand for personal care products are on the uptrend. We envisage this retail strategy will be beneficial to the Group's overall profit margin.

#### **NOTE OF APPRECIATION**

With great pleasure I would like to thank the members of our Board, our shareholders, and business partners for their continuous support and guidance throughout the year. I would also like to thank the Group's management team and employees for their commitment and hard work, which is instrumental to the Group's continuous growth and expansion.

#### **Dr. Yen Yu Tsai**

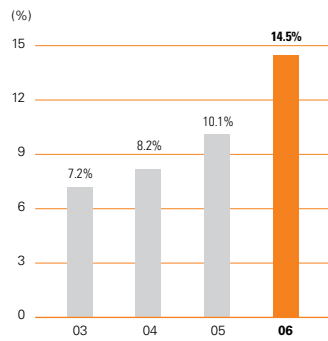
*Chairman*

Hong Kong, 18 April 2007



4.4% <sup>上升</sup>  
<sub>up</sub>

**Return on Equity (%)**  
股本回報 (%)





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# Chairman's Statement

主席報告書



# Chairman's Statement

## 主席報告書

各位股東：

### 表現

本人欣然提呈自然美截至二零零六年十二月三十一日止年度之年度業績。年內，本集團營業額增加1.6%至363,700,000港元（二零零五年：357,900,000港元），主要由於台灣因經濟持續衰退以致表現欠佳，從而抵銷本集團中國大陸業務12.2%之營業額升幅。嚴謹成本控制措施及本集團於台灣提升品牌知名度的行動開始改善本集團下半年表現。因此，儘管台灣銷售額下跌16.4%，本集團於台灣之全年經營溢利增加4%至54,400,000港元。本集團年內純利由二零零五年81,000,000港元上升51.6%至122,800,000港元；而邊際純利則由二零零五年22.6%增加11.2個百分點至本年度33.8%。

本集團主要表現指標顯示年內表現令人滿意。經營業務邊際毛利及邊際純利均顯著改善。本集團股本回報由二零零五年10.1%大幅增長至二零零六年14.5%，而資產回報則由二零零五年8.9%上升至二零零六年12.7%。

於回顧期間，中國大陸產品銷售額增加14.3%至229,700,000港元，佔中國大陸總營業額95.7%；而服務收益則下跌27.5%至5,600,000港元。至於台灣方面，產品銷售額為97,300,000港元，佔本集團總收益84.8%，而二零零五年則為117,400,000港元或佔總營業額85.5%。服務收益則為17,400,000港元，佔本集團於區內收益之15.2%。

董事會議決宣派股利每股3.0港仙及特別股利每股1.25港仙，合共每股4.25港仙。連同先前宣派之中期股利，本年度股利合共為6.25港仙，年度派息率為102%。



### 業務回顧

#### 產品邊際毛利因整體包裝成本下跌及利潤可觀之產品越趨普及而有所增加

於回顧期間，本集團於中國大陸及台灣之邊際利潤均有所改善。本集團非常受歡迎之優秀產品NB-1旗下產品訂價較高，帶來可觀產品邊際毛利。總括而言，本集團提升品牌之行動（其中產品包裝為重要一環）致令本集團成功減少容器種類數目。本集團於二零零六年年底已於重新包裝221項（二零零五年：60項）產品。因此，本集團有效將其產品與其最新品牌形象互相配合，而最重要的是，本集團已將於中國大陸之產品邊際毛利由二零零五年85.1%改善至二零零六年85.4%。

#### NB-1旗下產品及店舖形象成功提升帶動產品銷售額

除NB-1旗下產品利潤較高，且越趨普及外，NB-1旗下產品亦對本集團之增長攸關重要，錄得120,600,000港元或佔本集團年內產品銷售額36%。本集團相信，該等高訂價產品之銷售額大大受惠於本集團銷售渠道之獨有性。本集團成功於回顧期間完成為中國及台灣1,451間店舖提升店舖形象，亦有助推動年內產品銷售額，此乃由於顧客反應相當正面，加盟店更表示彼等能成功吸引到較高檔次之顧客。



#### 繼續於中國擴充加盟經營網絡，而平均店舖銷售額亦有所增長

截至二零零六年十二月三十一日止，於大中華區及馬來西亞共有2,429間店舖。年內，本集團店舖總數增加308間，而本集團於中國之加盟水療中心合共1,591間。本集團繼續憑藉各種推廣媒體（包括電視廣告、雜誌及戶外廣告板以及網上招募及宣傳）提升本集團品牌知名度，最終提高本集團於中國招募新加盟店之能力，並同時擴充自然美之分銷網絡。於二零零六年，中國大陸平均每間店舖銷售額增加6.5%。自然美品牌正逐漸為中國大陸經濟增長迅速城市的年輕專業女性及中產家庭認定為優質專業美容護理產品及服務供應商。

就台灣業務而言，於二零零六年十二月三十一日，加盟店合共501間。本集團開始採取新措施增加本集團於台灣之零售店舖數目。於二零零六年底，本集團在台灣成功開拓161間新零售店舖，而本集團之目標為於二零零七年底將零售店舖總數增加至1,300間。本集團相信，就長遠發展而言，由於台灣加盟水療中心市場較中國大陸水療中心市場成熟及更具競爭力，此方法將與本集團台灣之增長策略相輔相成。

#### 建立專業管理隊伍推動本集團日後增長

為支持本集團增長策略，本集團招聘主要管理人員，並已於本年初公佈委任楊王秀萍女士為中國大陸業務總裁以及委任蕭文聰先生為台灣及其他市場之業務總裁。憑藉彼等於美容及消費行業之分銷渠道及人事管理方面所累積豐富經驗，本集團相信，本集團將能另創高峰，並向實現本集團增加市場佔有率、加強本集團為大中華區專業美容產品及持牌培訓供應商的領導地位之目標邁進一大步。

#### 展望

##### 隨著產品、服務及品牌均有所改善，預期平均店舖銷售額持續增長

來年，本集團將專注培訓方面，以於中國大陸及台灣提供更多持牌美容師，從而提高本集團加盟店之生產力。本集團相信，儘管中國大陸經濟蓬勃增長，平均店舖銷售額將於來年因本集團提升品牌知名度及其產品之訂價能力而持續增長。本集團相信，其品牌地位有所提升，加上技巧純熟的持牌美容師，將確保服務質素，同時加強本集團加盟店之競爭優勢。

##### 擴大中國大陸加盟經營網絡將成為主要策略重點

為擴大本集團產品接觸層面，本集團之目標為於二零零七年開設400間新店舖。本集團將透過提供各種特別是與市場推廣、宣傳及培訓相關的支持及獎勵計劃，鼓勵成功經營者開設新店舖。本集團15個培訓中心將於協助小型加盟店拓展及促進業務增長扮演舉足輕重的角色，以確保供應足夠持牌美容師。因此，本集團相信，確保本集團加盟店經營者向顧客提供優質產品與服務將帶動產品銷售額上升及促進自然美品牌知名度，從而令本集團受惠。

## Chairman's Statement (Continued)

### 主席報告書(續)

#### 中國大陸將繼台灣發展零售市場

本集團認為個人護理產品市場（特別是DIY護理產品市場）潛力龐大。並於二零零七年四月新推出「Fonperi」品牌之零售經營者於台灣之1,300個包括超級廣場及藥房等零售銷售點將為本集團帶來可觀收益。

本集團亦將以「Fonperi」品牌於中國大陸購買力強勁且個人護理產品需求殷切之選定城市開拓零售業務。本集團相信，有關零售策略將對本集團整體邊際利潤有利。

#### 致謝

本人欣然向董事會成員、股東及業務夥伴年內鼎力支持及指導致以衷心謝意，亦感謝本集團管理層隊伍及僱員的竭誠服務及努力工作，致令本集團持續發展及擴充業務。

蔡燕玉博士

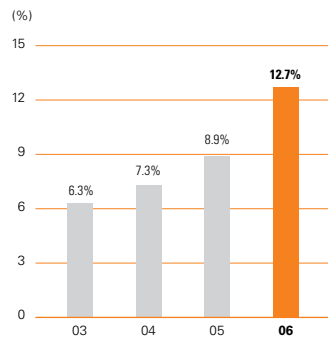
主席

香港，二零零七年四月十八日



3.8% 上升  
up

**Return on Assets (%)**  
資產回報 (%)



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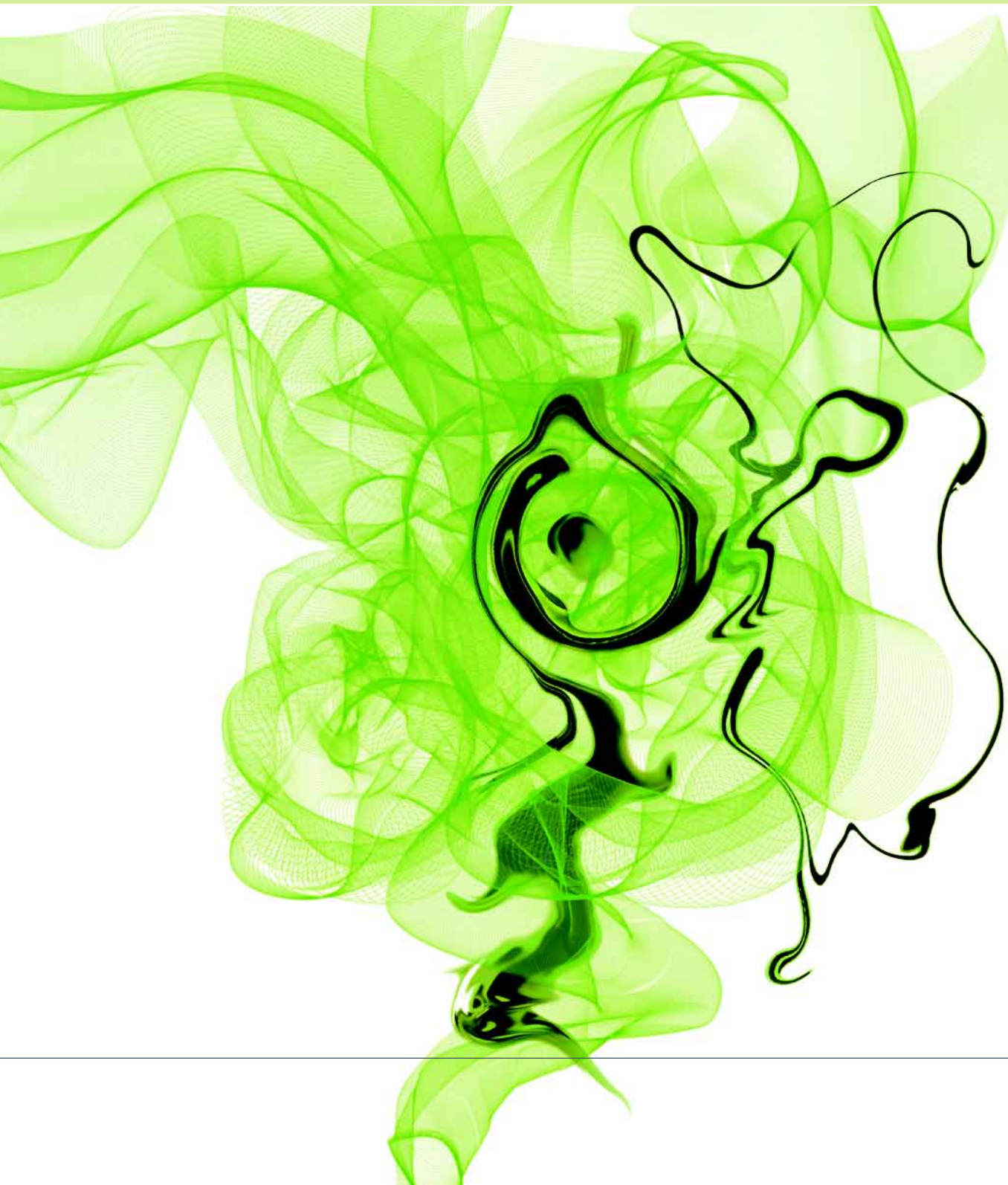
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# Management Discussion and Analysis

管理層討論及分析



# Management Discussion and Analysis

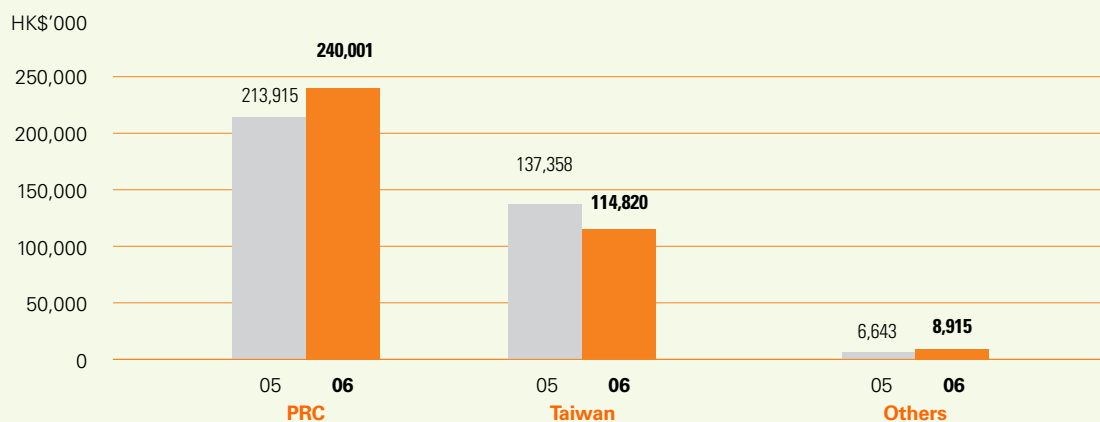
## 管理層討論及分析

### Financial Review

#### Turnover by geographical region

	2006		2005		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	<b>240,011</b>	<b>66.0%</b>	213,915	59.8%	26,096	12.2%
Taiwan	<b>114,820</b>	<b>31.6%</b>	137,358	38.4%	(22,538)	-16.4%
Others	<b>8,915</b>	<b>2.4%</b>	6,643	1.8%	2,272	34.2%
<b>Total</b>	<b><u>363,746</u></b>	<b><u>100.0%</u></b>	<b><u>357,916</u></b>	<b><u>100.0%</u></b>	<b><u>5,830</u></b>	<b><u>1.6%</u></b>

#### Turnover by Geographical Region



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



	<b>2006</b>	2005	<b>2006</b>	2005	<b>Changes</b>	<b>Changes</b>
<b>Average sales per store</b>	<b>Average store*</b>	Average store*	<b>Average sales per store HK\$</b>	Average sales per store HK\$	HK\$	%
PRC	<b>1,626.0</b>	1,533.5	<b>148,000</b>	139,000	9,000	6.5%
Taiwan	<b>603.5</b>	530.0	<b>190,000</b>	259,000	(69,000)	-26.6%
<b>Group total**</b>	<b>2,275.0</b>	<b>2,083.5</b>	<b>160,000</b>	<b>169,000</b>	<b>(9,000)</b>	<b>-5.3%</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.

	<b>2006</b>	2005	<b>2006</b>	2005	<b>Changes</b>	<b>Changes</b>
<b>Average sales per store</b>	<b>Average store*</b>	Average store*	<b>Average sales per store HK\$</b>	Average sales per store HK\$	HK\$	%
PRC	<b>1,626.0</b>	1,533.5	<b>148,000</b>	139,000	9,000	6.5%
Taiwan***	<b>523.0</b>	530.0	<b>220,000</b>	259,000	(39,000)	-15.1%
<b>Group total**</b>	<b>2,194.5</b>	<b>2,083.5</b>	<b>166,000</b>	<b>169,000</b>	<b>(3,000)</b>	<b>-1.8%</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.

\*\*\* Excluded 161 new retail outlets at the end of 2006



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

Turnover has slightly increased by 1.6% to HK\$363.7 million in 2006 compared to HK\$357.9 million in 2005. Robust sales growth in the PRC market (total turnover increased by 12.2% to 240.0 million) offset the decrease in turnover in Taiwan due to economic recession in the Taiwan market. The Group's average sales per store decreased by 5.3% from HK\$169,000 in 2005 to HK\$160,000 in 2006 as 161 retail outlets in Taiwan were added by the end of year. If these new retail outlets were excluded, the decrease in average store sales would have narrowed to 1.8% to HK\$166,000.

Turnover in the PRC surged 12.2% or HK\$26.1 million to HK\$240.0 million due to the increase in product sales by HK\$28.8 million, representing a year-on-year growth of 14.3% that is attributable to effective brand and store image revamp program that has commenced in April 2005. As at the end of the reporting period, approximately 1,066 stores of the Group have completed or are in the process of revamping in the PRC market. As a result, average store sales recorded a further growth of 6.5% in the PRC, from HK\$139,000 in 2005 to HK\$148,000 in 2006.

In Taiwan, turnover for the year decreased by 16.4% or HK\$22.5 million to HK\$114.8 million in 2006 as compared to HK\$137.3 million in 2005. The drop in turnover was mainly due to recessionary contraction in Taiwan. On the other hand, the Group has just started its store revamp program in Taiwan at the end of the first quarter of 2006 (385 stores completed the revamping exercises as at 31 December 2006) and the effect has yet to be realized.

Other markets, specifically, Hong Kong and Malaysia, include 1 store in Hong Kong and 50 stores in Malaysia as at 31 December 2006. These regions remained generally immaterial and account for approximately 2% of total turnover to the Group.

The overall gross profit margin of the Group increased from 79.5% in 2005 to 81.1% in 2006.



Management Discussion and Analysis (Continued)  
 管理層討論及分析(續)

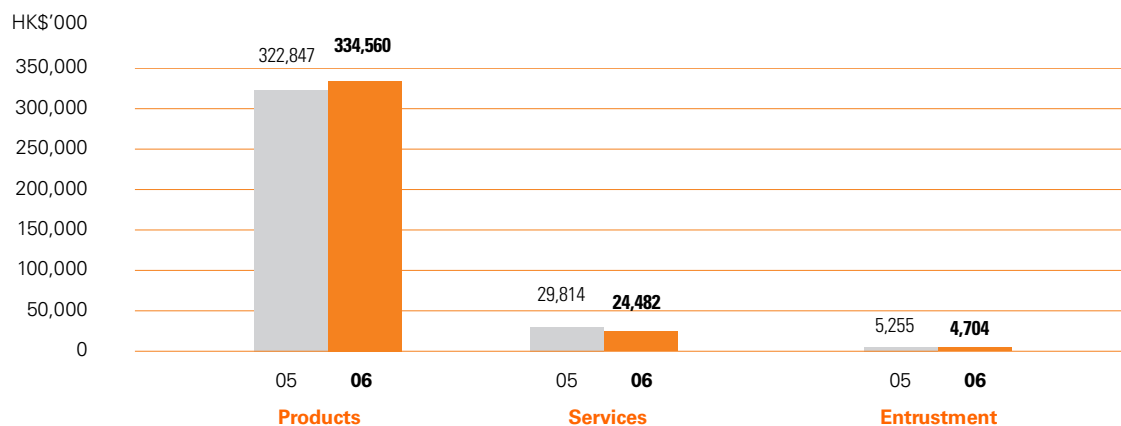
BY ACTIVITIES	2006 HK\$'000	2005 HK\$'000	Variance HK\$'000	Variance %
<b>Products</b>				
PRC	229,740	200,979	28,761	14.3%
Taiwan	97,374	117,375	(20,001)	-17.0%
Others	7,446	4,493	2,953	65.7%
Total	334,560	322,847	11,713	3.6%
<b>Services</b>				
PRC	5,567	7,681	(2,114)	-27.5%
Taiwan	17,446	19,983	(2,537)	-12.7%
Others	1,469	2,150	(681)	-31.7%
Total	24,482	29,814	(5,332)	-17.9%
<b>Entrustment</b>				
PRC	4,704	5,255	(551)	-10.5%
Taiwan	-	-	-	n/a
Others	-	-	-	n/a
Total	4,704	5,255	(551)	-10.5%

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

Turnover by activities	2006		2005		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Products	<b>334,560</b>	<b>92.0%</b>	322,847	90.2%	11,713	3.6%
Services	<b>24,482</b>	<b>6.7%</b>	29,814	8.3%	(5,332)	-17.9%
Entrustment	<b>4,704</b>	<b>1.3%</b>	5,255	1.5%	(551)	-10.5%
<b>Total</b>	<b>363,746</b>	<b>100.0%</b>	<b>357,916</b>	<b>100.0%</b>	<b>5,830</b>	<b>1.6%</b>

#### Turnover by Activities



#### Products

The Group manufactures and sells several types of products, namely skin care products, beauty products, aromatherapeutic products and health supplements, under the NB and Bio-up brand names. Product sales, as the Group's key revenue contributor, are primarily made through spas and dedicated counters and are the Group's key revenue contributor, accounting for HK\$334.6 million, or 92.0% of total revenue in 2006, compared to HK\$322.8 million, or 90.2% in 2005.

The increase in products sales was mainly attributable to the HK\$28.8 million growth from the PRC market as a result of the successful brand revamping program, including the overall brand image, franchised store image and new product packaging. 221 products in the PRC were repackaged by the end of 2006. These initiatives successfully increased the product gross margins by 0.5% to 85.8% compared to 85.3% in the corresponding period of last year. The Group will continue to increase its margins by further enhancing its package revamp exercise.

Other markets in Hong Kong and Malaysia and only accounted for 2.2% of total product sales for the year.

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

Service income	2006		2005		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Training income	1,975	8.1%	1,557	5.2%	418	26.8%
SPA service income	12,110	49.5%	16,518	55.4%	(4,408)	-26.7%
Management fee income	8,503	34.7%	8,093	27.1%	410	5.1%
Others	1,894	7.7%	3,646	12.3%	(1,752)	-48.1%
<b>Total</b>	<b>24,482</b>	<b>100.0%</b>	<b>29,814</b>	<b>100.0%</b>	<b>(5,332)</b>	<b>-17.9%</b>

#### Services

Service income includes 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 as well as 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. During the year, income from these services decreased by 26.7% to HK\$12.1 million compared to that of 2005, mainly attributable to the reduction of service income in the PRC, Hong Kong and Taiwan markets. As one of the spas in the PRC market were forced to close down during 2006 due to the Shanghai government's redevelopment plan, service revenue generated from the PRC decreased by HK\$2.1 million. Service revenue of the spa operations in Hong Kong reported a reduction of HK\$0.6 million due to the closure of a spa since 1 January 2006. Service revenue of the Taiwan market also reduced by HK\$2.5 million due to the economic recession and political instabilities during 2006.

While self-owned stores are necessary to be established as model spas in new markets, the Group considers it will be more profitable and cost-efficient as a whole to allocate resources to stimulate overall product sales.

Nevertheless, the service income generated from training income increased by 26.8% to HK\$2.0 million during the year under review, as a result of additional advertising of beauty courses through CCTV-MTV music award sponsorship and other media exposure.

Management fees received from the franchisees also increased by 5.1% to HK\$8.5 million, mainly due to the quarterly management fee received from franchisees from PRC.

Other service income represented forfeited franchisee deposits and other service related income. The decrease was mainly due to the one-off forfeiture of franchisee deposits in Taiwan which amounted to HK\$1.5 million in 2005.

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### **Entrustment**

Entrusted spas are owned by the Group and operated by reputable operators. The spas were previously operated by the Group. 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 will sell the Group's products in their stores, while the Group receives a fixed annual entrustment fee.

The Group believes the entrustment arrangement is mutually beneficial 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 re-allocate our executives to explore new markets.

The entrustment income decreased 10.5% to HK\$4.7 million in 2006 compared to HK\$5.3 million in 2005. The drop in entrustment income was because certain entrustment arrangements were expired during the year.

#### **Other income**

Other income mainly represented the rental income of HK\$6.2 million, interest income of HK\$4.3 million, financial refunds of HK\$26.5 million and increase in fair value of investment properties of HK\$0.3 million and others for the remaining balance. Other income increased by 9.7%, or HK\$4.2 million from HK\$43.1 million in 2005 to HK\$47.3 million in 2006. The increase is mainly attributable to the increase in financial refund in PRC of HK\$6.9 million due to higher operating profits of PRC subsidiaries; and increase in interest income of HK\$1.0 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 decreased from 35.7% in 2005 to 27.9% in 2006. The total costs decreased by HK\$26.3 million, from HK\$127.7 million in 2005 to HK\$101.4 million in 2006. Despite of our increased advertising exposure in various media, the Group's advertising costs and promotional expenses reduced by HK\$31.1 million to HK\$46.0 million in 2006. Advertising and promotional expenses as a percentage of turnover decreased from 21.6% in 2005 to 14.1% in 2006.

On the other hand, administrative expenses as a percentage of turnover decreased from 17.3% in 2005 to 16.3% in 2006. The cost mainly covered salary, legal and professional fee, depreciation and rental charges. The amount reduced by HK\$2.5 million to HK\$59.5 million in 2006 compared to HK\$62.0 million in 2005, due to the impairment loss on goodwill made in 2005 amounted to HK\$2.1 million.

#### **Other operating expenses**

Other operating expenses in 2006 totaled HK\$6.9 million, reduced by 62.2% compared to HK\$18.2 million in 2005, mainly represented the written off of inventory of HK\$1.5 million, loss on disposal of fixed assets of



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

HK\$0.6 million, bank charges of HK\$1.8 million and exchange loss of HK\$1.4 million which mainly generated from the dividend and withholding taxes paid outside HK. The main reason for the fluctuation as compared to last year was a HK\$3.3 million reduction in the loss of disposal of fixed assets, primarily resulting from the shop revamping exercises in PRC in the previous year. In addition, inventory provision of HK\$7.0 million was charged in 2005, partly due to the product repackaging initiative.

#### **Profit before taxation**

The increase in gross profit, other income, in couple with the savings in distribution and administrative cost, as well as decrease in other operating expenses, has led to 45.6% surge in profit before tax, from HK\$119.8 million in 2005 to HK\$174.5 million in 2006.

#### **Taxation**

Taxation expenses increased 33.0% from HK\$38.8 million in 2005 to HK\$51.6 million in 2006. The increase of taxation is mainly due to the higher profits tax paid for the growth in PRC profits. The effective tax rate of the Group for financial year ended 31 December 2005 and 2006 were 32.4% and 29.6% respectively. The drop in effective tax rate is due to effective tax planning in the PRC. The relatively high effective tax rate is attributable to taxes being withheld on dividends paid by our Taiwan subsidiaries when the dividends were paid outside of Taiwan. The total withheld tax expense charged by Taiwan tax authority amounted to HK\$3.8 million in 2006 (2005: HK\$3.2 million).

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

As a result, the net income for the year increased by 51.6% from HK\$81.1 million in 2005 to HK\$122.8 million in current year.

#### **Liquidity and financial resources**

Cash generated from operations for 2006 was approximately HK\$150.4 million (2005: HK\$220.2 million). The decrease was primarily due to the changes in working capital. As at 31 December 2006, the Group had bank balances and cash of approximately HK\$356.2 million (2005: HK\$338.7 million) and trading securities (which are mainly quasi-money market funds) of approximately HK\$27.7 million (2005: HK\$26.5 million) with no external bank borrowing.

In terms of gearing, as at 31 December 2005 and 2006, 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 2005 and 2006 were 5.3 times and 5.7 times respectively. As at 31 December 2006, 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.

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Charges on assets

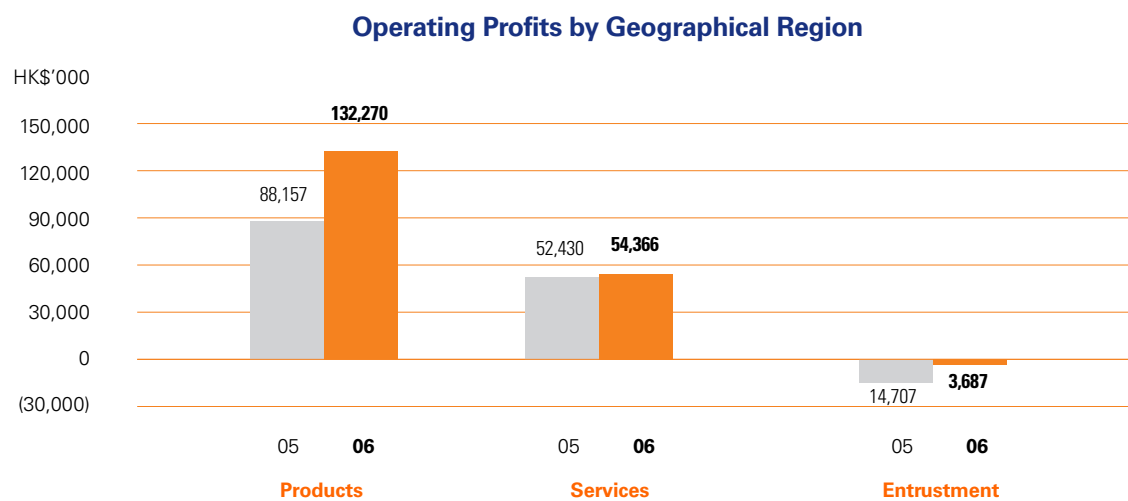
Certain freehold investment properties of the Group with a carrying amount of HK\$157.8 million (2005: HK\$155.3 million) are pledged to a bank. The banking facilities granted by the bank were terminated in 2002 and the charge will be released upon the disposal of the investment properties subsequent to the balance sheet date.

#### 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 2006, approximately 66.9% (2005: 68.1%) of the Group's bank balances and cash was denominated in Renminbi, while approximately 22.2% (2005: 21.4%) was denominated in New Taiwan Dollar and the remaining 10.9% (2005: 10.5%) 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

By geographic region	2006 HK\$	2005 HK\$	Variance HK\$	Variance %
<b>PRC</b>				
Turnover-Product sales	229,740	200,979	28,761	14.3%
Turnover-Service	5,567	7,681	(2,114)	-27.5%
Turnover – Entrustment	4,704	5,255	(551)	-10.5%
PRC Total	240,011	213,915	26,096	12.2%
<b>Taiwan</b>				
Turnover-Product sales	97,374	117,375	(20,001)	-17.0%
Turnover-Service	17,446	19,983	(2,537)	-12.7%
Turnover – Entrustment	–	–	–	n/a
Taiwan Total	114,820	137,358	(22,538)	-16.4%
<b>Others</b>				
Turnover-Product sales	7,446	4,493	2,953	65.7%
Turnover-Service	1,469	2,150	(681)	-31.7%
Turnover – Entrustment	–	–	–	n/a
Others Total	8,915	6,643	2,272	34.2%



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### PRC Market

The Group has implemented its brand revamping exercise since 2005. During the year of 2006, the benefits of the programme has started to appear in the growth of product sales. The Group's product sales in the PRC increased 14.3% to HK\$229.7 million. Gross margin of product sales also recorded a slight improvement from 85.1% to 85.4% in current year.

Our entrustment strategy continued to pay off. The Group entrusted its spas to reputable operators in established areas to enhance cost-efficiency. Entrustment fees and product revenue from the operators has minimized the loss incurred in the initial stage of entrustment programme. Hence the Group's overall gross profit in the PRC increased by HK\$25.1 million and the overall gross margin significantly increased from 80.1% to 81.9% in 2006, representing a year-on-year growth of 1.8 percentage points although service revenue and entrustment income have both declined by HK\$2.1 million and HK\$0.6 million respectively.

Other operating income was mainly driven up by tax refund, hence operating profit and net profit, have surged by 50.0% and 56.0% respectively in current year, to HK\$132.3 million and HK\$89.2 million respectively. While operating margin improved from 41.2% in 2005 to 55.1% in 2006, the overall net margin in the PRC also improved from 26.7% in 2005 to 37.2% in 2006.

#### Taiwan Market

Taiwan has been in economic recession during current year and our brand revamp exercise for Taiwan market has only commenced at the end of the first quarter of 2006. As a result, product sales in Taiwan dropped 17.0% to HK\$97.4 million in 2006. Taiwan started the product repackage process during the year and as a result, the product sales gross margin recorded an improvement from 88.0% in 2005 to 91.2% in 2006. The overall gross margin also recorded a slight improvement from 83.1% in 2005 to 84.9% in current year.

Despite of the drop in the turnover and gross profit in Taiwan, the cost saving in advertising expenses of HK\$14.0 million and has resulted in the growth of operating profit by 3.7%, or HK\$1.9 million in 2006, driving up the operating margin from 38.2% in 2005 to 47.3% in 2006. Net profit improved by 3.4%, or HK\$1.6 million, to HK\$48.8 million in current year while overall net margin in Taiwan has improved from 34.3% in 2005 to 42.5% in 2006.

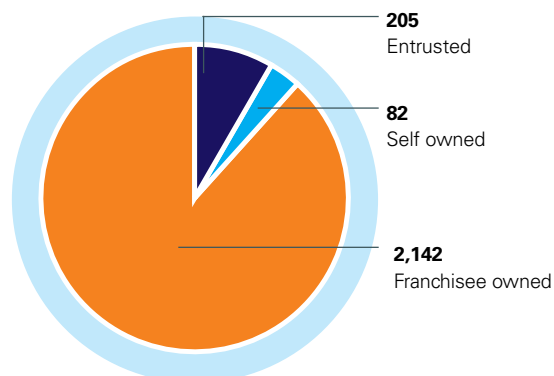
Management Discussion and Analysis (Continued)  
 管理層討論及分析(續)

**Distribution channels**

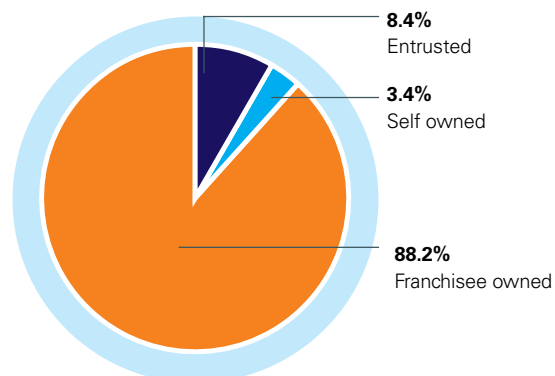
Store Number by Ownership As at 31 December 2006	Franchisee			Total Spa	Entrusted Counter	Self		Grand Total
	owned Spa	Entrusted Spa	Self owned Spa			owned Counter	Total Counter	
Taiwan	501	-	9	510	161	-	161	671
PRC	1,591	24	5	1,620	20	67	87	1,707
Others	50	-	1	51	-	-	-	51
<b>Total</b>	<b>2,142</b>	<b>24</b>	<b>15</b>	<b>2,181</b>	<b>181</b>	<b>67</b>	<b>248</b>	<b>2,429</b>

Store Number by Ownership As at 31 December 2006	Franchisee owned	Entrusted	Self owned	Total
Taiwan	501	161	9	671
PRC	1,591	44	72	1,707
Others	50	-	1	51
<b>Total</b>	<b>2,142</b>	<b>205</b>	<b>82</b>	<b>2,429</b>

**Store Number by Ownership(2,429)**



**Store Number by Ownership(%)**



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

The Group principally derives income through our unique distribution channels, namely spas and counters in department stores. As at 31 December 2006 there are 2,429 store outlets, of which 2,181 are spas and 248 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.

As of 31 December 2006, there were total 2,142 franchisee spas and there were 15 spas and 67 counters directly operated by the Group. There were also 24 spas and 181 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 is a need 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, which will incur higher distribution costs compared to franchisees. The Group has therefore entrusted certain of our spas in explored markets to reputable operators and will evaluate the need of self-owned spas in selective areas.

This entrustment strategy in PRC is proved successful as the overall gross margin has improved from 80.1% in 2005 to 81.9% in 2006, with an additional contribution of HK\$25.1 million for current year.

#### **Revamp Brand Image**

We recognized the needs to proactively transform our brand image to maintain our competitive edge. The brand revamp can be summarized in the four main areas:

- New Professional Management
- Store-Front Revamp of Existing Franchised Spas
- Product Repackaging
- Investor Relations

### **New Professional Management**

In order to cope with our business growth in the years ahead, the Group has further strengthened our management team. The new Chief Operating Officer in Taiwan and other markets and Chief Operating Officer in China joined the Group in late 2006 and January 2007 respectively. The Group believes that the breadth and depth of the knowledge and experiences of this management team will enable the group to achieve new heights in the industry.

### **Store-Front Revamp of Existing Franchised Spas**

As the Group has a vast network of franchised spas, while considering the lengthy process for all the franchisees to renovate their spas according to the Group's new franchised store image, the Group has therefore introduced an interim arrangement where the franchisees will be able to revamp their spa with minimum efforts and financial resources by unifying all the shop signs to our award-winning revamped corporate identity. As of 31 December 2006, 1,136 spas in China and 315 spas in Taiwan (totaling 1,451) have completed their store revamp exercise.

### **Product Repackaging**

The Group's brand revamp exercise is also extended to product packaging. In order to have a consistent image, the Group has re-designed all its product packages and simplified the package type of over 200 various forms for more than 700 types of products to 24 standard forms only. A total of 221 (2005: 60) products have changed their product packages by the end of 2006. This has led to a slight improvement of profit margin in the PRC products to 85.4% in 2006 as compared to 85.1% in 2005. We will continue to repackage our existing product lines by phases in 2007 and 2008.

### **Investor Relations ([www.nblife.com/ir](http://www.nblife.com/ir))**

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. The website, also has a Business-to-Business ("B2B") portal for franchisees to order their goods online.

We also recently enhanced our corporate/investor relations section of our website, which is bilingual in English and Chinese to better communicate with investors.

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



[www.nblife.com/ir](http://www.nblife.com/ir)

#### **Logistics**

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.

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 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.

Since customers of the spas are regular customers and tend to adhere to the same product lines over years, that was best for their skin types and conditions. Most of our research and development expenses are spent on the extension of existing product lines. Therefore, our research and development expenses are relatively lower than cosmetic companies.

The total research & development cost for the year ended 31 December 2006 amounted to HK\$2.0 million (2005: HK\$1.3 million).



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### **New 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 2006, there were over 162,000 sets / bottles (2005: 45,000 sets / bottles) of NB-1 family products were sold with a turnover of HK\$120.6 million (2005: HK\$45.8 million), which accounted for over one-third of the total product sales during 2006.

In 2006, the Group continued to enrich its product range and launched 36 new products during the year under review.

#### **New Promotional Channels**

The group also planned to expand its promotional channels through campus mailer to 50 universities in Beijing, Guangzhou and Shanghai, which consist of approximately 400,000 female population. The mailers will be delivered to each room in student dormitories. Posters associated with the mailers will also be used in each cafeteria and classroom across all campuses. In addition, we will hold campus beauty classes and celebrity events to promote the mailers. This is expected to be an efficient promotional channel for targeting potential NB customers and building brand awareness in tomorrow's customers.

#### **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 2007.



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### **Human Resources**

As at 31 December 2006, the Group had a total of 893 employees, of which 693 were based in PRC, 183 in Taiwan and 17 in other areas. Total remuneration (excluding directors' emoluments) for the year ended 31 December 2006 was appropriately HK\$58.4 million (2005: HK\$62.7 million), including retirement benefits cost of HK\$6.1 million (2005: HK\$6.0 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 provide 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 has adopted a share option scheme on 11 March 2002, to incentivize and reward 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\$11.3 million additions to fixed assets in 2006 (2005: HK\$24.9 million), of which in 2005 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.

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Future Plans and Strategies

Natural Beauty's has been the leading professional beauty products & spa services provider in Greater China and will continue to maintain its leading position in Taiwan spa market and develop retail market in Taiwan and focusing on capturing the fast expanding PRC market.

The Group has defined plans for expansion and also plans to maximize our revenues and profitability.

Strategies for the expansion of franchise network:

- Expand retail distributions in Taiwan through 1,300 outlets and initiate retail in China
- Expand training to provide more licensed beauticians to our franchisees
- To increase 400 stores in 2007

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.

#### Outlook

##### China

With the robust growth of the China GDP of around 10% and increasing population of the affluent Chinese female consumers, we believe the market size of our spa business is constantly growing, especially in the anti-aging, whitening and well-being aspects. As there are still many areas in China we believe we have not fully explored, we will continue to expand our network to fortify our leading position in the franchise spa arena. We will also leverage on our Taiwan experience to explore the retail market in the second half of this year.

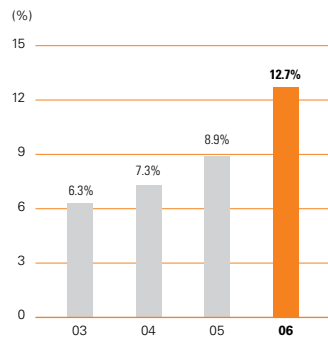
##### Taiwan

With the approaching of the Taiwan presidential election, we envisage the economy of Taiwan will be bottomed out later this year. We will maintain our leading position in Taiwan spa market and our "Fonperi" retail brand products are expected to be our key growth driver for our Taiwan businesses in 2007.



3.8% 上升  
up

**Return on Assets (%)**  
資產回報 (%)

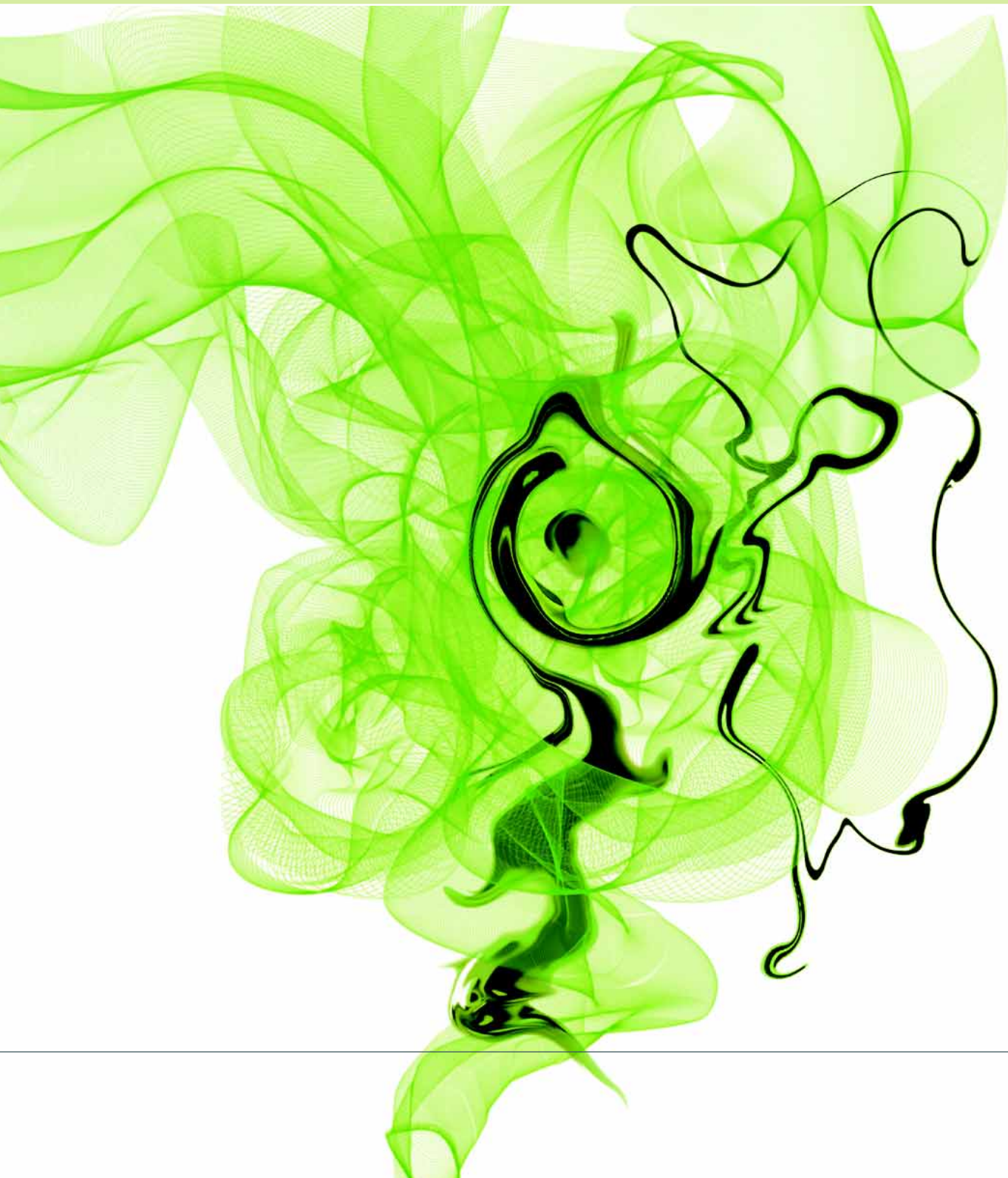


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Qi



# Management Discussion and Analysis

管理層討論及分析



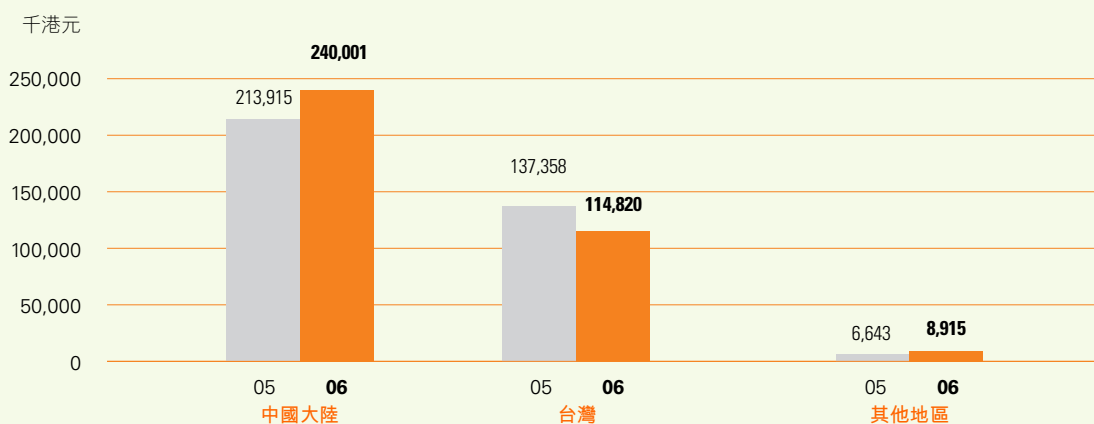
# Management Discussion and Analysis

## 管理層討論及分析

### 財務回顧

按地或劃分之營業額	二零零六年		二零零五年		變動	
	千港元	%	千港元	%	千港元	%
中國大陸	<b>240,011</b>	<b>66.0%</b>	213,915	59.8%	26,096	12.2%
台灣	<b>114,820</b>	<b>31.6%</b>	137,358	38.4%	(22,538)	-16.4%
其他地區	<b>8,915</b>	<b>2.4%</b>	6,643	1.8%	2,272	34.2%
<b>總計</b>	<b>363,746</b>	<b>100.0%</b>	<b>357,916</b>	<b>100.0%</b>	<b>5,830</b>	<b>1.6%</b>

### 按地域劃分之營業額





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



店舖平均銷售額	二零零六年 平均店舖 數目*	二零零五年 平均店舖 數目*	二零零六年 店舖平均 銷售額 港元	二零零五年 店舖平均 銷售額 港元	變動 港元	變動 %
中國大陸	<b>1,626.0</b>	1,533.5	<b>148,000</b>	139,000	9,000	6.5%
台灣	<b>603.5</b>	530.0	<b>190,000</b>	259,000	(69,000)	-26.6%
<b>集團總計**</b>	<b>2,275.0</b>	<b>2,083.5</b>	<b>160,000</b>	<b>169,000</b>	<b>(9,000)</b>	<b>-5.3%</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

店舖平均銷售額	二零零六年 平均店舖 數目*	二零零五年 平均店舖 數目*	二零零六年 店舖平均 銷售額 HK\$	二零零五年 店舖平均 銷售額 HK\$	變動 HK\$	變動 %
中國大陸	<b>1,626.0</b>	1,533.5	<b>148,000</b>	139,000	9,000	6.5%
台灣***	<b>523.0</b>	530.0	<b>220,000</b>	259,000	(39,000)	-15.1%
<b>集團總計**</b>	<b>2,194.5</b>	<b>2,083.5</b>	<b>166,000</b>	<b>169,000</b>	<b>(3,000)</b>	<b>-1.8%</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

\*\*\* 不包括二零零六年年底之161間新零售店舖



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

營業額由二零零五年357,900,000港元輕微上升1.6%至二零零六年363,700,000港元。中國大陸市場有強勁銷售增長，總營業額增加12.2%至240,000,000港元，抵銷了因台灣市場經濟衰退而導致源自台灣之營業額減幅。本集團的店鋪平均銷售額由二零零五年169,000港元減少5.3%至二零零六年160,000港元，乃由於年底在台灣增設161間零售店鋪所致。倘不包括該等新開設零售店鋪，店鋪平均銷售額將減少1.8%至166,000港元。

中國大陸營業額急升12.2%或26,100,000港元至240,000,000港元，乃由於產品銷售額增加28,800,000港元，按年增長14.3%。產品銷售額增加乃歸因於本公司自二零零五年四月起展開有效的品牌及店鋪形象提升計劃所帶動。於報告期終，本集團於中國大陸市場約1,066間店鋪已完成或在進行翻新工程中。因此，店鋪平均銷售額錄得進一步增長，由二零零五年139,000港元增加6.5%至二零零六年148,000港元。

於台灣，本年度營業額由二零零五年137,300,000港元減少16.4%或22,500,000港元至二零零六年114,800,000港元。營業額減少主要歸因於台灣經濟衰退所致。另一方面，本集團於二零零六年首季末在台灣展開翻新店鋪計劃，故效益尚待體現。於二零零六年十二月三十一日，385間店鋪已完成翻新工程。

其他市場，特別是香港及馬來西亞，於二零零六年十二月三十一日，包括於香港之一間店鋪及於馬來西亞之50間店鋪。一般而言，該等地區的業務並不重大，佔本集團總營業額約2%。

本集團之整體邊際毛利率由二零零五年79.5%上升至二零零六年81.1%。



Management Discussion and Analysis (Continued)  
 管理層討論及分析(續)

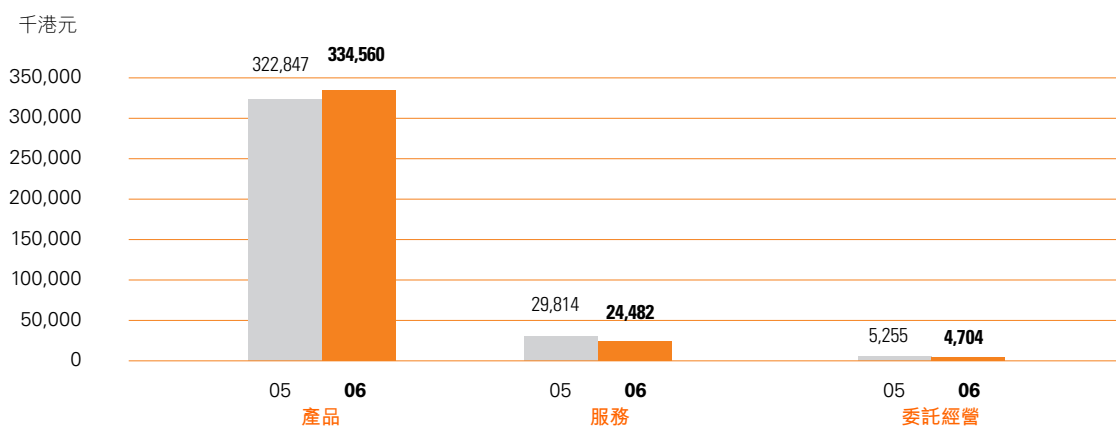
按業務劃分	二零零六年 千港元	二零零五年 千港元	變動 千港元	變動 %
<b>產品</b>				
中國大陸	<b>229,740</b>	200,979	28,761	14.3%
台灣	<b>97,374</b>	117,375	(20,001)	-17.0%
其他地區	<b>7,446</b>	4,493	2,953	65.7%
總計	<b>334,560</b>	322,847	11,713	3.6%
<b>服務</b>				
中國大陸	<b>5,567</b>	7,681	(2,114)	-27.5%
台灣	<b>17,446</b>	19,983	(2,537)	-12.7%
其他地區	<b>1,469</b>	2,150	(681)	-31.7%
總計	<b>24,482</b>	29,814	(5,332)	-17.9%
<b>委託經營</b>				
中國大陸	<b>4,704</b>	5,255	(551)	-10.5%
台灣	—	—	—	不適用
其他地區	—	—	—	不適用
總計	<b>4,704</b>	5,255	(551)	-10.5%

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

按業務劃分之營業額	二零零六年		二零零五年		變動	
	千港元	%	千港元	%	千港元	%
產品	<b>334,560</b>	<b>92.0%</b>	322,847	90.2%	11,713	3.6%
服務	<b>24,482</b>	<b>6.7%</b>	29,814	8.3%	(5,332)	-17.9%
委託經營	<b>4,704</b>	<b>1.3%</b>	5,255	1.5%	(551)	-10.5%
<b>總計</b>	<b>363,746</b>	<b>100.0%</b>	<b>357,916</b>	<b>100.0%</b>	<b>5,830</b>	<b>1.6%</b>

按業務劃分之營業額



#### 產品

本集團以自然美及Bio-up品牌製造及銷售護膚產品、美容產品、香薰產品及健康食品等多種產品。產品(即本集團主要收益來源)主要透過水療中心及專櫃銷售，於二零零六年之銷售額為334,600,000港元，佔總營業額92.0%，而二零零五年之銷售額為322,800,000港元，佔總營業額90.2%。

產品銷售增加主要歸因於成功推行品牌革新計劃，當中包括整體品牌形象、加盟店形象及新產品包裝等，令中國大陸市場之產品銷售額增加28,800,000港元所致。於中國大陸方面，於二零零六年底已重新包裝221項產品。有關措施令產品銷售邊際毛利成功由去年同期之85.3%增加0.5%至85.8%。本集團將繼續透過進一步加強其重新包裝行動增加利潤。

於香港及馬來西亞之其他市場僅佔本年度總產品銷售額2.2%。

Management Discussion and Analysis (Continued)  
 管理層討論及分析(續)

服務收益	二零零六年		二零零五年		變動	
	千港元	%	千港元	%	千港元	%
培訓收益	<b>1,975</b>	<b>8.1%</b>	1,557	5.2%	418	26.8%
水療服務收益	<b>12,110</b>	<b>49.5%</b>	16,518	55.4%	(4,408)	-26.7%
管理費收益	<b>8,503</b>	<b>34.7%</b>	8,093	27.1%	410	5.1%
其他	<b>1,894</b>	<b>7.7%</b>	3,646	12.3%	(1,752)	-48.1%
<b>總計</b>	<b>24,482</b>	<b>100.0%</b>	<b>29,814</b>	<b>100.0%</b>	<b>(5,332)</b>	<b>-17.9%</b>

**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。

本集團亦透過其自資經營水療中心提供肌膚護理、美容及spa服務。由於按照現時之加盟經營計劃，本集團不能分佔加盟商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。年內，來自該等服務之收益較二零零五年減少26.7%至12,100,000港元，主要因為中港台三地市場之服務收益減少。由於本集團其中一間於中國大陸市場經營的水療中心於二零零六年因上海政府之重建發展計劃而被迫結業，來自中國大陸的服務收益減少2,100,000港元。此外，香港之服務收益由於一間水療中心在二零零六年一月一日結業而減少600,000港元。於二零零六年，經濟衰退及政治動盪導致台灣市場服務收益減少2,500,000港元。

儘管本集團需於新市場設立自資經營水療中心作為水療中心模範，本集團認為將資源用於刺激整體產品銷售，整體而言盈利能更為豐厚及更具成本效益。

然而，於回顧年內，由於透過CCTV-MTV音樂頒獎贊助及於其他媒體之美容課程額外廣告宣傳，培訓收益增加26.8%至2,000,000港元。

向加盟店收取管理費用亦增加5.1%至8,500,000港元，主要由於向中國大陸加盟店收取季度管理費。

其他服務收益指所沒收加盟者押金及其他服務相關收益。其他服務收益減少主要歸因於二零零五年一次性沒收台灣加盟者之押金1,500,000港元。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 委託經營

委託經營的水療中心由本集團擁有及由優秀經營者經營。水療中心以往由本集團經營。為更有效分配財務及人力資源，本集團委託中國大陸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。經營者將自負盈虧及於店內銷售本集團產品，而本集團則向經營者每年收取定額委託經營費用。

本集團相信，委託安排將為經營者及本集團締造互惠互利局面。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。

委託經營收益由二零零五年5,300,000港元減少10.5%至二零零六年4,700,000港元。委託經營收益減少乃由於若干委託經營於本年度內屆滿所致。

#### 其他收益

其他收益主要為租金收益6,200,000港元、利息收益4,300,000港元、財務退款26,500,000港元及投資物業公平值增加300,000港元，餘額則來自其他項目。其他收益由二零零五年43,100,000港元增加9.7%或4,200,000港元至二零零六年之47,300,000港元，主要由於中國大陸附屬公司經營溢利上升所產生中國大陸財務退款增幅6,900,000港元以及由於利率及平均銀行結餘上升令利息收益增加1,000,000港元所致。

#### 分銷及行政費用

本集團分銷成本佔營業額百分比由二零零五年35.7%減至二零零六年27.9%。總成本由二零零五年之127,700,000港元減少26,300,000港元至二零零六年101,400,000港元。儘管本集團提高於各媒體的曝光率，但廣告成本及宣傳開支於二零零六年下降31,100,000港元至46,000,000港元。廣告及宣傳開支佔營業額百分比由二零零五年21.6%減至二零零六年14.1%。

另一方面，行政開支佔營業額百分比由二零零五年17.3%減至二零零六年16.3%。有關成本主要包括薪金、法律及專業費用、折舊及租金開支。由於二零零五年作出2,100,000港元之商譽減值虧損，故行政開支由二零零五年之62,000,000港元減少2,500,000港元至二零零六年59,500,000港元。

#### 其他經營支出

於二零零六年之其他經營支出合共6,900,000港元，較二零零五年18,200,000港元減少62.2%，主要為撇銷存貨1,500,000港元、出售固定資產虧損600,000港元、銀行收費1,800,000港元及主要因在台灣境外地區派發股利及繳付

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

預扣稅產生匯兌虧損1,400,000港元。較去年波動之主要原因乃基於去年中國大陸之店舖翻新導致出售固定資產虧損減少3,300,000港元所致。此外，因推行革新包裝計劃而於二零零五年提撥存貨撥備7,000,000港元。

#### 除稅前溢利

由於毛利及其他收益增加，加上分銷及行政費用以及其他經營支出減少，導致除稅前溢利由二零零五年119,800,000港元急升45.6%至二零零六年174,500,000港元。

#### 稅項

稅項支出由二零零五年38,800,000港元上升33.0%至二零零六年51,600,000港元。稅項增加主要由於中國溢利增長以致支付較高所得稅。本集團截至二零零五年及二零零六年十二月三十一日止財政年度的實際稅率分別為32.4%及29.6%。實際稅率下調乃由於在中國之有效稅務規劃所致。實際稅率較高則由於本集團的台灣附屬公司須就於台灣境外地區派發之股利繳付預扣稅。台灣稅務機關於二零零六年收取之預扣稅支出總額為3,800,000港元（二零零五年：3,200,000港元）。

#### 本年度純利

基於上文各項，本年度之全年收益淨額較二零零五年的81,100,000港元上升51.6%至122,800,000港元。

#### 流動資金及財務資源

二零零六年經營業務所得現金約為150,400,000港元（二零零五年：220,200,000港元），有關減幅主要由於營運資金變動所致。於二零零六年十二月三十一日，本集團現有銀行結存及現金約356,200,000港元（二零零五年：338,700,000港元）及買賣證券（主要為保本債券基金）約27,700,000港元（二零零五年：26,500,000港元），另外並無銀行借款。

關於資產負債情況，於二零零五年及二零零六年十二月三十一日，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。於二零零五年及二零零六年十二月三十一日，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5.7倍。於二零零六年十二月三十一日，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，且財務資源充裕，足以應付其承擔及營運資金所需。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 資產抵押

本集團若干賬面值為157,800,000港元(二零零五年:155,300,000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,而該等投資物業於結算日出售後,有關抵押將予以解除。

#### 理財政策及所承受之匯率波動風險

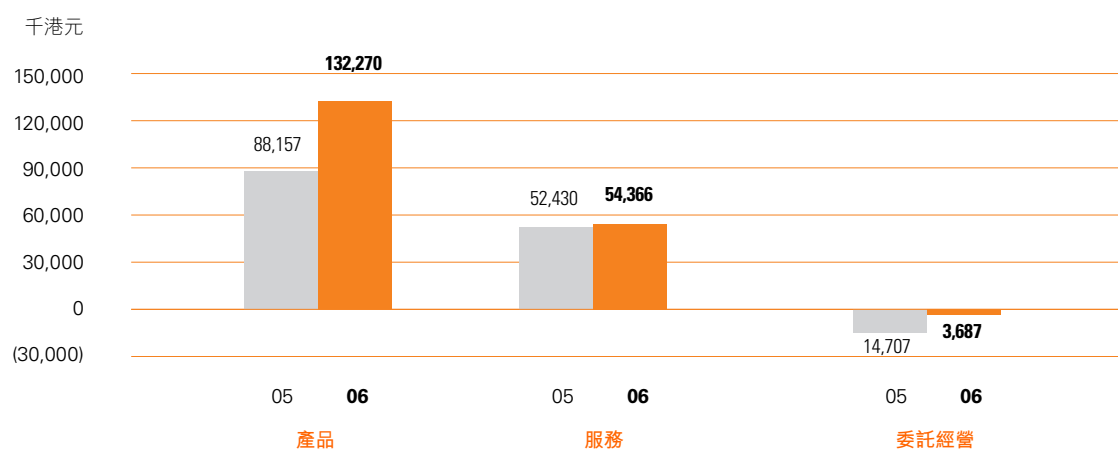
基於本集團業務主要集中於中國大陸及台灣,大部分收益亦來自上述兩地,並分別以人民幣及新台幣計值。於二零零六年十二月三十一日,本集團銀行結存及現金約66.9%(二零零五年:68.1%)以人民幣計值,另約22.2%(二零零五年:21.4%)以新台幣計值,餘下10.9%(二零零五年:10.5%)則以美元、港元及馬來西亞元計值。於外幣風險管理方面,本集團繼續採取穩健政策,定期檢討其所承受之外幣風險,並且於需要時使用衍生金融工具對沖有關風險。

#### 業務回顧

按地區劃分之營業額	二零零六年 港元	二零零五年 港元	變動 港元	變動 %
<b>中國大陸</b>				
營業額—產品銷售	<b>229,740</b>	200,979	28,761	14.3%
營業額—服務	<b>5,567</b>	7,681	(2,114)	-27.5%
營業額—委託經營	<b>4,704</b>	5,255	(551)	-10.5%
中國大陸業務總計	<b>240,011</b>	213,915	26,096	12.2%
<b>台灣</b>				
營業額—產品銷售	<b>97,374</b>	117,375	(20,001)	-17.0%
營業額—服務	<b>17,446</b>	19,983	(2,537)	-12.7%
營業額—委託經營	—	—	—	不適用
台灣業務總計	<b>114,820</b>	137,358	(22,538)	-16.4%
<b>其他地區</b>				
營業額—產品銷售	<b>7,446</b>	4,493	2,953	65.7%
營業額—服務	<b>1,469</b>	2,150	(681)	-31.7%
營業額—委託經營	—	—	—	不適用
其他地區業務總計	<b>8,915</b>	6,643	2,272	34.2%



按地域劃分之經營溢利



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 中國大陸市場

本集團於二零零五開始實行提升品牌計劃，所帶來的效益開始於二零零六年之產品銷售增長中反映。本集團於中國大陸的產品銷售增加14.3%至229,700,000港元。於本年度，產品銷售之邊際毛利亦由85.1%輕微上升至85.4%。

本集團的委託經營策略繼續獲得成果。本集團將位於已開發地區的水療中心委託優秀經營者營運，以增加成本效益。向經營者收取委託經營費用及產品收益成功將於委託計劃初期所產生的虧損減至最低。因此，儘管服務收益及委託經營水療收益分別減少2,100,000港元及600,000港元，但本集團於二零零六年在中國大陸的整體毛利卻增加25,100,000港元，而整體邊際毛利亦由80.1%躍升至81.9%，按年增長1.8%。

由於其他收益主要為退稅所帶動而增加，本年度的經營溢利及純利分別大增50.0%及56.0%至132,300,000港元及89,200,000港元。經營邊際利潤由二零零五年41.2%改善至二零零六年55.1%，而中國的整體淨邊際利潤亦由二零零五年26.7%上調至二零零六年37.2%。

#### 台灣市場

於本年度，台灣出現經濟衰退，加上本公司於二零零六年第一季末才開始於台灣市場進行品牌提升計劃。因此，於二零零六年，台灣之產品銷售額下降17.0%至97,400,000港元。年內，台灣開始革新產品包裝，銷售產品邊際毛利由二零零五年88.0%上升至二零零六年91.2%。整體邊際毛利亦由二零零五年83.1%微升至本年度84.9%。

儘管台灣的營業額及毛利減少，但由於成功節省廣告開支14,000,000港元，故經營溢利於二零零六年增長3.7%或1,900,000港元，推動經營邊際利潤由二零零五年38.2%上升至二零零六年47.3%。本年度純利增長3.4%或1,600,000港元至48,800,000港元，而台灣的整體淨邊際利潤則由二零零五年34.3%上升至二零零六年42.5%。

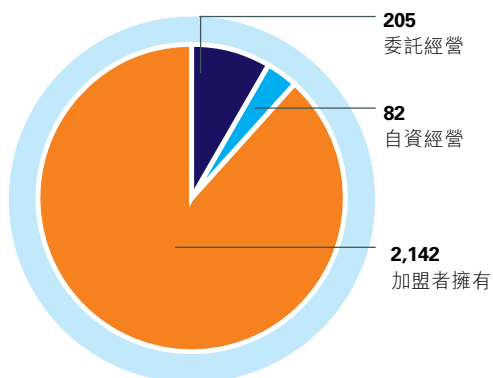
Management Discussion and Analysis (Continued)  
 管理層討論及分析(續)

分銷渠道

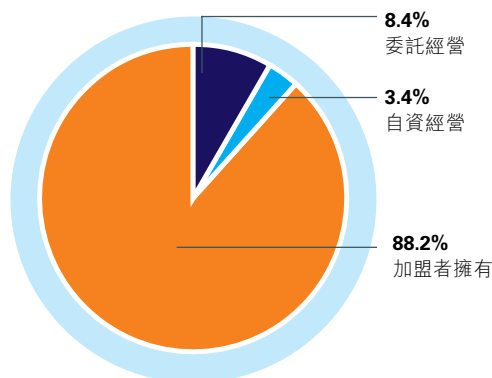
按擁有權劃分之店舖數目 於二零零六年十二月三十一日	加盟者擁有 水療中心	委託經營 水療中心	自資經營 水療中心	水療中心 總計	委託經營 專櫃	自資經營 專櫃	專櫃總計	全部合計
台灣	501	—	9	<b>510</b>	161	—	<b>161</b>	<b>671</b>
中國大陸	1,591	24	5	<b>1,620</b>	20	67	<b>87</b>	<b>1,707</b>
其他地區	50	—	1	<b>51</b>	—	—	—	<b>51</b>
<b>總計</b>	<b>2,142</b>	<b>24</b>	<b>15</b>	<b>2,181</b>	<b>181</b>	<b>67</b>	<b>248</b>	<b>2,429</b>

按擁有權劃分之店舖數目 於二零零六年十二月三十一日	加盟者擁有	委託經營	自資經營	總計
台灣	501	161	9	671
中國大陸	1,591	44	72	1,707
其他地區	50	—	1	51
<b>總計</b>	<b>2,142</b>	<b>205</b>	<b>82</b>	<b>2,429</b>

按擁有權劃分之店舖數目(2,429)



按擁有權劃分之店舖數目(%)



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

本集團收益主要來自其獨有新增的水療中心及百貨公司專櫃分銷渠道。於二零零六年十二月三十一日，本集團合共開設2,429間店舖，其中2,181間為水療中心，另外248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。

於二零零六年十二月三十一日，本集團共有2,142間水療中心加盟店，15間水療中心及67個專櫃由本集團直接經營，此外，另有24間水療中心及181個專櫃則由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水療中心作為水療中心模範，但由於自資經營水療中心的分銷成本較加盟店為高，故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盈利更為有利可圖，因此，本集團已經將其於已開發市場的若干水療中心委託優秀經營者經營，並將會評估在選定地方設立自資經營水療中心的需要。

此項委託策略於中國大陸亦成效斐然，整體邊際毛利由二零零五年80.1%上升至二零零六年81.9%，本年度額外貢獻達25,100,000港元。

#### 提升品牌形象

本集團深明必需先革新品牌形象，才能保持競爭優勢。提升品牌計劃可概括為四方面：

- 新專業管理
- 翻新現有水療中心加盟店舖面
- 革新產品包裝
- 投資者關係

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 新專業管理

為應付來年業務增長，本集團進一步強化其管理隊伍。台灣及其他地區營運總裁及中國區營運總裁分別於二零零六年末及二零零七年一月加盟本集團。本集團相信，管理隊伍成員知識廣博及經驗豐富，有助集團於業界再創高峰。

#### 翻新現有水療中心加盟店舖面

由於本公司的水療中心加盟店網絡龐大，考慮到按照本集團新加盟店形象為所有加盟商翻新所有水療中心進行翻新工程過程需時，因此本集團設有過渡安排，容許加盟商將所有店舖劃一採用本集團翻新的獲獎企業標誌，使之能夠以最少時間及財務資源裝修其水療中心。截至二零零六年十二月三十一日，中國共有1,136間水療中心及台灣共有315間水療中心（合共1,451間）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。為統一形象，本集團已重新設計所有產品的包裝，並已將七百多款產品的二百多款包裝，簡化為24種標準款式。於二零零六年底，共有221項（二零零五年：60項）產品已轉換包裝，以致中國大陸邊際利潤由二零零五年85.1%輕微上升至二零零六年85.4%。本公司將繼續於二零零七年及二零零八年分階段革新現有的產品系列。

#### 投資者關係([www.nblife.com/ir](http://www.nblife.com/ir))

為方便最終用家及加盟商，本公司已於二零零五年在中國大陸重新推出網站，以配合新形象並豐富內容。網站向最終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。本公司網站同時設有一個商業對商業（「B2B」）的入門網站，讓加盟商於網上訂購貨品。

本集團最近亦加強網站的企業／投資者關係內容，以中英文雙語提供，以促進與投資者的溝通。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



[www.nblife.com/ir](http://www.nblife.com/ir)

#### 物流

本公司現時自行管理上海、北京及廣州三個倉庫，負責本公司於中國大陸各地的倉儲服務。產品付運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。

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程序。所有NB產品均保證符合所有相關規定。

除NB竭誠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，自然美於研究及開發美容及護膚產品方面具備競爭優勢。

由於水療中心的客戶均為固定客戶，多年來均使用對其肌膚類型及狀況最為適合的相同產品系列。本集團大部分研發開支主要用於擴展現有產品系列。因此，本集團的研發開支相對較彩妝產品公司為低。

截至二零零六年十二月三十一日止年度，研究及開發成本合共2,000,000港元（二零零五年：1,300,000港元）。

## Management Discussion and Analysis (Continued) 管理層討論及分析(續)

### 新產品

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防敏感及細緻毛孔系列以及六款保健食品。於二零零六年，本集團售出超過162,000套／件（二零零五年：45,000套／件）NB-1系列產品，帶來營業額120,600,000港元（二零零五年：45,800,000港元），佔二零零六年產品銷售總額超過三分之一。

本公司於二零零六年繼續加強產品組合，於年中推出36項新產品。

### 新宣傳途徑

本集團於二零零六年擴張其宣傳途徑，向50所位於北京、廣州及上海的大學寄出校園宣傳郵件，宣傳對象包括約400,000名女性。宣傳郵件亦曾派發至各學生宿舍房間，並於食堂及課室內張貼與宣傳郵件相應的海報。此外，亦曾舉辦校園美容課程及名人活動，以加強宣傳郵件之效果。有關宣傳將為針對自然美潛在客戶之有效宣傳途徑，並建立品牌知名度，吸引日後顧客。

### 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，而中國大陸方面預期將於二零零七年中完成。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 人力資源

於二零零六年十二月三十一日，本集團合共聘有893名僱員，其中693名派駐中國，台灣有183名，其他地區則有17名。截至二零零六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58,400,000港元（二零零五年：62,700,000港元），其中包括退休福利成本6,100,000港元（二零零五年：6,000,000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，並且著重向員工提供培訓及發展，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服務之質素及穩定性。

此外，本集團已於二零零二年三月十一日採納認股權計劃，以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，本集團並無根據認股權計劃授出任何認股權。

#### 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。於二零零六年，添置固定資產達11,300,000港元（二零零五年：24,900,000港元），其中包括於二零零五年以12,900,000港元於廣州購入物業以擴充華南地區的區內培訓中心。

加盟商須承擔其水療中心的資本開支。

由於本公司於中國大陸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。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 未來計劃及策略

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。本公司將繼續保持其於台灣水療市場的領先地位及發展台灣零售市場，並正專注於快速增長的中國大陸市場。

本集團已制定擴充業務計劃，亦計劃盡量提升收益及盈利能力。

拓展分銷及加盟商網絡的策略：

- 透過 1,300 間店舖擴展台灣零售分銷業務及開展中國大陸零售業務
- 擴充培訓，向加盟商提供持牌美容師
- 於二零零七年增加 400 家店舖

憑藉追求完美的精神，本公司深信將會繼續實現其策略宗旨，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。

#### 前景

##### 中國大陸

中國國內生產總值有近 10% 的強勁增長，加上中國富裕女性消費者數目日增，本集團相信，本集團水療業務的市場規模將持續增長，特別是抗衰老、美白及護膚方面的業務。本集團相信，中國仍有許多地區本集團仍未充分開拓市場，因此本集團將繼續擴展網絡，以鞏固在水療中心加盟店領域的領導地位。本集團亦將利用在台灣的经营經驗，於本年度下半年拓展零售市場。

##### 台灣

台灣即將進行總統選舉，本集團預期今年稍後台灣的經濟將會復甦。本集團將會保持在台灣水療市場的領導地位，而預期本集團的「Fonperi」零售品牌產品將於二零零七年成為本集團台灣業務的主要增長動力。

# 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) which gives guidance on how corporate governance principles are applied to the Company.

The Company applied the principles and complied 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”). 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

There were five board meetings in 2006. Details of Directors’ attendance records in 2006:

	Remuneration Committee Meeting	Audit Committee Meeting	Board Meeting
<b>Executive Directors</b>			
Dr. TSAI Yen Yu	n/a	n/a	5/5
Mr. LEE Ming Ta	n/a	n/a	5/5
Mr. SU Chien Cheng	1/1	3/3	5/5
Dr. SU Sh Hsyu	n/a	n/a	5/5
<b>Independent Non-Executive Directors</b>			
Mr. YEH Liang Fei	1/1	3/3	5/5
Mrs. CHEN Shieh Shu Chen	1/1	3/3	5/5
Mr. CHEN Ching	1/1	3/3	5/5

Directors are consulted to include any matter in the agenda for regular Board meetings.

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.

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.

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.

## Report on Corporate Governance (Continued)

### 企業管治報告 (續)

Natural Beauty's corporate governance guidelines provide for Directors taking independent professional advice at the Company's expense.

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*

Dr. TSAI Yen Yu serves as the Chairman and Ms. Yeung Wong Sau Ping serves as COO China and Mr. Shiao Wen Chung serves as COO Taiwan and other markets. The Chairman focuses on Group strategic and Board issues. The COOs have overall chief executive responsibility for operations and development generally.

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 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*

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*

All directors, including Executive and Non-Executive Directors serve three-year terms, and are subject to re-election.

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.

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.

## Report on Corporate Governance (Continued)

### 企業管治報告(續)

#### A5. Responsibilities of directors

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.

The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other statutory requirements.

All independent Non-Executive Directors are members of the two standing committees of the Board, namely the Audit Committee and Remuneration Committee.

There is satisfactory attendance for Board and Board Committee meetings in 2006.

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

Board papers are sent to all Directors at least three days before the date of board/committee meeting.

Senior management are from time to time brought into formal and informal contact with the Board at board meetings and other events.

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

Natural Beauty set up a Remuneration Committee in 2005. Full terms of reference are available on the Company's website: [www.nblife.com](http://www.nblife.com).

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 terms of the renewed service contracts of the Directors concerned 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*

Directors are provided with reports on the management's strategic plans, updates on lines of business, financial objectives, plans and actions.

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 31 December 2006, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;
- selected and applied consistently appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable;
- prepared the accounts on the going concern basis.

A statement by the auditors about their reporting responsibilities is included in the Report of the Auditors on page 97.

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*

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*

Draft minutes prepared by the Company Secretary are sent to members within 14 days of each meeting.

None of the three Audit Committee members are former partners of the external auditors.

Full terms of reference (Audit Committee Charter) are available on website: [www.nblife.com](http://www.nblife.com).

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 2007.

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*

There is a defined schedule of matters reserved for full Board decision, including:

- Long-term objectives and strategies;
- Extension of group activities into new business areas;
- Annual budgets;
- Preliminary announcements of interim and final results;
- Dividend;
- Material banking facilities;
- Material acquisitions and disposals;
- Material connected transactions;
- Annual internal controls assessment; and

*D2. Board Committees*

The Board has established two Board Committees (Audit Committee and Remuneration Committee) with specific terms of reference available at the Company's website [www.nblife.com](http://www.nblife.com).

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*

Separate resolutions are proposed at the meeting on each substantially separate issue, including the election of individual Directors.

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*

Procedures for demanding a poll were set out in the notice of AGM. These procedures were also explained during the AGM proceedings.

A representative of the Company's Share Registrar, Hong Kong Registrars Limited was appointed as scrutineer.

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 and the Company.

**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 various road shows during the year covering Shanghai, Singapore and Hong Kong.

Additional shareholders' services can be found in the investor relations section of the Company's website: [www.nblife.com](http://www.nblife.com).

# Report on Corporate Governance

## 企業管治報告

本公司董事會及管理層致力維持高標準的企業管治水平。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,並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

二零零六年曾舉行五次董事會會議,二零零六年之董事出席記錄詳情如下:

	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	5/5
李明達先生	不適用	不適用	5/5
蘇建誠先生	1/1	3/3	5/5
蘇詩琇博士	不適用	不適用	5/5
<b>獨立非執行董事</b>			
葉良輝先生	1/1	3/3	5/5
陳謝淑珍女士	1/1	3/3	5/5
譚清先生	1/1	3/3	5/5

各董事獲諮詢,以提出任何商討事項以列入董事會定期會議議程。

本公司一般就定期董事會會議發出至少十四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。

全體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。

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,而會議記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。

## Report on Corporate Governance (Continued)

### 企業管治報告 (續)

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。

就任何與關連人士進行之重大交易，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

蔡燕玉博士為主席，楊王秀萍女士出任中國首席營運總裁，而蕭文聰先生則出任台灣及其他地區之首席營運總裁。主席專注本集團之策略及董事會事務。首席營運總裁則擔綱行政總裁職務，掌管本集團整體業務及發展。

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。

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－「資料提供及使用」）

#### A3. 董事會組成

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

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。

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。

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，或如董事人數並非三或三之倍數，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。



## Report on Corporate Governance (Continued)

### 企業管治報告 (續)

#### A5. 董事責任

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。

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。

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。

二零零六年度各董事會及董事會委員會會議之出席率令人滿意。

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

董事會文件至少於董事會／委員會會議舉行日期前三天送交各董事。

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。

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

#### B1. 薪酬的水平及組成及披露

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](http://www.nblife.com)。

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。

有關各董事之重續服務合約條款維持不變，另行重續三年。

於適當時將會尋求獨立專業意見以補充內部資源。

## Report on Corporate Governance (Continued)

### 企業管治報告 (續)

#### C. 問責及核數

##### C1. 財務匯報

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。

董事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平地反映本集團業務狀況及於該期間的業績及現金流量。於編製截至二零零六年十二月三十一日止年度之賬目時，董事已：

- 批准採納所有由香港會計師公會頒佈的適用香港財務報告準則；
- 挑選及貫徹應用適當會計政策；
- 作出審慎合理的判斷和預測；
- 按持續經營基準編製賬目。

核數師就其申報責任之聲明載於第97頁之核數師報告內。

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披露的資料中作出平衡、清晰及易於理解的評審。

##### C2. 內部監控

董事會對集團內部監控系統負有整體責任，並負責檢討其成效。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

公司秘書草擬之會議記錄於各會議十四日內寄交各成員。

三名審核委員會中並無外聘核數師前任合夥人。

完整職權範圍（審核委員會規章）刊載於網站[www.nblife.com](http://www.nblife.com)。

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•關黃陳方會計師行為二零零七年外聘核數師。

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. 管理職能

現時已設有明確事項列表，列明須由全體董事會決定的事項，包括：

- 長期目標及策略；
- 擴展集團業務至新業務範疇；
- 年度預算；
- 中期及末期業績公佈初稿；
- 股息；
- 重大銀行融資；
- 重大收購及出售；
- 重大關連交易；
- 年度內部監控評估；及

### D2. 董事會轄下委員會

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](http://www.nblife.com)登載。

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

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。

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。

### E.2 以按股數投票方式表決

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。

本公司股份過戶登記處香港證券登記有限公司之代表已獲委任為監票人。

以按股數投票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，並於聯交所及本公司網站刊登。

## 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上海、新加坡及香港三地舉行的巡迴路演。

其他股東服務的資料載於本公司網站：[www.nblife.com](http://www.nblife.com)「投資者關係」一章。

# Management Profile

## 管理層履歷

### **Executive Director: Dr. Tsai Yen Yu (alias Tsai Yen Pin) (“Dr. Tsai”)**

Aged 60, 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 60, 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 35, 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: Dr. Su Sh Hsyu**

Aged 33, the daughter of Dr. Tsai, is the Executive Director of the Group since September 21, 2004. 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 75, 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.

## Management Profile (Continued)

### 管理層履歷 (續)

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

Aged 52, 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 44, 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: Yeung Wong Sau Ping**

Aged 58, Chief Operating Officer in China and is responsible for the operations of China including Hong Kong and Macau. Mrs. Yeung graduated with a Bachelor of Sociology from Chinese University of Hong Kong in 1972. Prior to joining the Group in January 2007, Mrs. Yeung has accumulated over 27 years of management and operational experience in sales and marketing in the globally renowned multi-level direct-selling firm, Amway. She has spearheaded the development of the sales department in Hong Kong and China of that firm and was later promoted to General Manager, Sales of Amway (China) Company Ltd.

#### **Senior Management: Wang Kuang Jui**

Aged 40, Supply Chain Director of NB Shanghai and is responsible for the supply chain management in the PRC, including ERP, logistics and IT department. Mr. Wang was graduated in the Chinese Culture University in Taiwan with a Bachelor of Mass Communication. He was the head of IT and also held senior position in Amigo Logistics Corporation in Taiwan. Mr. Wang has been working in China since year 2000. Prior to joining our Group in 2006, Mr. Wang held senior positions in Dragon Logistics Co., Ltd and Trust-Mart Hypermarket.

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

Aged 58, 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: Yan Yi Ling**

Aged 46, 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.

## Management Profile (Continued)

### 管理層履歷 (續)

#### **Senior Management: Shaw Wen Chung**

Aged 48, Chief Operating Officer in Taiwan and other markets, is responsible for consolidating and expanding the operations in Taiwan and other markets. Mr. Shaw graduate from Department of Journalism of Taiwan Culture University in 1981. Prior to joining the Group in October 2006, Mr. Shaw has over 23 years of operational management experience in the consumer goods industry. He was the National Sales Director of Energizer Schick Taiwan Limited, leading the sales team of the company operating globally in the broad categories of household and personal care products. He also worked for Warner-Lambert in Taiwan as the National Sales Directors and Unilever Taiwan as Channel Sales Manager.

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

Aged 52, 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 34, is the Sales & Marketing Director 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 35, 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: Lu Wen Sheng**

Aged 40, Brand Director of NB Taiwan and is responsible for the branding and marketing execution in Taiwan. Mr. Lu was graduated with a MBA major in international management in Thunderbird, American Graduate School of International Management of USA in 1998. Prior to joining the Group in March 2007, Mr. Lu has extensive product and branding experiences of fast moving consumer products including Product Manager of Warner Lambert and Senior Product Manager of L'OREAL Taiwan.

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

Aged 38, 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. Mr. Chan is currently studying an Executive MBA with Richard Ivey School of Business with University of Western Ontario, Canada.

# Management Profile

## 管理層履歷

### 執行董事：蔡燕玉博士（又名蔡燕萍）（「蔡博士」）

60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。這些年來，蔡博士曾獲得多項榮譽、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

60歲，蔡博士的丈夫，本集團執行董事，負責本集團的一般行政及內部管理。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

35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：蘇詩琇博士

33歲，蔡博士的女兒，於二零零四年九月二十一日獲委任為本集團執行董事。彼於多個範疇為本集團提供意見，包括i) 策略規劃及發展；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商談合作關係。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

75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。

## Management Profile (Continued)

### 管理層履歷 (續)

#### 獨立非執行董事：陳謝淑珍

52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：譚清

44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。彼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。譚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。譚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：楊王秀萍

58歲，中國區營運總裁，負責包括香港及澳門兩地之中國業務。楊女士於一九七二年畢業於香港中文大學，獲頒社會學學士學位。於二零零七年一月加入自然美前，楊女士曾任職國際知名的多層直銷公司安利 (Amway)，於銷售及市場推廣方面積逾二十七年管理及營運經驗，並帶領該公司香港及中國的銷售部門，其後更獲擢升為安利 (中國) 日用品有限公司業務總經理。

#### 高級管理層：王光瑞

40歲，自然美上海供應鏈總監，負責本集團中國業務之供應鏈管理，包括工廠產銷計劃、物流及資訊部門等工作。王先生於台灣文化大學畢業，取得大眾傳播學學士學位，台灣地區工作期間曾任東源物流高階主管及資訊長等職務。於二零零零年前來中國工作，於二零零六年加入本集團前，曾於中國龍邦物流及好又多量販集團擔任高階主管。

#### 高級管理層：陳華蓮

58歲，自然美上海副總經理，負責上本集團中國大陸業務之行政管理、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，為本集團開拓中國大陸市場的主要僱員。

#### 高級管理層：顏逸翎

46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。



## Management Profile (Continued)

### 管理層履歷 (續)

#### 高級管理層：蕭文聰

48歲，台灣及其他地區營運總裁，專責鞏固及擴充台灣及其他市場之業務。蕭先生於一九八一年畢業於台灣文化大學新聞系。於二零零六年十月加入本集團前，蕭先生於消費品行業積逾二十三年營運管理經驗。他曾擔任勁量舒適股份有限公司台灣分公司的全國銷售總監，帶領該公司銷售團隊於全球經營各式各樣家居及個人護理產品。蕭先生亦曾擔任台灣華納藍茂公司的全國業務處長及聯合利華（股）台灣分公司的通路經理。

#### 高級管理層：封秋霞

52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

34歲，為自然美台灣的銷售及市場推廣總監，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

35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：盧文生

40歲，自然美台灣之品牌總監，於台灣負責品牌及市場推廣執行工作。於一九九八年，盧先生獲美國國際管理學院頒授商業企管碩士學位，主修國際管理。於二零零七年三月加入本集團前，盧先生於瞬息萬變之消費產品業擁有廣泛產品及品牌經驗，他曾擔任台灣華納藍茂公司的產品經理及台灣LOREAL之高級產品經理。

#### 高級管理層：陳仁君

38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深會員。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。陳先生現正就讀加拿大西安大略大學毅偉商學院（Richard Ivey School of Business）之行政人員工商管理碩士課程。

# Directors' Report

## 董事會報告書

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2006.

### 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 39 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 99.

An interim dividend of HK\$0.0140 per share and a special dividend of HK\$0.0060 per share were paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK\$0.030 per share and a special dividend of HK\$0.0125 per share to the shareholders on the register of members on 16 May 2007, amounting to approximately HK\$60,000,000 and HK\$25,000,000 respectively. Details of the dividends are set out in note 13 to the consolidated 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 2006 were revalued by an independent firm of professional property valuers on a fair value basis. The revaluation increase of approximately HK\$0.3 million has been recognised in the consolidated income statement. Details of movements during the year in the investment properties of the Group are set out in note 15 to the consolidated 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 16 to the consolidated financial statements.

本公司董事提呈本公司及本集團截至二零零六年十二月三十一日止年度的年報及經審核綜合財務報表。

### 主要業務

本公司為投資控股公司，本集團主要業務為(a)護膚、美容及香薰產品製造及銷售及(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。本集團主要附屬公司的業務載於綜合財務報表附註39。

### 業績及分派

本集團截至二零零六年十二月三十一日止年度的業績載於第99頁的綜合收益表。

於年內，本公司向股東派發每股0.0140港元之中期股利及每股0.0060港元之特別股利。董事現建議向於二零零七年五月十六日名列股東名冊之股東派發末期股利每股0.030港元及特別股利每股0.0125港元，分別合共約60,000,000港元及25,000,000港元。有關股利詳情載於綜合財務報表附註13。

### 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

本集團投資物業於二零零六年十二月三十一日由獨立專業物業估值師行按公平值基準重新估值。重估增加約300,000港元已於綜合收益表確認。有關本集團投資物業於年內的變動詳情載於綜合財務報表附註15。

### 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綜合財務報表附註16。

## Directors' Report (Continued)

### 董事會報告書(續)

#### SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated 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 Hsyu

##### 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, Mr. Lee Ming Ta and Mr. Su Chien Cheng 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 2006, in the opinion of the directors of the Company, the Company's reserves available for distribution to shareholders were approximately HK\$463,605,000 which represents the share premium and retained profits of the Company.

#### 股本

本公司股本的詳情載於綜合財務報表附註30。

#### 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  
湛清先生

根據本公司之公司組織章程細則第117條，李明達先生及蘇建誠先生將輪值告退，惟符合資格，並願意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條發出之年度獨立身分確認書。本公司認為，全體獨立非執行董事均為獨立人士。

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

於二零零六年十二月三十一日，本公司董事認為，本公司可供分派予股東之儲備約為463,605,000港元，該等儲備乃本公司之股份溢價及保留溢利。

### 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 2005, 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 2005 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 services contracts may be terminated by either party giving to the other not less than three calendar months' notice in writing. The initial aggregate annual remuneration pursuant to such service contracts is HK\$2,988,000 (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 2006, each of the executive directors voluntarily agreed to waive the entitlement to certain remuneration of approximately HK\$1.5 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 2006, 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」)之合約年期由二零零五年三月十一日開始；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」)之合約年期由二零零五年三月十一日開始；譚清先生(「譚先生」)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月之書面通告終止。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港元及譚先生獲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%。

截至二零零六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1,500,000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%。截至二零零六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' INTERESTS IN SHARES

As at 31 December 2006, 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

於二零零六年十二月三十一日，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：

於本公司股份及相關股份的好倉

普通股

Name of directors 董事姓名	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
	Family interests 家族權益	Corporate interests 公司權益	
Dr. Tsai 蔡博士	—	1,400,000,000 (Note 1) (附註1)	70.00%
Mr. Su 蘇先生	—	210,000,000 (Note 2) (附註2)	10.50%
Dr. Su 蘇博士	—	210,000,000 (Note 2) (附註2)	10.50%
Mr. Lee 李先生	1,400,000,000 (Note 1) (附註1)	—	70.00%

### DIRECTORS' INTERESTS IN SHARES (Continued)

Notes:

- (1) The two references to 1,400,000,000 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 1,400,000,000 ordinary shares of the Company.

- (2) The two references to 210,000,000 shares are included in the 1,400,000,000 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 executives nor their associates had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2006.

### SHARE OPTION

Particulars of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

No share options were granted or exercised during the year ended 31 December 2006. At 31 December 2006, no share option of the Company were outstanding.

### ARRANGEMENTS TO PURCHASE SHARES OR 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 benefits 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) 以上兩次提及的1,400,000,000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1,400,000,000股普通股之權益。

- (2) 以上兩次提及的210,000,000股股份計入由Efficient Market持有的1,400,000,000股股份中，而蘇先生及蘇博士各自透過Knightcote於Efficient Market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，於二零零六年十二月三十一日，概無董事、主要行政人員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。

### 認股權

本公司認股權計劃之詳情載於綜合財務報表附註31。

於截至二零零六年十二月三十一日年度內並無認股權獲授出或已行使。於二零零六年十二月三十一日，概無本公司認股權尚未行使。

### 購買股份或債券之安排

於年內任何時間，本公司、其控股公司或其任何附屬公司或同系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而獲利。

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006, 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

Name of shareholder 股東姓名／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	1,400,000,000	70.00%
Knightcote	1 & 2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,400,000,000	70.00%
Dr. Tsai 蔡博士	2 & 3	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,400,000,000	70.00%
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	210,000,000	10.50%
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	210,000,000	10.50%

Notes:

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

Save as 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 2006.

## 主要股東

於二零零六年十二月三十一日，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 股東姓名／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	1,400,000,000	70.00%
Knightcote	1 & 2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,400,000,000	70.00%
Dr. Tsai 蔡博士	2 & 3	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,400,000,000	70.00%
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	210,000,000	10.50%
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	210,000,000	10.50%

附註:

- Efficient Market由Knightcote實益擁有。
- 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。
- 由於蔡博士擁有Knightcote 70%權益，故該等股份屬彼所擁有。
- 由於蘇先生擁有Knightcote 15%權益，故該等股份屬彼所擁有。
- 由於蘇博士擁有Knightcote 15%權益，故該等股份屬彼所擁有。

除上文披露的權益外，於二零零六年十二月三十一日，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。

### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

The Group had the following significant transactions with connected persons:

- (i) During the year, Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("NB Sanlian"), a wholly owned subsidiary, purchased natural health food of approximately HK\$2,468,000 from Shanghai Natural Beauty Bio-Med Company Limited 上海自然美生物醫學有限公司 ("Bio-Med"), a company wholly owned by Dr. Tsai pursuant to a natural health food purchase agreement dated 28 July 2005.
- (ii) During the year, NB Sanlian purchased lingerie of approximately HK\$159,000 from Shanghai Natural Beauty Apparel-Manufacture Company Limited 上海自然美製衣有限公司 ("Apparel-Manufacture"), a company owned as to 51.72% by Dr. Tsai pursuant to a lingerie purchase agreement dated 28 July 2005.
- (iii) On 3 May 2006, Shanghai Natural Beauty Cosmetics Company Limited ("NB Shanghai"), a wholly owned subsidiary, entered into a sale and purchase agreement with Chong Ming County Sanlian Investment Development Company Limited, a substantial shareholder of a subsidiary of the Company, to acquire the remaining 10% equity interests in NB Sanlian not already held by NB Shanghai, for a consideration of RMB800,000 (equivalent to approximately HK\$774,800).

The above transactions are regarded as connected transactions pursuant to Chapter 14A of the Listing Rules. Particulars of the transactions are disclosed in note 36 to the consolidated financial statements.

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.

### 關連交易及董事於重大合約之權益

本集團與關連人士有以下重大交易：

- (i) 年內·本公司全資附屬公司上海自然美三聯化粧品有限公司(「自然美三聯」)根據日期為二零零五年七月二十八日之天然健康食品採購協議向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」)採購天然健康食品約2,468,000港元。
- (ii) 年內·自然美三聯根據日期為二零零五年七月二十八日之內衣採購協議向蔡博士擁有51.72%權益之上海自然美製衣有限公司(「自然美製衣」)採購內衣約159,000港元。
- (iii) 於二零零六年五月三日·本公司全資附屬公司上海自然美化粧品有限公司(「上海自然美」)與本公司一家附屬公司之主要股東崇明縣三聯投資發展公司訂立買賣協議·以代價人民幣800,000元(約相當於774,800港元)收購自然美三聯並非由上海自然美擁有的餘下10%股本權益。

根據上市規則第14A章·上述交易被視為關連交易·交易詳情於綜合財務報表附註36披露。

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·以及根據規管該等交易並屬公平合理·且符合本公司股東整體利益之協議條款進行。



### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE (Continued)

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, subsisted 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, qualifications 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 Company'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 31 to the consolidated 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.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2006.

### 關連交易及董事於重大合約之權益 (續)

除上文披露者外:

- (i) 在年結日或本年度任何時間內,本公司或其任何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規定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。

本公司執行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,因應本公司經營業績、個別表現及可資比較市場數據決定。

本公司已採納一項認股權計劃,獎勵董事及合資格僱員。該計劃之詳情載於綜合財務報表附註31。

### 優先購買權

本公司之公司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。

### 充足公眾持股量

本公司於截至二零零六年十二月三十一日止整個年度內一直維持充足公眾持股量。

## Directors' Report (Continued)

### 董事會報告書 (續)

#### **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.

#### **POST BALANCE SHEET EVENTS**

Details of significant events occurring after the balance sheet date are set out in note 37 to the consolidated financial statement.

#### **AUDITORS**

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

On behalf of the Board

**Dr. Tsai Yen Yu**

*Chairman*

Hong Kong, 18 April 2007

#### **購買、出售或贖回本公司上市證券**

年內，本公司或其任何附屬公司並無購買、出售或贖回本公司任何上市證券。

#### **結算日後事項**

於結算日後發生之重大事項詳情載於綜合財務報表附註37。

#### **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。

承董事會命

**蔡燕玉博士**

*主席*

香港，二零零七年四月十八日

# Independent Auditor's Report

## 獨立核數師報告

**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 (collectively referred to as the "Group") set out on pages 99 to 170, which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

### 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的有限公司)*

本核數師(以下簡稱「我們」)已審核列載於第99至170頁自然美生物科技有限公司(以下簡稱「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零零六年十二月三十一日的綜合資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

### 董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例披露規定編製及真實而公平地呈報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地呈報綜合財務報表相關的內部監控,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況作出合理的會計估計。

### 核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見。我們的報告僅為股東(作為一個團體)而編製,並不為其他任何目的。我們並不就本報告之內容對任何其他人士承擔任何義務或責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

## Independent Auditor's Report (Continued)

### 獨立核數師報告 (續)

#### AUDITOR'S RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong  
18 April 2007

#### 核數師的責任 (續)

審核涉及執程序，以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地呈報綜合財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控的效能發表意見。審核亦包括評價董事所採用的會計政策的合適程度及所作出的會計估計的合理性，以及評價綜合財務報表的整體呈報方式。

我們相信，我們所獲得的審核憑證充足和適當地為我們的審核意見提供基礎。

#### 意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴集團於二零零六年十二月三十一日的財務狀況及 貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

**德勤•關黃陳方會計師行**  
執業會計師

香港  
二零零七年四月十八日

# Consolidated Income Statement

## 綜合收益表

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

		Notes 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Turnover	營業額	6	<b>363,746</b>	357,916
Cost of sales	銷售成本		<b>(68,725)</b>	(73,309)
Gross profit	毛利		<b>295,021</b>	284,607
Other income	其他收益	8	<b>47,323</b>	43,135
Distribution costs	分銷成本		<b>(101,383)</b>	(127,655)
Administrative expenses	行政開支		<b>(59,450)</b>	(61,961)
Other operating expenses	其他經營支出		<b>(6,881)</b>	(18,221)
Share of loss of an associate	應佔一家聯營公司虧損		<b>(172)</b>	(60)
Share of loss of a jointly controlled entity	應佔一家共同控制實體虧損		<b>(5)</b>	—
Profit before taxation	除稅前溢利	9	<b>174,453</b>	119,845
Income tax expense	所得稅開支	12	<b>(51,641)</b>	(38,834)
Profit for the year	本年度溢利		<b>122,812</b>	81,011
Attributable to:	應佔：			
Equity holders of the Company	本公司股東盈利		<b>123,198</b>	81,092
Minority interests	少數股東權益		<b>(386)</b>	(81)
			<b>122,812</b>	81,011
Dividends	股利	13	<b>80,000</b>	61,000
Earnings per share	每股盈利	14		
Basic	基本		<b>6.2 港仙</b>	4.1 港仙
Diluted	攤薄		<b>不適用</b>	不適用

# Consolidated Balance Sheet

## 綜合資產負債表

At 31 December 2006 於二零零六年十二月三十一日

		Notes 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業	15	<b>162,228</b>	159,653
Property, plant and equipment	不動產、廠場及設備	16	<b>173,479</b>	178,725
Prepaid lease payments	自用土地租賃款	17	<b>9,119</b>	9,039
Intangible assets	無形資產	18	<b>-</b>	927
Goodwill	商譽	19	<b>23,207</b>	13,898
Interest in an associate	於一家聯營公司之權益	20	<b>373</b>	545
Interest in a jointly controlled entity	於一家共同控制實體之權益	21	<b>353</b>	-
Available-for-sale investments	可供出售投資	22	<b>6,786</b>	6,786
Deferred taxation assets	遞延稅項資產	32	<b>9,437</b>	4,716
			<b>384,982</b>	374,289
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	23	<b>63,573</b>	56,477
Trade and other receivables	貿易及其他應收賬款	24	<b>164,905</b>	141,229
Prepaid lease payments	自用土地租賃款	17	<b>244</b>	236
Held-for-trading investments	持作買賣投資	25	<b>27,713</b>	26,491
Bank balances and cash	銀行結存及現金	26	<b>356,243</b>	338,748
			<b>612,678</b>	563,181
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付賬款	27	<b>70,198</b>	82,041
Deferred income	遞延收益	28	<b>9,336</b>	8,489
Taxation payable	應付稅項		<b>27,638</b>	15,753
			<b>107,172</b>	106,283
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>505,506</b>	456,898
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>890,488</b>	831,187
<b>Non-current liability</b>	<b>非流動負債</b>			
Retirement benefit obligations	退休福利責任	29	<b>11,317</b>	10,890
			<b>879,171</b>	820,297

## Consolidated Balance Sheet (Continued)

### 綜合資產負債表(續)

At 31 December 2006 於二零零六年十二月三十一日

		Notes 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>Capital and reserves</b>	<b>股本及儲備</b>			
Share capital	股本	30	<b>200,000</b>	200,000
Reserves	儲備		<b>678,739</b>	613,511
<b>Equity attributable to equity holders of the Company</b>	<b>本公司股東應佔權益</b>		<b>878,739</b>	813,511
<b>Minority interests</b>	<b>少數股東權益</b>		<b>432</b>	6,786
<b>Total equity</b>	<b>總權益</b>		<b>879,171</b>	820,297

The consolidated financial statements on pages 99 to 170 were approved and authorised for issue by the Board of Directors on 18 April 2007 and are signed on its behalf by:

第99至170頁的綜合財務報表於二零零七年四月十八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 2006 截至二零零六年十二月三十一日止年度

Attributable to equity holders of the Company  
本公司股東應佔

		Share capital	Capital surplus	Share premium	Statutory reserve	Exchange reserve	Retained profits	Total	Minority interests	Total
		股本	股本盈餘	股份溢價	法定儲備	匯兌儲備	保留溢利	總計	少數股東權益	總計
		HK\$'000	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	千港元
At 1 January 2005	於二零零五年一月一日	200,000	42,554	336,758	78,760	5,644	131,253	794,969	9,662	804,631
Exchange differences arising from translation of overseas operation	海外業務匯率折算差額	-	-	-	-	(1,550)	-	(1,550)	219	(1,331)
Net expense recognised directly in equity	直接於權益確認之開支淨額	-	-	-	-	(1,550)	-	(1,550)	219	(1,331)
Profit for the year	本年度溢利	-	-	-	-	-	81,092	81,092	(81)	81,011
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	79,680
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)	(2,709)
Dividends paid (note 13)	已派股利(附註13)	-	-	-	-	-	(61,000)	(61,000)	-	(61,000)
Dividends paid to minority shareholders	派發予少數股東之股利	-	-	-	-	-	-	-	(305)	(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
Exchange differences arising from translation of overseas operation	海外業務匯率折算差額	-	-	-	-	22,030	-	22,030	100	22,130
Net expense recognised directly in equity	直接於權益確認之開支淨額	-	-	-	-	22,030	-	22,030	100	22,130
Profit for the year	本年度溢利	-	-	-	-	-	123,198	123,198	(386)	122,812
Total recognised income and expense for the year	就本年度確認之收入及開支總額	-	-	-	-	22,030	123,198	145,228	(286)	144,942
Transfer to statutory reserve	撥往法定儲備	-	-	-	11,828	-	(11,828)	-	-	-
Acquisition of additional interest in a subsidiary	收購一家附屬公司額外權益	-	-	-	-	-	-	-	(5,742)	(5,742)
Dividends paid (note 13)	已派股利(附註13)	-	-	-	-	-	(80,000)	(80,000)	-	(80,000)
Dividends paid to minority shareholders	派發予少數股東之股利	-	-	-	-	-	-	-	(326)	(326)
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>200,000</b>	<b>42,554</b>	<b>336,758</b>	<b>106,803</b>	<b>26,124</b>	<b>166,500</b>	<b>878,739</b>	<b>432</b>	<b>879,171</b>



## Consolidated Statement of Changes in Equity (Continued)

### 綜合權益變動表(續)

#### 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 taxation, 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%作為法定盈餘儲備，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 2006 截至二零零六年十二月三十一日止年度

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>Operating activities</b>	<b>經營活動</b>		
Profit before taxation	除稅前溢利	<b>174,453</b>	119,845
Adjustments for:	經調整下列各項:		
Interest income	利息收益	<b>(4,321)</b>	(3,297)
Depreciation of property, plant and equipment	不動產、廠場及設備折舊	<b>20,815</b>	24,666
Loss on disposal of property, plant and equipment	出售不動產、廠場及設備之虧損	<b>601</b>	3,881
Release of prepaid lease payments	撥回自用土地租賃款	<b>239</b>	236
Write off of intangible assets	無形資產撇銷	<b>-</b>	325
Increase in fair value of held-for-trading investments	持作買賣投資公平值增加	<b>(2,476)</b>	(2,563)
Gain on acquisition of additional interest in a subsidiary	收購一家附屬公司額外權益之收益	<b>-</b>	(2,709)
Increase in fair value of investment properties	投資物業公平值增加	<b>(320)</b>	(4,477)
Impairment loss on goodwill	商譽減值虧損	<b>-</b>	3,192
Amortisation of intangible assets	無形資產攤銷	<b>939</b>	915
Allowance for obsolete inventories	呆滯存貨撥備	<b>1,317</b>	8,463
Impairment loss on trade receivables	貿易應收賬款減值虧損	<b>1,531</b>	3,311
Share of loss of an associate	應佔一家聯營公司虧損	<b>172</b>	60
Share of loss of a jointly controlled entity	應佔一家共同控制實體虧損	<b>5</b>	-
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	<b>192,955</b>	151,848
Increase in inventories	存貨增加	<b>(8,413)</b>	(9,214)
Increase in trade and other receivables	貿易及其他應收賬款增加	<b>(25,207)</b>	(14,806)
Decrease in held-for-trading investments	持作買賣投資減少	<b>1,628</b>	70,450
(Decrease) increase in trade and other payables	貿易及其他應付賬款(減少)增加	<b>(11,843)</b>	21,881
Increase (decrease) in deferred income	遞延收益增加(減少)	<b>847</b>	(683)
Increase in retirement benefit obligations	退休福利責任增加	<b>427</b>	725
Cash generated from operations	經營業務產生之現金	<b>150,394</b>	220,201
Overseas Tax paid	已付海外稅項	<b>(44,242)</b>	(39,248)
<b>Net cash from operating activities</b>	<b>經營活動所得現金淨額</b>	<b>106,152</b>	180,953

## Consolidated Cash Flow Statement (Continued)

### 綜合現金流量表(續)

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>Investing activities</b>	<b>投資活動</b>		
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益	<b>(14,520)</b>	-
Purchase of property, plant and equipment	購買不動產、廠場及設備	<b>(11,265)</b>	(24,897)
Investment in a jointly controlled entity	於一家共同控制實體之投資	<b>(358)</b>	-
Interest received	已收利息	<b>4,321</b>	3,297
Proceeds from disposal of property, plant and equipment	出售不動產、廠場及設備所得款項	<b>65</b>	2,088
<b>Net cash used in investing activities</b>	<b>投資業務所用現金淨額</b>	<b>(21,757)</b>	(19,512)
<b>Financing activities</b>	<b>融資活動</b>		
Dividends paid	已派股利	<b>(80,000)</b>	(61,000)
Dividends paid to minority shareholders of subsidiaries	已派附屬公司少數股東股利	<b>(326)</b>	(305)
<b>Net cash used in financing activities</b>	<b>融資活動所用現金淨額</b>	<b>(80,326)</b>	(61,305)
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>	<b>4,069</b>	100,136
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初之現金及現金等價物</b>	<b>338,748</b>	235,920
<b>Effect of foreign exchange rate changes</b>	<b>匯率變動之影響</b>	<b>13,426</b>	2,692
<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)</b>	<b>356,243</b>	338,748

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 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 39 to the consolidated financial statements.

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

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 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綜合財務報表附註39。

綜合財務報表以港元呈列，與本公司之功能貨幣相同。

### 2. 應用新訂及修訂香港財務報告準則（「香港財務報告準則」）

於本年度，本集團首次應用香港會計師公會頒佈於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效之多項新準則、修訂及詮釋（「新香港財務報告準則」）。採納新香港財務報告準則對已編製及呈列本會計期間或過往會計期間之業績並無造成重大影響。因此，毋須作出前期調整。

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations, except HKFRS 8, will have no material impact on how the results and the financial position of the Group are prepared and presented. The directors are not yet in a position to determine whether HKFRS 8 would have a significant impact on how its results of operations and financial position are prepared and presented.

HKAS 1 (Amendment)  
香港會計準則第1號(修訂本)  
HKFRS 7  
香港財務報告準則第7號  
HKFRS 8  
香港財務報告準則第8號  
HK(IFRIC) – Int 7

香港(國際財務報告詮釋委員會)詮釋第7號

HK(IFRIC) – Int 8  
香港(國際財務報告詮釋委員會)詮釋第8號  
HK(IFRIC) – Int 9  
香港(國際財務報告詮釋委員會)詮釋第9號  
HK(IFRIC) – Int 10  
香港(國際財務報告詮釋委員會)詮釋第10號  
HK(IFRIC) – Int 11  
香港(國際財務報告詮釋委員會)詮釋第11號  
HK(IFRIC) – Int 12  
香港(國際財務報告詮釋委員會)詮釋第12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 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1 March 2006
- <sup>4</sup> Effective for annual periods beginning on or after 1 May 2006
- <sup>5</sup> Effective for annual periods beginning on or after 1 June 2006
- <sup>6</sup> Effective for annual periods beginning on or after 1 November 2006
- <sup>7</sup> Effective for annual periods beginning on or after 1 March 2007
- <sup>8</sup> Effective for annual periods beginning on or after 1 January 2008

## 2. 應用新訂及修訂香港財務報告準則(「香港財務報告準則」)(續)

本集團並無提早應用以下已頒佈但尚未生效的新準則、修訂及詮釋。本公司董事預期採納該等準則、修訂及詮釋對本集團業績及財務狀況的編製及呈列方法並無重大影響，惟香港財務報告準則第8號則除外。董事尚未能確定香港財務報告準則第8號會否對本集團營運業績及財務狀況的編製及呈列方法造成重大影響。

Capital disclosures<sup>1</sup>  
資本披露<sup>1</sup>  
Financial instruments: Disclosures<sup>1</sup>  
金融工具：披露<sup>1</sup>  
Operating Segments<sup>2</sup>  
營運分部<sup>2</sup>  
Applying the restatement approach under HKAS29  
Financial Reporting in Hyperinflationary  
Economies<sup>3</sup>  
根據香港會計準則第29號惡性通貨膨脹經濟之財務  
報告應用重列法<sup>3</sup>  
Scope of HKFRS 2<sup>4</sup>  
香港財務報告準則第2號之範圍<sup>4</sup>  
Reassessment of embedded derivatives<sup>5</sup>  
重估內含衍生工具<sup>5</sup>  
Interim financial reporting and impairment<sup>6</sup>  
中期財務報告及減值<sup>6</sup>  
HKFRS 2 – Group and Treasury Share Transactions<sup>7</sup>  
香港財務報告準則第2號 – 本集團及庫存股份交易<sup>7</sup>  
Service Concession Arrangements<sup>8</sup>  
服務經營權安排<sup>8</sup>

- <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> 於二零零九年一月一日或之後開始之年度期間生效
- <sup>3</sup> 於二零零六年三月一日或之後開始之年度期間生效
- <sup>4</sup> 於二零零六年五月一日或之後開始之年度期間生效
- <sup>5</sup> 於二零零六年六月一日或之後開始之年度期間生效
- <sup>6</sup> 於二零零六年十一月一日或之後開始之年度期間生效
- <sup>7</sup> 於二零零七年三月一日或之後開始之年度期間生效
- <sup>8</sup> 於二零零八年一月一日或之後開始之年度期間生效

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

The consolidated financial statements have been prepared in accordance with HKFRSs 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 in the net assets 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.

**3. 主要會計政策**

除投資物業及金融工具按公平值計量之外，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，綜合財務報表包括香港聯合交易所有限公司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受本公司控制之實體(其附屬公司)之財務報表。倘本公司有權規管實體之財務及營運政策，從而自該實體業務獲益，則構成控制權。

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之金額。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。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Additional interests in subsidiaries are measured at the carrying amounts of identified assets and liabilities of the subsidiary and any excess of the consideration over the cost of net assets acquired are accounted for as goodwill.

#### Goodwill

*Goodwill arising on acquisitions prior to 1 January 2005*

Goodwill arising on an acquisition of a subsidiary 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.

### 3. 主要會計政策(續)

#### 業務合併

收購附屬公司以收購法入賬。收購成本按所給予資產、所產生或承擔負債以及本集團就交換收購對象控制權所發行股本工具於交換日期公平值總額，加業務合併任何直接應佔成本計量。倘收購對象之可資識別資產、負債及或然負債符合香港財務報告準則第3號業務合併之確認條件，於收購日期按公平值確認。

收購產生之商譽確認為資產負債，初步按成本確認，即業務合併成本超出本集團於已確認可資識別資產、負債及或然負債公平淨值權益之差額。倘於重新評估後，本集團於收購對象可資識別資產、負債及或然負債公平淨值權益超出業務合併成本，差額即時於損益確認。

少數股東於收購對象之權益，初步按少數股東佔已確認資產、負債及或然負債公平淨值之比例計量。

於附屬公司之額外權益按附屬公司已識別資產及負債賬面款額計量，代價超出購入資產淨值成本差額計入商譽。

#### 商譽

*於二零零五年一月一日前進行收購所產生商譽*

收購附屬公司所產生商譽(協議日期為二零零五年一月一日前)，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。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Goodwill** (Continued)

*Goodwill arising on acquisitions prior to 1 January 2005*  
(Continued)

Previously capitalised goodwill arising on acquisitions of subsidiaries after 1 January 2001 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 consolidated balance sheet.

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 consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

**3. 主要會計政策(續)**

**商譽(續)**

於二零零五年一月一日前進行收購所產生商譽(續)

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，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(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。

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綜合收益表確認。商譽減值虧損不會於往後期間撥回。



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Goodwill** (Continued)

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

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.

#### **Interest in associate**

An associate in an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of the associate is incorporated in these consolidated 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 net assets 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.

#### **Joint ventures**

*Jointly controlled entities*

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

### 3. 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)

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**

聯營公司為投資者對其具重大影響力而並非屬其附屬公司或於合營企業之權益的實體。

聯營公司之業績及資產與負債以權益會計法計入此等綜合財務報表。根據權益法，於聯營公司之投資按成本，並就本集團應佔聯營公司資產淨值之收購後變動作出調整，再減任何已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。

#### **合營企業**

*共同控制實體*

倘合營安排涉及設立獨立實體且合營各方對實體經濟活動擁有共同控制權，則稱為共同控制實體。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Joint ventures** (Continued)

*Jointly controlled entities* (Continued)

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are 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 consolidated balance sheet.

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

**3. 主要會計政策(續)**

**合營企業(續)**

*共同控制實體(續)*

共同控制實體業績、資產及負債以權益會計法，納入綜合財務報表。根據權益法，於共同控制實體之投資，按成本於綜合資產負債表列賬，經本集團於共同控制實體之資產淨值的收購後變動調整。倘本集團分佔共同控制實體虧損等於或超出於該共同控制實體之權益（包括任何實際上構成本集團於該共同控制實體投資淨額其中部分之長期權益），本集團終止確認分佔的進一步虧損。就分佔的任何額外虧損計提撥備，惟於本集團已產生法定或推定責任或代表共同控制實體情況下，始確認負債。

倘集團實體與本集團共同控制實體進行交易，未變現溢利或虧損按本集團於共同控制實體之權益對銷，惟倘未變現虧損能證實資產減值已轉讓，則全數確認虧損。

**收入確認**

收入按已收或應收代價公平值計量，即就於日常業務中提供貨品及服務應收款額，扣除折扣及銷售相關稅項。

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，於綜合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綜合收益表確認。

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue recognition (Continued)

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, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 consolidated income statement in the year in which the item is derecognised.

### 3. 主要會計政策(續)

#### 收入確認(續)

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

除在建工程外，不動產、廠場及設備按成本減日後累計折舊及累計減值虧損列賬。

除在建工程外，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，以撇銷其成本。

在建工程指就生產或自用興建中的不動產、廠場及設備。在建工程按成本減任何已確認減值虧損列賬。在建工程於完成及可作指定用途時，在適當不動產、廠場及設備類別分類。該等資產折舊按其他不動產的相同基準，於資產準備就緒作擬定用途時折舊。

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綜合收益表。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

**Operating lease**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessor*

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

*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.

**3. 主要會計政策(續)**

**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。

投資物業於出售或永久不能使用或預期將不會自出售取得日後經濟利益時解除確認。解除確認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間差額計算），於解除確認年度計入綜合收益表。

**經營租賃**

租賃條款自承租人轉讓擁有權絕大部分風險及回報之租賃分類為融資租賃。所有其他租賃分類為經營租賃。

*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綜合收益表確認。

*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確認。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(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 the respective 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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 Group (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.

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 exchange reserve.

**3. 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。按公平值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產生的匯兌差額，於產生期間在損益確認。重新換算按公平值列賬非貨幣項目產生之匯兌差額，計入期間損益。

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集團之呈列貨幣(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。

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。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**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 consolidated income statement and are reported separately as other income.

**Retirement benefit costs**

Payments to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the People's Republic of China (the "PRC") municipal government retirement scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

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.

The amount recognised in the consolidated 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.

**3. 主要會計政策(續)**

**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，於該等開支計入綜合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華人民共和國(「中國」)市政府退休計劃規定之強制性公積金付款，於僱員提供服務所獲取供款時作為開支。

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。

於綜合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。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**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 consolidated 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.

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.

**3. 主要會計政策(續)**

**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，故與綜合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確認。

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。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Intangible assets**

*Intangible assets acquired separately*

Intangible assets acquired separately and 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 consolidated income statement when the asset is derecognised.

*Research and development expenditure*

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

*Impairment*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. 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.

When 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.

**3. 主要會計政策(續)**

**無形資產**

*購入無形資產*

獨立購入且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綜合收益表確認。

*研究及開發支出*

研究活動支出於產生期間確認為開支。

*減值*

有固定可用年期及尚未供使用的無形資產每年透過比較賬面款額與可收回款額檢測減值，不論有無蹟像顯示可能出現減值。倘預計資產應收回款額低於賬面款額，則資產賬面款額減至可收回款額。減值虧損即時確認為開支。

倘減值虧損其後撥回，資產賬面值增加至經修訂預計可收回款額，惟增加後的賬面款額不超逾過往年度並無確認減值虧損而原應釐定之賬面款額。



**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**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 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.

*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 comprises financial assets held for trading.

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 year in which they arise.

**3. 主要會計政策(續)**

**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平值計量。收購或發行金融資產及金融負債（按公平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）之公平值計入或扣除。收購按公平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。

*金融資產*

本集團之金融資產可分為三個類別，包括按公平值計入損益之金融資產、貸款及應收賬款以及可出售金融資產。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包括持作買賣金融資產。

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年度直接在損益確認。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Financial instruments** (Continued)

*Financial assets* (Continued)

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investment.

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 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.

**3. 主要會計政策(續)**

**金融工具(續)**

**金融資產(續)**

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。

可出售金融資產

可出售金融資產為並無指定或並無列作按公平值計入損益之金融資產、貸款及應收賬款或持至到期投資之非衍生項目。

於初次確認後各結算日，並無活躍市場報價且公平值未能可靠釐定之可出售股本投資按成本減任何已識別減值虧損計量。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貼現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。

### 3. SIGNIFICANT ACCOUNTING POLICIES (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 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 receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised 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 and payable is recognised in profit or loss.

### 3. 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，其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，資產賬面值與已收及應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。

金融負債則於有關合約訂明之責任獲解除、取消或屆滿時剔除確認。剔除確認之金融負債賬面款額與已付或應付代價之間差額，於損益確認。

**3. SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Impairment losses (other than 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.

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**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. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2006, the carrying amount of goodwill is approximately HK\$23.2 million. Details of the recoverable amount calculation are set out in note 19.

**3. 主要會計政策(續)**

**減值虧損(商譽除外)**

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。

**4. 不確定估計之主要來源**

有重大風險導致下一財政年度資產及負債賬面款額重大調整之有關未來主要假設及於結算日之估計不確定因素主要來源，於下文討論。

**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。倘實際日後現金流量低於預期，則出現重大減值虧損。於二零零六年十二月三十一日，商譽賬面值約為23,200,000港元，收回金額詳情載於附註19。

## 5. FINANCIAL INSTRUMENTS

### 5a. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, bank balances and trade payables. 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.

#### *Market risk*

##### *Equity price risk*

The Group's held-for-trading investments are 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.

##### *Fair value interest rate risk*

The Group's fair value interest rate risk relates primarily to short-term bank deposits. The Directors consider the Group's exposure of the short term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

## 5. 金融工具

### 5a. 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、銀行結餘及貿易應付賬款。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。

#### *市場風險*

##### *股本價格風險*

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。

##### *公平值利率風險*

本集團之公平值利率風險主要與短期銀行存款有關。董事認為，本集團之短期銀行存款利率風險並不重大，原因為計息銀行結餘之到期日短。

**5. FINANCIAL INSTRUMENTS (Continued)**

**5a. Financial risk management objectives and policies (Continued)**

*Credit risk*

As at 31 December 2006, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial 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 assigned by international credit-rating agencies.

At 31 December 2006, the five largest receivable balances accounted for approximately 37% of the trade receivables and the largest trade receivables attributable to the Group's trade receivables were approximately 15% of the Group's total trade receivables.

The Group's concentration of credit risk by geographical locations are mainly PRC other than Hong Kong and Taiwan, which accounted for 61% and 37% of the trade receivables as at 31 December 2006.

**5. 金融工具(續)**

**5a. 財務風險管理目標及政策(續)**

*信貸風險*

於二零零六年十二月三十一日，本集團就訂約方未能履行其責任而產生財務虧損之最高信貸風險乃源自綜合資產負債表列賬之各項已確認金融資產賬面值。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國際信貸評級機構頒授高信貸評級之銀行。

於二零零六年十二月三十一日，五大應收賬款結餘約佔貿易應收賬款結餘37%，而最大應收賬款結餘約佔本集團貿易應收賬款結餘15%。

本集團按地區劃分之信貸風險集中於中國(香港除外)及台灣。於二零零六年十二月三十一日，分別佔貿易應收賬項應營業額61%及37%。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**5. FINANCIAL INSTRUMENTS (Continued)**

**5a. Financial risk management objectives and policies (Continued)**

*Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on its operating cash flows as a significant source of liquidity.

**5b. Fair value**

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

**6. 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

**5. 金融工具(續)**

**5a. 財務風險管理目標及政策(續)**

*流動資金風險*

管理流動資金風險方面，本集團監控及維持管理層認為充裕之現金及現金等值物水平，以為本集團營運提供資金及減低現金流量波動影響。本集團依賴其經營現金流量提供主要流動資金來源。

**5b. 公平值**

金融資產及金融負債公平值按以下項目釐定：

- 附有標準條款及條件且於活躍流通市場買賣之金融資產公平值，分別按買入及賣出報價釐定；
- 其他金融資產及金融負債公平值，採用觀察所得現行市場交易價格，按貼現現金流量分析以普遍接納之定價模式釐定。

**6. 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：

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>334,560</b>	322,847
<b>24,482</b>	29,814
<b>4,704</b>	5,255
<b>363,746</b>	357,916

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**7. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Geographical segments**

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

An analysis of the Group's revenue and contribution to segment results and segment assets and liabilities by geographic segments based on customers location, irrespective of the origin of the goods/services, is presented below:

**7. 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。

本集團之收入、對分部業績的貢獻、分部資產及負債之地域分部(按客戶所在地、不論貨品/服務來源地)分析如下:

		<b>PRC</b> 中國大陸 <b>HK\$'000</b> 千港元	<b>Taiwan</b> 台灣 <b>HK\$'000</b> 千港元	<b>Others</b> 其他地區 <b>HK\$'000</b> 千港元	<b>Total</b> 總計 <b>HK\$'000</b> 千港元
<b>For the year ended</b>	<b>截至二零零六年</b>				
<b>31 December 2006</b>	<b>十二月三十一日</b>				
	<b>止年度</b>				
Turnover	營業額	<b>240,011</b>	<b>114,820</b>	<b>8,915</b>	<b>363,746</b>
Segment results	分部業績	<b>129,269</b>	<b>51,425</b>	<b>(3,774)</b>	<b>176,920</b>
Unallocated expenses	未撥配支出				<b>(9,087)</b>
Unallocated income	未撥配收益				<b>6,797</b>
Share of loss of an associate	應佔一家聯營公司虧損				<b>(172)</b>
Share of loss of a jointly controlled entity	應佔一家共同控制實體虧損				<b>(5)</b>
Profit before taxation	除稅前溢利				<b>174,453</b>
Income tax expense	所得稅開支				<b>(51,641)</b>
Profit for the year	年內溢利				<b>122,812</b>



Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

7. BUSINESS AND GEOGRAPHICAL SEGMENTS 7. 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 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
Assets	資產				
Segment assets	分部資產	<b>309,616</b>	<b>273,694</b>	<b>5,824</b>	<b>589,134</b>
Interest in an associate	於一家聯營公司之 權益	<b>373</b>	-	-	<b>373</b>
Interest in a jointly controlled entity	於一家共同控制 實體之權益	-	<b>353</b>	-	<b>353</b>
Unallocated assets	未撥配資產				<b>407,800</b>
Consolidated total assets	綜合總資產				<b>997,660</b>
Liabilities	負債				
Segment liabilities	分部負債	<b>39,879</b>	<b>41,605</b>	<b>5,305</b>	<b>86,789</b>
Unallocated liabilities	未撥配負債				<b>31,700</b>
Consolidated total liabilities	綜合總負債				<b>118,489</b>
Other information	其他資料				
Capital expenditure	資本開支	<b>8,794</b>	<b>2,142</b>	<b>329</b>	<b>11,265</b>
Depreciation of property, plant and equipment	不動產、廠場及 設備折舊	<b>13,461</b>	<b>6,581</b>	<b>773</b>	<b>20,815</b>
Release of prepaid lease payments	撥回自用土地租 賃款	<b>239</b>	-	-	<b>239</b>
Loss on disposal of property, plant and equipment	出售不動產、廠場 及設備虧損	<b>139</b>	-	<b>462</b>	<b>601</b>
Amortisation of intangible assets	無形資產攤銷	<b>939</b>	-	-	<b>939</b>
Allowance for obsolete inventories	陳舊存貨撥備	<b>1,027</b>	-	<b>290</b>	<b>1,317</b>
Impairment loss on trade receivables	貿易應收賬款 減值虧損	<b>1,462</b>	<b>69</b>	-	<b>1,531</b>

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**7. BUSINESS AND GEOGRAPHICAL SEGMENTS**      **7. 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 2005	截至二零零五年 十二月三十一日 止年度				
Turnover	營業額	213,915	137,358	6,643	357,916
Segment results	分部業績	85,485	49,824	(14,768)	120,541
Unallocated expenses	未撥配支出				(6,496)
Unallocated income	未撥配收益				5,860
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

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

7. BUSINESS AND GEOGRAPHICAL SEGMENTS 7. 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 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
Assets	資產				
Segment assets	分部資產	273,470	273,189	7,167	553,826
Interest in an associate	於一家聯營公司之權益	545	-	-	545
Unallocated assets	未撥配資產				383,099
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 liabilities	未撥配負債				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 of property, plant and equipment	不動產、廠場及設備虧損折舊	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

**7. BUSINESS AND GEOGRAPHICAL SEGMENTS**  
(Continued)

**Business segments**

For management purposes, the Group is currently organised into 2 operating divisions – (i) sale of cosmetic products and provision of beauty services and (ii) 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 income from this segment is not included as turnover.

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

		Turnover 營業額		Other income 其他收益	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cosmetic products and beauty services	美容產品及美容服務	363,746	357,916	-	-
Investment properties	投資物業	-	-	6,492	10,303
Others	其他	-	-	40,831	32,832
		<b>363,746</b>	<b>357,916</b>	<b>47,323</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:

		Carrying amount of segment assets 分部資產賬面值		Capital expenditure 資本開支	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cosmetic products and beauty services	美容產品及美容服務	426,906	394,173	11,265	24,897
Investment properties	投資物業	162,228	159,653	-	-
		<b>589,134</b>	<b>553,826</b>	<b>11,265</b>	<b>24,897</b>

**7. 業務及地域分部(續)**

**業務分部**

就管理目的而言，本集團現分為兩個營業部門 – (i) 銷售美容產品及提供美容服務以及(ii) 出租投資物業。董事認為，出租投資物業並不視為本集團主要業務，因此，此分部之收入不計入營業額內。

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：

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

8. OTHER INCOME

8. 其他收益

Rental income from investment properties	來自投資物業之租金收益
Rental income from other properties	來自其他物業之租金收益
Interest income on bank deposits	銀行結存利息收益
Financial refunds (note)	財務退款(附註)
Increase in fair value of investment properties	投資物業公平值增加
Increase in fair value of held-for-trading investments	持作買賣投資公平值增加
Gain on acquisition of additional interest in a subsidiary	收購一家附屬公司額外權益之收益
Others	其他收益

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
6,172	5,826
2,713	1,853
4,321	3,297
26,506	19,621
320	4,477
2,476	2,563
-	2,709
4,815	2,789
<b>47,323</b>	<b>43,135</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. 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：根據中國大陸若干附屬公司經營所在地省分之財政部門的當地慣例，中國大陸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透過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。因此，不能確定該等附屬公司日後將繼續有權取得該等財務退款及稅項豁免待遇。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

9. PROFIT BEFORE TAXATION

9. 除稅前溢利

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Profit before taxation has been arrived at after charging (crediting):	除稅前溢利經扣除(計入)下列各項後列賬:		
Staff costs:	員工成本:		
– directors' emoluments (note 10)	– 董事酬金 (附註 10)	<b>2,744</b>	1,089
– other staff costs	– 其他員工成本	<b>52,347</b>	56,693
Retirement benefits scheme contributions, excluding directors:	退休福利計劃供款, 不包括董事之:		
– contributions to defined contribution plan	– 定額供款計劃供款	<b>5,161</b>	5,047
– expenses recognised in respect of defined benefit plan (note 29)	– 定額福利計劃之已確認開支 (附註 29)	<b>933</b>	944
Total staff costs	員工成本總額	<b>61,185</b>	63,773
Depreciation of property, plant and equipment	不動產、廠場及設備折舊	<b>20,815</b>	24,666
Amortisation of intangible assets, included in administrative expenses	無形資產攤銷, 包括於行政開支	<b>939</b>	915
Total depreciation and amortisation	折舊及攤銷總額	<b>21,754</b>	25,581
Release of prepaid lease payments	撥回自用土地租賃款	<b>239</b>	236
Impairment loss on goodwill	商譽減值虧損	–	3,192
Auditors' remuneration	核數師酬金	<b>2,862</b>	2,622
Loss on disposal of property, plant and equipment	出售不動產、廠場及設備虧損	<b>601</b>	3,881
Write off of intangible assets	無形資產撇銷	–	325
Research and development costs	研發成本	<b>1,996</b>	1,306
Allowance for obsolete inventories	陳舊存貨撥備	<b>1,317</b>	8,463
Cost of inventories recognised as expense	已確認為開支之存貨成本	<b>68,725</b>	73,309
Impairment loss on trade receivables	貿易應收賬款減值虧損	<b>1,531</b>	3,311
Exchange loss (gain)	匯兌虧損(收益)	<b>1,427</b>	(249)

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2005: 7) directors were as follows:

10. 董事酬金

已付或應付予七名(二零零五年:七名)董事之酬金如下:

	Dr. Tsai Yen Yu 蔡燕玉 博士	Mr. Lee Ming Ta 李明達 先生	Mr. Su Chien Cheng 蘇建誠 先生	Dr. Su Sh Hsyu 蘇詩琇 博士	Mr. Yeh Liang Fei 葉良輝 先生	Mrs. Chen Shieh Shu Chen 陳謝淑珍 女士	Mr. Chen Ching 譚清 先生	Total 2006 總計 二零零六年	
	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	
Fees	袍金	1,000	700	600	600	20	20	48	2,988
Other emoluments	其他酬金								
Salaries and other benefits	薪金及其他福利	14	325	291	564	-	-	-	1,194
Contributions to retirement benefits scheme	退休福利計劃供款	-	6	5	1	-	-	-	12
Waiver of fees	豁免袍金	(500)	(350)	(300)	(300)	-	-	-	(1,450)
Total emoluments	酬金總額	514	681	596	865	20	20	48	2,744

	Dr. Tsai Yen Yu 蔡燕玉 博士	Mr. Lee Ming Ta 李明達 先生	Mr. Su Chien Cheng 蘇建誠 先生	Dr. Su Sh Hsyu 蘇詩琇 博士	Mr. Yeh Liang Fei 葉良輝 先生	Mrs. Chen Shieh Shu Chen 陳謝淑珍 女士	Mr. Chen Ching 譚清 先生	Total 2005 總計 二零零五年	
	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	
Fees	袍金	1,000	700	600	600	20	20	48	2,988
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	1,089

For the year ended 31 December 2006, each of the executive directors voluntarily agreed to waive their entitlement to certain remuneration of approximately HK\$1.5 million (2005: HK\$2.9 million).

截至二零零六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1,500,000港元(二零零五年:2,900,000港元)。

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**11. EMPLOYEES' EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, three (2005: two) as directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining two (2005: 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

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

**12. INCOME TAX EXPENSE**

The charge comprises:	支出包括：
Taxation in other jurisdictions	於其他司法權區之稅項
Current year	本年度
Underprovision in prior years	過往年度撥備不足
Deferred taxation (note 32)	遞延稅項 (附註 32)
Current year	本年度

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.

**11. 僱員酬金**

本集團五名最高薪酬人士包括三名(二零零五年:兩名)董事,彼等之酬金詳情已於上文附註10披露。其餘兩名(二零零五年:三名)人士之酬金如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
1,262	1,395
44	28
<b>1,306</b>	<b>1,423</b>

各名僱員於該兩個年度之酬金均少於1,000,000港元。

**12. 所得稅開支**

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
53,983	35,263
2,144	3,635
<b>56,127</b>	<b>38,898</b>
(4,486)	(64)
<b>51,641</b>	<b>38,834</b>

其他司法權區所產生稅項乃按各有關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。



Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

12. INCOME TAX EXPENSE (Continued)

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

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

12. 所得稅開支(續)

由於本公司及其附屬公司在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：

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Profit before taxation	除稅前溢利	<b>174,453</b>	119,845
Tax at domestic rates applicable to profits of taxable entities in the countries concerned	就應課稅實體於有關國家溢利，按當地稅率計算	<b>55,522</b>	38,710
Tax effect of expenses not deductible for tax purpose	不可扣稅支出之稅務影響	<b>10,492</b>	8,093
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	<b>(10,273)</b>	(6,518)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	<b>3,324</b>	5,039
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稅務影響	<b>(9,631)</b>	(10,149)
Tax effect of share of loss of an associate	應佔一家聯營公司虧損之稅務影響	<b>62</b>	24
Tax effect of share of loss of a jointly controlled entity	應佔一家共同控制實體虧損之稅務影響	<b>1</b>	-
Underprovision in prior years	過往年度撥備不足	<b>2,144</b>	3,635
Taxation charge for the year	年內稅項支出	<b>51,641</b>	38,834

Note: As the Group operates in several different tax jurisdictions, separate reconciliations using the domestic tax rate in each individual tax jurisdiction have been aggregated and presented.

附註：由於本集團於多個不同稅務司法權區經營，以各個別稅務司法權區當地稅率作出之獨立對賬已合併並呈列。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

13. DIVIDENDS

Dividend recognised as distribution during the year:	年內確認作可分派之股利：
Interim dividend, paid – HK\$0.0140 per share (2005: HK\$0.0090)	已派發中期股利 – 每股 0.0140 港元 (二零零五年：0.0090 港元)
Special dividend, paid – HK\$0.0060 per share (2005: HK\$0.0040)	已派發特別股利 – 每股 0.0060 港元 (二零零五年：0.0040 港元)
Final dividend, paid – HK\$0.020 per share (2005: HK\$0.0175)	已派發末期股利 – 每股 0.020 港元 (二零零五年：0.0175 港元)

The final dividend of HK\$0.030 (2005: HK\$0.020) per share and a special dividend of HK\$0.0125 (2005: Nil) per share, amounting to approximately HK\$60,000,000 and HK\$25,000,000 respectively, have been proposed by the directors and is subject to approval by the shareholders in general meeting.

14. 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\$123,198,000 (2005: HK\$81,092,000) and on the number of 2,000,000,000 (2005: 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.

13. 股利

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>28,000</b>	18,000
<b>12,000</b>	8,000
<b>40,000</b>	35,000
<b>80,000</b>	61,000

董事建議派付末期股利每股0.030港元(二零零五年:0.020港元)及特別股利每股0.0125港元(二零零五年:無),分別合共約60,000,000港元及25,000,000港元,惟須待股東於股東大會批准。

14. 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123,198,000港元(二零零五年:81,092,000港元)及本公司年內已發行普通股數目2,000,000,000股(二零零五年: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。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

15. INVESTMENT PROPERTIES

15. 投資物業

		HK\$'000 千港元
FAIR VALUE	公平值	
At 1 January 2005	於二零零五年一月一日	160,459
Exchange realignment	匯兌調整	(5,283)
Increase in fair value recognised in the consolidated income statement	於綜合收益表確認之公平值增加	4,477
		<hr/>
At 31 December 2005	於二零零五年十二月三十一日	159,653
Exchange realignment	匯兌調整	2,255
Increase in fair value recognised in the consolidated income statement	於綜合收益表確認之公平值增加	320
		<hr/>
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>162,228</b>

The fair values of the Group's investment properties at 31 December 2006 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 are situated on freehold land outside Hong Kong.

本集團之投資物業於二零零六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。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

16. PROPERTY, PLANT AND EQUIPMENT

16. 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 improve- ments 租賃改良 HK\$'000 千港元	Plant and machinery 廠場及機器 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	Construct- ion in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>COST</b>	<b>成本</b>								
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	-	285,201
Exchange realignment	匯兌調整	-	883	334	504	61	(204)	-	1,578
Additions	增添	-	12,878	5,259	2,506	959	3,295	-	24,897
Disposals	出售	-	-	(12,360)	(1,504)	(518)	(5,085)	-	(19,467)
At 31 December 2005	於二零零五年 十二月三十一日	23,818	130,589	58,626	26,471	5,750	46,955	-	292,209
Exchange realignment	匯兌調整	336	4,135	1,598	992	(542)	1,841	12	8,372
Additions	增添	-	551	6,013	1,060	1,508	1,591	542	11,265
Disposals	出售	-	-	(5,784)	(471)	(596)	(625)	-	(7,476)
<b>At 31 December 2006</b>	<b>於二零零六年 十二月三十一日</b>	<b>24,154</b>	<b>135,275</b>	<b>60,453</b>	<b>28,052</b>	<b>6,120</b>	<b>49,762</b>	<b>554</b>	<b>304,370</b>
<b>DEPRECIATION</b>	<b>折舊</b>								
At 1 January 2005	於二零零五年一月一日	-	18,153	37,626	15,988	2,914	27,075	-	101,756
Exchange realignment	匯兌調整	-	17	247	384	56	(144)	-	560
Provided for the year	年內撥備	-	3,031	11,025	2,366	786	7,458	-	24,666
Eliminated on disposals	於出售時撇銷	-	-	(9,498)	(657)	(345)	(2,998)	-	(13,498)
At 31 December 2005	於二零零五年 十二月三十一日	-	21,201	39,400	18,081	3,411	31,391	-	113,484
Exchange realignment	匯兌調整	-	632	1,134	752	44	840	-	3,402
Provided for the year	年內撥備	-	3,120	8,918	2,188	675	5,914	-	20,815
Eliminated on disposals	於出售時撇銷	-	-	(5,668)	(350)	(462)	(330)	-	(6,810)
<b>At 31 December 2006</b>	<b>於二零零六年 十二月三十一日</b>	<b>-</b>	<b>24,953</b>	<b>43,784</b>	<b>20,671</b>	<b>3,668</b>	<b>37,815</b>	<b>-</b>	<b>130,891</b>
<b>CARRYING VALUES</b>	<b>賬面值</b>								
<b>At 31 December 2006</b>	<b>於二零零六年 十二月三十一日</b>	<b>24,154</b>	<b>110,322</b>	<b>16,669</b>	<b>7,381</b>	<b>2,452</b>	<b>11,947</b>	<b>554</b>	<b>173,479</b>
At 31 December 2005	於二零零五年 十二月三十一日	23,818	109,388	19,226	8,390	2,339	15,564	-	178,725

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**16. PROPERTY, PLANT AND EQUIPMENT**  
(Continued)

The carrying values of buildings shown above are situated on:

Land held in the PRC under medium term land use rights	於中國根據中期土地使用權持有之土地
Freehold land in Taiwan	於台灣持有永久業權土地

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

During the year ended 31 December 2005, the Group had acquired buildings in the PRC. While the Group had paid substantially the purchase consideration, the relevant government authorities had 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. The formal title of these buildings had been granted to the Group during the year ended 31 December 2006.

Certain plant and equipment with a total carrying values of HK\$3,363,000 (2005: HK\$11,016,000) were entrusted to the operators of the Group (note 24).

**16. 不動產、廠場及設備(續)**

上述樓宇賬面值位於以下地區：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
93,622	92,321
16,700	17,067
<b>110,322</b>	<b>109,388</b>

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
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

截至二零零五年十二月三十一日止年度，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，該等樓宇之正式業權已於截至二零零六年十二月三十一日止年度批出予本集團。

總賬面金額3,363,000港元(二零零五年：11,016,000港元)之若干廠場及設備已委託予本集團附屬公司經營者(附註24)。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

17. PREPAID LEASE PAYMENTS

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

Analysed for reporting purposes as:  
Non-current asset  
Current asset

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

17. 自用土地租賃款

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>9,363</b>	9,275
<b>9,119</b>	9,039
<b>244</b>	236
<b>9,363</b>	9,275

18. INTANGIBLE ASSETS

COST  
At 1 January 2005  
Exchange realignment  
Written off

At 31 December 2005  
Exchange realignment

**At 31 December 2006**

AMORTISATION  
At 1 January 2005  
Exchange realignment  
Charge for the year  
Written off

At 31 December 2005  
Exchange realignment  
Charge for the year

**At 31 December 2006**

CARRYING VALUES  
**At 31 December 2006**

At 31 December 2005

成本  
於二零零五年一月一日  
匯兌調整  
撤銷  
於二零零五年十二月三十一日  
匯兌調整  
於二零零六年十二月三十一日

攤銷  
於二零零五年一月一日  
匯兌調整  
本年度支出  
撤銷  
於二零零五年十二月三十一日  
匯兌調整  
本年度支出  
於二零零六年十二月三十一日

賬面值  
於二零零六年十二月三十一日  
於二零零五年十二月三十一日

18. 無形資產

Patents and trademarks 專利權及商標 HK\$'000 千港元	Web site development costs 網站開發成本 HK\$'000 千港元	Software costs 軟件成本 HK\$'000 千港元	Total 總計 HK\$'000 千港元
1,649	4,530	696	6,875
63	106	-	169
-	-	(696)	(696)
1,712	4,636	-	6,348
24	166	-	190
<b>1,736</b>	<b>4,802</b>	<b>-</b>	<b>6,538</b>
1,649	2,718	371	4,738
63	76	-	139
-	915	-	915
-	-	(371)	(371)
1,712	3,709	-	5,421
24	154	-	178
-	939	-	939
<b>1,736</b>	<b>4,802</b>	<b>-</b>	<b>6,538</b>
-	-	-	-
-	927	-	927

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**18. INTANGIBLE ASSETS (Continued)**

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

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
Web site development costs	5 years
Software costs	5 – 10 years

**19. GOODWILL**

COST	
At 1 January 2005	
Exchange realignment	
At 31 December 2005	
Exchange realignment	
Arising on acquisition of additional interest in a subsidiary	

**At 31 December 2006**

IMPAIRMENT	
At 1 January 2005	
Impairment loss recognised for the year	

At 31 December 2005 and 2006

CARRYING VALUES  
**At 31 December 2006**

At 31 December 2005

For the purposes of impairment testing, goodwill has been allocated to individual cash generating unit, namely, sale of cosmetic products (CGU). The carrying amounts of goodwill as at 31 December 2006 is allocated to this CGU.

**18. 無形資產 (續)**

專利權及商標為公司內部產生，而網站則自第三方購入。

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：

專利權及商標	5-10年
網站開發成本	5年
軟件成本	5-10年

**19. 商譽**

HK\$'000  
千港元

成本	
於二零零五年一月一日	16,801
匯兌調整	289
於二零零五年十二月三十一日	17,090
匯兌調整	531
收購附屬公司額外權益產生	8,778

於二零零六年十二月三十一日 **26,399**

減值	
於二零零五年一月一日	-
本年度確認之減值虧損	3,192

於二零零五年及二零零六年十二月三十一日	3,192
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賬面值  
於二零零六年十二月三十一日 **23,207**

於二零零五年十二月三十一日 13,898

就檢測減值，商譽已分配至個別現金產生單位（即美容產品）。於二零零六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。

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**19. GOODWILL (Continued)**

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 declining growth rate, and discount rate of 8%. 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 relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is 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.

**20. INTEREST IN AN ASSOCIATE**

Cost of unlisted investment in associate	於聯營公司非上市投資之成本
Share of post-acquisition profits, net of dividends received	應佔收購後溢利·扣除已收股利

**19. 商譽(續)**

現金產生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五年財務預算的現金流量預測，以下降增長率及8%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與預計現金流入／流出（包括預算售價及毛利率）有關，有關估計按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。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過現金產生單位之可收回總金額。

**20. 於一家聯營公司之權益**

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>942</b>	942
<b>(569)</b>	(397)
<b>373</b>	545



Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**20. INTEREST IN AN ASSOCIATE (Continued)**

As at 31 December 2006, 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

**20. 於一家聯營公司之權益(續)**

於二零零六年十二月三十一日，本集團於下列屬非上市企業實體之聯營公司持有權益：

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：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Total assets	資產總值	3,433	3,707
Total liabilities	負債總值	(1,568)	(982)
Net assets	資產淨值	1,865	2,725
Group's share of net assets of associate	本集團應佔聯營公司資產淨值	373	545
Revenue	收益	5,846	6,306
Loss for the year	本年度虧損	(860)	(300)
Group's share of loss of associate for the year	本年度本集團應佔聯營公司虧損	(172)	(60)

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**21. INTEREST IN A JOINTLY CONTROLLED ENTITY**

**21. 於一家共同控制實體之權益**

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Cost of unlisted investments in a jointly controlled entity	於一家共同控制實體非上市投資之成本	<b>358</b>	-
Share of post-acquisition profits, net of dividends received	應佔收購後溢利·扣除已收股利	<b>(5)</b>	-
		<b>353</b>	-

As at 31 December 2006, the Group had interests in the following jointly controlled entity, which is an unlisted corporate entity:

於二零零六年十二月三十一日·本集團於以下屬非上市企業實體之共同控制實體持有權益：

<b>Name of entity</b> 實體名稱	<b>Form of business structure</b> 業務結構模式	<b>Place of registration and operation</b> 登記及經營地點	<b>Issued and fully paid registered capital</b> 已發行及繳足註冊資本	<b>Proportion of nominal value of registered capital held by the Group</b> 本集團所持註冊資本面值比例	<b>Principal activity</b> 主要業務
瑞昇醫學美容科技企業股份有限公司	Registered 已登記	Taiwan 台灣	NT\$3,000,000 新台幣3,000,000元	50%	Provision of health care services 提供健康護理服務

The summarised financial information in respect of the Group's jointly controlled entity which are accounted for using the equity method is set out below:

有關以權益法列賬之本集團共同控制實體之財務資料概要載列如下：

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Current assets	流動資產	<b>353</b>	-
Income	收入	<b>2</b>	-
Expenses	開支	<b>(7)</b>	-

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**22. AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments as at 31 December 2006 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.

**22. 可供出售投資**

於二零零六年十二月三十一日之可供出售投資包括：

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>6,786</b>	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市股本證券的投資。由於該等非上市投資的估計合理公平值之幅度太大，本公司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。

**23. INVENTORIES**

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

**23. 存貨**

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>29,340</b>	24,271
<b>2,676</b>	2,480
<b>31,557</b>	29,726
<b>63,573</b>	56,477

**24. TRADE AND OTHER RECEIVABLES**

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

**24. 貿易及其他應收賬款**

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>85,990</b>	77,891
<b>20,446</b>	14,760
<b>26,858</b>	19,206
<b>31,611</b>	29,372
<b>164,905</b>	141,229

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**24. TRADE AND OTHER RECEIVABLES (Continued)**

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

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 entrustment 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.

**24. 貿易及其他應收賬款(續)**

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：

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>73,836</b>	71,956
<b>8,937</b>	5,022
<b>2,944</b>	307
<b>273</b>	606
<b>85,990</b>	77,891

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。經營者任期為一至五年，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，惟不包括不動產、廠場及設備折舊。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。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**24. TRADE AND OTHER RECEIVABLES (Continued)**

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

Carrying values of plant and equipment entrusted	受託管廠場及設備賬面值
Entrustment fee income for the year	年內委託經營收益

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	應收委託經營費用
Consideration receivable for sale of assets (other than plant and equipment) to the operators	向經營者出售資產 應收應收代價(廠場及設備除外)

The fair value of the Group's trade and other receivables at 31 December 2006 approximates to the corresponding carrying amount.

**25. HELD-FOR-TRADING INVESTMENTS**

Held-for-trading investments as at 31 December 2006 include:

Listed equity securities outside Hong Kong	香港以外之上市股本證券
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**24. 貿易及其他應收賬款(續)**

受託管資產協議對綜合財務報表之影響概述如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
3,363	11,016
4,704	5,255

於結算日,以下有關經營者的資產委託經營協議產生之未收訖餘額於資產負債表列作其他應收賬款:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
13,203	9,020
2,969	5,080
16,172	14,100

於二零零六年十二月三十一日,本集團貿易及其他應收賬款之公平值與其相應賬面值相若。

**25. 持作買賣投資**

於二零零六年十二月三十一日,持作買賣投資包括:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
27,713	26,491

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**25. HELD FOR TRADING INVESTMENTS**  
 (Continued)

The fair values of the above held-for-trading investments are determined based on the bid prices quoted in the over-the-counter market.

**26. BANK BALANCES AND CASH**

Bank balances and cash comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value. The amounts bear interest which ranged from 0.33% to 5.23% per annum (2005: 0.33% to 4.18% per annum).

**27. TRADE AND OTHER PAYABLES**

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
<b>Total trade and other payables</b>	<b>貿易及其他應付賬款總額</b>

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

The fair value of the Group's trade and other payables at 31 December 2006 approximates to the corresponding amount.

**25. 持作買賣投資(續)**

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。

**26. 銀行結存及現金**

銀行結存及現金包括本集團所持現金及原到期日三個月或以內之短期銀行存款。該等資產賬面款額與其公平值相若。該等款額按每年0.33至5.23厘計息(二零零五年:每年0.33至4.18厘)。

**27. 貿易及其他應付賬款**

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 <b>HK\$'000</b> 千港元
<b>16,607</b>	16,593
<b>20,896</b>	16,088
<b>8,618</b>	15,785
<b>24,077</b>	33,575
<b>70,198</b>	82,041

於結算日之貿易應付賬款賬齡分析如下:

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 <b>HK\$'000</b> 千港元
<b>15,347</b>	15,949
<b>16</b>	-
<b>607</b>	500
<b>637</b>	144
<b>16,607</b>	16,593

本集團貿易及其他應付賬款於二零零六年十二月三十一日之公平值與其相應賬面值相若。

## 28. 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.

## 29. RETIREMENT BENEFIT 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. Under the schemes, the employees are entitled to retirement benefits equals to two months' salary for each year of service for the first 15 years and one month's salary for each year of service following the 15 years, but not more than 45 months' salary in aggregate on the attainment age of 60. No other post-retirement benefits are provided.

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 2006 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 15% (2005: 18%) covered by the deposits paid with the Central Trust of China, a government institution.

## 28. 遞延收入

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>9,336</b>	8,489

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，於向客戶提供服務時於綜合收益表確認。

## 29. 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。根據計劃，僱員就首15個服務年度每個年度享有相等於兩個月薪酬之退休福利，其後15個服務年度則為每個年度一個月薪酬，惟到達60歲時不得超過45個月薪金。本集團並無提供其他退休後福利。

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。於二零零六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15% (二零零五年: 18%)，由已付政府機構中央信託局之押金填補。

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**29. RETIREMENT BENEFIT PLANS (Continued)**

**(a) Defined benefit plan (Continued)**

- (i) The principal assumptions used for the purposes of the actuarial valuations 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

The actuarial valuation showed that the market value of plan assets was HK\$1,965,000 (2005: HK\$2,366,000).

- (ii) Amounts recognised in profit or loss in respect of the defined benefit plans are as follows:

Current service cost	現時服務成本
Interest on obligation	利息成本
Expected return on plan assets	計劃資產之預期回報

- (iii) The amounts included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans are as follows:

Present value of funded defined benefit obligations	已撥資金定額福利債務現值
Fair value of plan assets	計劃資產公平值
Net unrecognised actuarial gains	未確認精算收益淨額
Net liability arising from defined benefit obligation	定額福利債務之負債淨額

**29. 退休福利計劃(續)**

**(a) 定額福利計劃(續)**

- (i) 採用之主要精算假設如下:

2006 二零零六年	2005 二零零五年
<b>3.75%</b>	3.75%
<b>2.75%</b>	2.75%
<b>2.50%</b>	2.50%

精算估值顯示計劃資產市值為1,965,000港元(二零零五年:2,366,000港元)。

- (ii) 於損益表就定額福利計劃確認之金額如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>517</b>	523
<b>482</b>	488
<b>(66)</b>	(67)
<b>933</b>	944

- (iii) 本集團就定額福利計劃所產生債務金額已計入綜合資產負債表,載列如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>12,827</b>	12,686
<b>(1,965)</b>	(2,366)
<b>455</b>	570
<b>11,317</b>	10,890



Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

29. RETIREMENT BENEFIT PLANS (Continued)

(a) Defined benefit plan (Continued)

(iv) Movements in the present value of the defined benefit obligations in the current year were as follows:

At 1 January	於一月一日
Current service cost	現時服務成本
Interest on obligation	債務利息
Benefits paid	已付福利
Actuarial gains	精算收益
Exchange differences on foreign plans	海外計劃匯兌差額
At 31 December	於十二月三十一日

(v) Movements in the fair value of the plan assets in the current year were as follows:

At 1 January	於一月一日
Contributions from the employer	僱主供款
Expected return on plan assets	計劃資產預期回報
Benefits paid	已付福利
Actuarial losses	精算虧損
Exchange differences on foreign plans	海外計劃匯兌差額
At 31 December	於十二月三十一日

29. 退休福利計劃(續)

(a) 定額福利計劃(續)

(iv) 於本年度之定額福利債務現值如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
12,686	12,363
517	523
482	488
(907)	-
(130)	(591)
179	(97)
<b>12,827</b>	12,686

(v) 於本年度之計劃資產公平值變動如下:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
2,366	1,987
425	671
66	67
(907)	-
(15)	(34)
30	(325)
<b>1,965</b>	2,366

**29. RETIREMENT BENEFIT 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.

The total cost charged to income of HK\$5,173,000 (2005; HK\$5,061,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

**29. 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。

計入收入之總成本為5,173,000港元(二零零五年:5,061,000港元)，即本集團就現行會計期間應付該等計劃之供款。

### 30. SHARE CAPITAL

### 30. 股本

		Number of shares 股份數目	Amount 金額 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 2005,	於二零零五年一月一日、		
31 December 2005 and	二零零五年十二月		
31 December 2006	三十一日及二零零六年 十二月三十一日	4,000,000,000	400,000
Issued and fully paid:	已發行及繳足:		
At 1 January 2005,	於二零零五年一月一日、		
31 December 2005 and	二零零五年十二月		
31 December 2006	三十一日及二零零六年 十二月三十一日	2,000,000,000	200,000

### 31. 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.

### 31. 認股權計劃

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各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。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**31. 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. 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:

		<b>Allowance for bad and doubtful debts</b>	<b>Revaluation of properties</b>	<b>Defined benefit liability</b>	<b>Unrealised profits on inventories</b>	<b>Other short-term temporary differences</b>	<b>Total</b>
		<b>呆壞賬撥備</b>	<b>重估物業</b>	<b>定額福利 責任</b>	<b>未變現 存貨溢利</b>	<b>其他暫時 短期差額</b>	<b>總計</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2005	於二零零五年一月一日	(746)	2,239	(2,350)	(3,880)	8	(4,729)
Exchange realignment	匯兌調整	182	49	(102)	(223)	171	77
Charge (credit) to consolidated income statement	於綜合收益表扣除 (計入)	34	569	(274)	(575)	182	(64)
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)
Exchange realignment	匯兌調整	(7)	40	(39)	(214)	(15)	(235)
Charge (credit) to consolidated income statement	於綜合收益表扣除 (計入)	72	(314)	(190)	(4,033)	(21)	(4,486)
<b>At 31 December 2006</b>	於二零零六年 十二月三十一日	<b>(465)</b>	<b>2,583</b>	<b>(2,955)</b>	<b>(8,925)</b>	<b>325</b>	<b>(9,437)</b>

**31. 認股權計劃(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更新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但尚未行使發行在外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。

**32. 遞延稅項**

以下為目前及過往年度於資產負債表確認之主要遞延稅項資產及負債以及變動：

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**32. DEFERRED TAXATION (Continued)**

At the balance sheet date, the Group has unutilised tax losses of approximately HK\$81,305,000 (2005: HK\$71,880,000) 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\$33,659,000 (2005: HK\$30,797,000) do not expire under the current tax legislation in Hong Kong and all other tax losses will expire from 2006 to 2010.

**33. 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

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 year	第二年
In the third year	第三年
In the fourth year	第四年
In the fifth year	第五年
Over five years	超過五年

**32. 遞延稅項(續)**

於結算日，本集團有未動用稅項虧損約81,305,000港元(二零零五年:71,880,000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33,659,000港元(二零零五年:30,797,000港元)不會到期，而所有其他虧損將於二零零六年至二零一零年到期。

**33. 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：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
13,850	13,815
3,947	4,175
<b>17,797</b>	17,990

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：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
6,860	9,489
4,769	6,468
3,293	4,681
1,648	3,354
504	1,732
-	561
<b>17,074</b>	26,285

**33. OPERATING LEASES (Continued)**

**The Group as lessee (Continued)**

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.

Furthermore, there are commitments of HK\$2,172,000 (2005: HK\$5,705,000) 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 24 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\$8,399,000 (2005: HK\$7,140,000), net of outgoings of HK\$486,000 (2005: HK\$539,000). 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 year	第二年
In the third year	第三年
In the fourth year	第四年
In the fifth year	第五年

**33. 經營租約 (續)**

**本集團作為承租人 (續)**

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。

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，日後最低租金承擔為2,172,000港元(二零零五年:5,705,000港元)。誠如附註24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8,399,000港元(二零零五年:7,140,000港元)，扣除支銷486,000港元(二零零五年:539,000港元)。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：

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>6,625</b>	5,647
<b>4,145</b>	3,795
<b>966</b>	2,027
<b>74</b>	450
-	74
<b>11,810</b>	11,993

Notes to the Consolidated Financial Statements (Continued)  
 綜合財務報表附註(續)

**34. CAPITAL COMMITMENTS**

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated 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. PLEDGE OF ASSETS**

Certain freehold investment properties of the Group with a carrying amount of HK\$157,758,000 (2005: HK\$155,290,000) are pledged to a bank. The banking facilities granted by the bank were terminated in 2002 and the charge is released upon the disposal of the investment properties subsequent to the balance sheet date as disclosed in note 37.

**34. 資本承擔**

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>3,002</b>	2,972

**35. 資產抵押**

本集團若干賬面值為157,758,000港元(二零零五年:155,290,000)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已於二零零二年終止,而該等投資物業已於附註37所披露,在結算日出售後,有關抵押將予以解除。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**36. CONNECTED AND RELATED PARTY DISCLOSURES**

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:

**36. 關連及有關連人士交易**

年內，本集團曾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 (I) Connected parties	(A) 交易 (I) 關連人士	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>Name of company</b> 公司名稱	<b>Nature of transactions</b> 交易性質		
<i>Companies controlled by the substantial shareholders:</i> 主要股東所控制公司:			
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	14
自然美美容補習班	Rental income 租金收益	27	55
台北市美容技術協會	Rental income 租金收益	3	3
瑞昇醫學美容科技企業股份有限公司	Rental income 租金收益	3	-
上海自然美生物醫學有限公司	Purchase of natural health food 採購天然健康產品	2,468	2,166
上海自然美製衣有限公司	Purchase of lingerie 採購內衣	159	198
	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	518	714
<i>Director of the Company:</i> 本公司董事:			
Su Chien Cheng 蘇建誠	Rental expenses 租金支出	200	203



**36. 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
<i>Associate:</i> 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:

	短期福利
Short-term benefits	短期福利
Post-employment benefits	退休福利

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

**36. 關連及有關連人士交易(續)**

**(A) 交易(續)**

(ii) 關連人士以外有關連人士

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>853</b>	853

(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:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>5,428</b>	3,898
<b>111</b>	102
<b>5,539</b>	4,000

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。

**36. 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 during the year ended 31 December 2005 as set out below are recognised as minority interests in the consolidated income statements.

Name of company 公司名稱	Nature of transactions 交易性質	HK\$'000 千港元
NB Sanlian 自然美三聯	Annual fixed payment 定額年費	189
NB Qingbo 自然美清波	Annual fixed payment 定額年費	118
NB Fansi 自然美梵斯	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

During the year ended 31 December 2006, the Group further acquired the remaining interest of the above subsidiaries from the respective minority shareholders, and, accordingly, no such payment was made.

**36. 關連及有關連人士交易(續)**

**(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。下列已於截至二零零五年十二月三十一日止年度付予/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。

於截至二零零六年十二月三十一日止年度,本集團向各少數股東進一步收購以上附屬公司餘下權益,因此,並無作出該等付款。

**36. 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.
- (iv) On 3 May 2006, Shanghai Natural Beauty Cosmetics Company Limited (“NB Shanghai”), a wholly owned subsidiary, entered into a sale and purchase agreement with Chong Ming County Sanlian Investment Development Company Limited, a substantial shareholder of a subsidiary of the Company, to acquire the remaining 10% equity interests in NB Sanlian not already held by NB Shanghai, for a consideration of RMB800,000 (equivalent to approximately HK\$774,800).

**37. POST BALANCE SHEET EVENT**

Subsequent to 31 December 2006, the Group disposed investment properties with a carrying value of HK\$157,758,000 for an aggregate consideration of approximately HK\$159,496,000, to an independent third party not connected to the Group. Details of which were set out in the announcement of the Company dated 16 April 2007.

**36. 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檢查軟件之許可權。
- (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。
- (iv) 於二零零六年五月三日，全資附屬公司上海自然美化粧品有限公司(「自然美上海」)與本公司附屬公司之主要股東崇明懸三聯投資發展公司(「崇明」)訂立買賣協議收購並未由自然美上海持有之自然美三聯餘下10%股本權益，總代價為人民幣800,000元(約774,800港元)。

**37. 結算日後事項**

二零零六年十二月三十一日後，本集團以總代價約159,496,000港元，向與本集團並無關連之獨立第三方，出售賬面值157,758,000港元之投資物業。詳情載於本公司日期為二零零七年四月十六日之公佈。

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**38. BALANCE SHEET OF THE COMPANY**

The balance sheet of the Company, as at 31 December 2006, is as follows:

**38. 本公司之資產負債表**

於二零零六年十二月三十一日，本公司之資產負債表如下：

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 <b>HK\$'000</b> 千港元
Non-current assets	非流動資產		
Interests in subsidiaries	於附屬公司之權益	<b>621,157</b>	551,748
Available-for-sale investments	可出售投資	<b>6,786</b>	6,786
		<b>627,943</b>	558,534
Current assets	流動資產		
Other receivables	其他應收款項	<b>6,260</b>	5,534
Bank balances and cash	銀行結存及現金	<b>33,457</b>	30,737
		<b>39,717</b>	36,271
Current liability	流動負債		
Other payables	其他應付款項	<b>4,055</b>	2,972
Net current assets	流動資產淨值	<b>35,662</b>	33,299
Total assets less current liability	資產總值減流動負債	<b>663,605</b>	591,833
Capital and reserves	資本及儲備		
Share capital	股本	<b>200,000</b>	200,000
Reserves (note)	儲備(附註)	<b>463,605</b>	391,833
		<b>663,605</b>	591,833

Note:

附註：

		<b>Share premium</b> 股份溢價 <i>HK\$'000</i> 千港元	<b>Retained profits</b> 保留溢利 <i>HK\$'000</i> 千港元	<b>Total</b> 總計 <i>HK\$'000</i> 千港元
At 1 January 2005	於二零零五年一月一日	336,758	42,051	378,809
Dividend paid	已派股利	-	(61,000)	(61,000)
Profit for the year	年內溢利	-	74,024	74,024
At 31 December 2005	於二零零五年十二月三十一日	336,758	55,075	391,833
Dividend paid	已派股利	-	(80,000)	(80,000)
Profit for the year	年內溢利	-	151,772	151,772
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>336,758</b>	<b>126,847</b>	<b>463,605</b>

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

**39. PARTICULARS OF SUBSIDIARIES**

Details of the Company's subsidiaries at 31 December 2006 are as follows:

**39. 附屬公司詳情**

於二零零六年十二月三十一日，本公司附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation 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 註冊資本/已發行及繳足普通股股本	Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及其附屬公司所持已發行之股本面值比例	Attributable to the Group 本集團應佔	Principal activity 主要業務
Shanghai Natural Beauty Cosmetics Company Limited 上海自然美化化粧品有限公司	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	100%	100%	Wholesale and retail of skin care and beauty products; provision of beauty treatments 批發及零售護膚及美容產品；提供美容護理服務
Shanghai Natural Beauty Qingbo Cosmetics Company Limited 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	100%	100%	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	100%	100%	Sale of jewellery, craftwork, adornment, leather and horologe 銷售珠寶、工藝品、裝飾品、皮革及鐘錶

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/ 已發行及繳足 普通股本	Proportion of nominal value of issued capital 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	Principal activity 主要業務
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	100%	100%	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	100%	100%	Sale of skin care and beauty products and adornment 銷售護膚及美容 產品及裝飾品
Nanjing Natural Beauty Cosmetics Company Limited 南京自然美化粧品 有限責任公司	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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 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	100%	100%	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

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/已發行及繳足普通股	Proportion of nominal value of issued capital 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	Principal activity 主要業務
Hainan Natural Beauty Cosmetics Company Limited 海南自然美化化粧品有限公司	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	100%	100%	Sale of skin care and beauty products; provision of beauty treatments and beauty consulting and training 銷售護膚及美容產品; 提供美容護理和美容諮詢及培訓
Shenzhen Natural Beauty Cosmetics Company Limited 深圳市自然美化化粧品有限公司	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	100%	90%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及提供美容護理

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/ 已發行及繳足 普通股本	Proportion of nominal value of issued capital 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	Principal activity 主要業務
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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 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	100%	90%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 提供美容護理
Wenzhou Natural Beauty Cosmetics Company Limited 溫州市自然美化粧品 有限公司	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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 提供美容護理
Kunshan Natural Beauty Sanlian Cosmetics Company Limited 昆山自然美三聯化妝品 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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 提供美容護理



Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/ 已發行及繳足 普通股本	Proportion of nominal value of issued capital 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	Principal activity 主要業務
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	100%	100%	Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 銷售護膚及美容產品; 提供美容護理服務 和護膚及美容諮詢
Mudanjiang Natural Beauty Cosmetics Company Limited 牡丹江市自然美化粧品 有限公司	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	100%	100%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 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	100%	90%	Sale of cosmetic products and provision of beauty treatments 銷售彩妝產品及 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	100%	100%	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

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/ 已發行及繳足 普通股本	Proportion of nominal value of issued capital 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	Principal activity 主要業務
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	100%	100%	Sale of skin care and beauty products and related instruments 銷售護膚及美容 產品及美容器材
Kunming Natural Beauty Cosmetics Company Limited 昆明自然美化粧品 有限公司	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	100%	90%	Wholesale and retail of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 批發及零售護膚及 美容產品;提供 美容護理和護膚 及美容諮詢
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	100%	90%	Wholesale and retail of skin care and beauty products and related instruments; provision of skin care and beauty consulting 批發及零售護膚及 美容產品及美容 器材;提供護膚及 美容諮詢
上海自然美富農化妝品 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	100%	100%	Wholesale and retail of skin care and beauty products 批發及零售護膚及 美容產品

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/已發行及繳足普通股股本	Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及其附屬公司所持已發行的股本面值比例	Attributable to the Group 本集團應佔	Principal activity 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
Natural Beauty Cosmetics Company Limited 自然美化粧品股份有限公司	Taiwan 台灣	Limited liability company 有限責任外資企業	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
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\$742,043,420 新台幣742,043,420元	100%	100%	Investment holding 投資控股
依森國際股份有限公司	Taiwan 台灣	Limited liability company 有限公司	NT\$1,000,000 新台幣1,000,000元	100%	100%	Provision of beauty consulting and training 提供美容諮詢及培訓
Belem Holdings Sdn. Bhd.	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

Notes to the Consolidated Financial Statements (Continued)  
綜合財務報表附註(續)

39. PARTICULARS OF SUBSIDIARIES (Continued)

39. 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 註冊資本/已發行及繳足普通股本	Proportion of nominal value of issued capital 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	Principal activity 主要業務
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") 英屬維爾京群島 〔英屬維爾京群島〕	Limited liability company 有限公司	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
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 銷售化妝產品及提供美容護理
Natural Beauty Bio-Technology (Macao) Company Limited	Macau 澳門	Limited liability company 有限公司	MOP25,000 澳門幣25,000元	100%	100%	Sale of cosmetic products 銷售化粧品

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

### RESULTS

### 業績

		Year ended 31 December 截至十二月三十一日止年度				2006
		2002	2003	2004	2005	二零零六年
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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
TURNOVER	營業額	323,251	320,086	358,142	357,916	<b>363,746</b>
PROFIT BEFORE TAXATION	除稅前溢利	94,097	83,525	99,058	119,845	<b>174,453</b>
INCOME TAX EXPENSE	所得稅開支	(27,174)	(30,084)	(36,333)	(38,834)	<b>(51,641)</b>
PROFIT FOR THE YEAR	年內溢利	66,923	53,441	62,725	81,011	<b>122,812</b>
ATTRIBUTABLE TO:	應佔：					
EQUITY HOLDERS	本公司股東	68,258	54,142	63,262	81,092	<b>123,198</b>
OF THE COMPANY						
MINORITY INTERESTS	少數股東權益	(1,335)	(701)	(537)	(81)	<b>(386)</b>
		66,923	53,441	62,725	81,011	<b>122,812</b>

### ASSETS AND LIABILITIES

### 資產及負債

		At 31 December 於十二月三十一日				2006
		2002	2003	2004	2005	二零零六年
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		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
TOTAL ASSETS	資產總值	871,170	841,415	900,231	937,470	<b>997,660</b>
TOTAL LIABILITIES	負債總額	(107,034)	(80,827)	(95,600)	(117,173)	<b>(118,489)</b>
		764,136	760,588	804,631	820,297	<b>879,171</b>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	本公司股東應佔股本	743,814	750,389	794,969	813,511	<b>878,739</b>
MINORITY INTERESTS	少數股東權益	20,322	10,199	9,662	6,786	<b>432</b>
		764,136	760,588	804,631	820,297	<b>879,171</b>

# 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 Gloucester Room, Mandarin Oriental Hotel at 5 Connaught Road, Central, Hong Kong on 15 June 2007 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 2006.
2. To approve the final dividend for the year ended 31 December 2006.
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」)將於二零零七年六月十五日下午三時正假座香港中環干諾道中5號文華東方酒店告羅士打廳舉行股東週年大會(「大會」)，以考慮下列事項：

1. 省覽截至二零零六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. 批准截至二零零六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. 續聘核數師，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、認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、認股權及可轉換或兌換本公司股份的權利；

Notice of Annual General Meeting (Continued)  
股東週年大會通告 (續)

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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>(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(不論是否根據認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認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) 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>   | <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>   |
| <p>(i) the conclusion of the next annual general meeting of the Company;</p>  | <p>(i) 本公司下屆股東週年大會結束時;</p>   |
| <p>(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</p>   | <p>(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</p>   |
| <p>(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.</p>  | <p>(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當日。</p>  |

## Notice of Annual General Meeting (Continued)

### 股東週年大會通告(續)

(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;

(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；



Notice of Annual General Meeting (Continued)  
股東週年大會通告(續)

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| <p>(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;</p> | <p>(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；</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>  | <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>                       |
| <p>(i) the conclusion of the next annual general meeting of the Company;</p>   | <p>(i) 本公司下屆股東週年大會結束時；</p>   |
| <p>(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</p>  | <p>(ii) 有關法例或本公司組織章程細則規定本公司須舉行下屆股東週年大會的期限屆滿時；或</p>                                   |
| <p>(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.”</p>  | <p>(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之日。」</p>  |

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

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

Notice of Annual General Meeting (Continued)  
股東週年大會通告(續)

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.”

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%。」

6. To transact any other business.

6. 處理任何其他事項。

By order of the Board  
**Dr. Tsai Yen Yu**  
Chairman

承董事會命  
**蔡燕玉博士**  
主席

Hong Kong, 30 April 2007

香港，二零零七年四月三十日

Notes:

附註:

1. The register of members of the Company will be closed from 17 May 2007 (Thursday) to 18 May 2007 (Friday), both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the final dividend and special 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 Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 16 May 2007.
1. 本公司之股份過戶登記處將於二零零七年五月十七日(星期四)至二零零七年五月十八日(星期五)(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及特別股利，所有填妥之過戶文件連同有關股票必須於二零零七年五月十六日下午四時三十分前，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1712-16室。
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.
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. 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.
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. 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.
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. 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.
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. 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 2006 annual report.
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二零零六年年報一併寄交股東。

