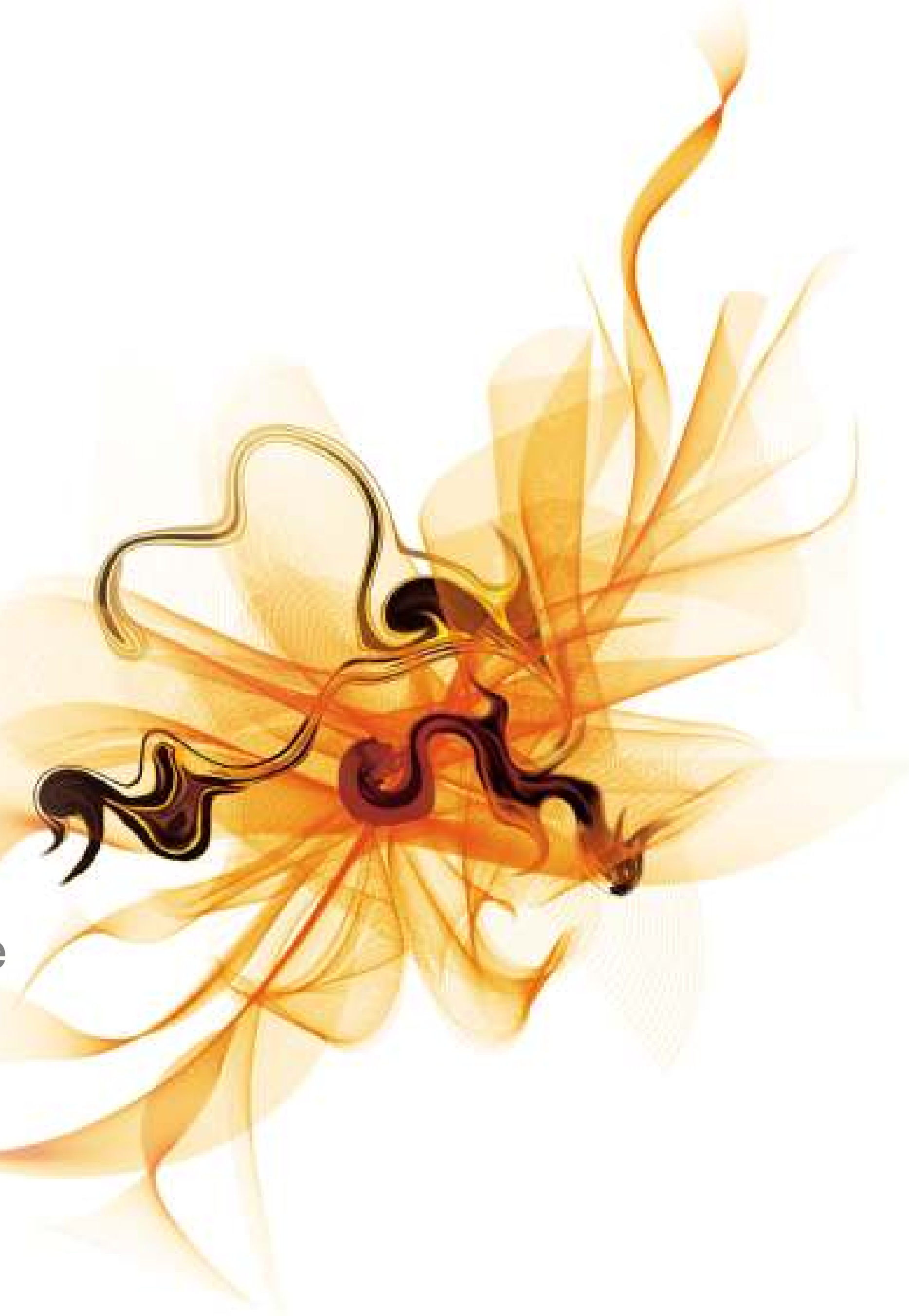
自然美

natural beauty



Corporate Presentation

Citigroup HK/China Mini Conference

16-17 May 2007

Corporate Positioning

Asian Leading **Beauty** & **Spa**
Professional Service Product
& Training Provider

Professional Spa & Beauty Products

Harvard NB1 Series
RMB2000~5888

Natural hormone Series RMB2200

Tao of Beauty
Facial treatment use only
RMB52~525

Spice of Beauty
Body treatment use only
RMB90~1345

Zen of Beauty
Home use series
RMB120~680

Qi of Beauty
Home use series
RMB99~480

Harvard XXS Body Fitness & A2D Breast Beauty Series
RMB420~880

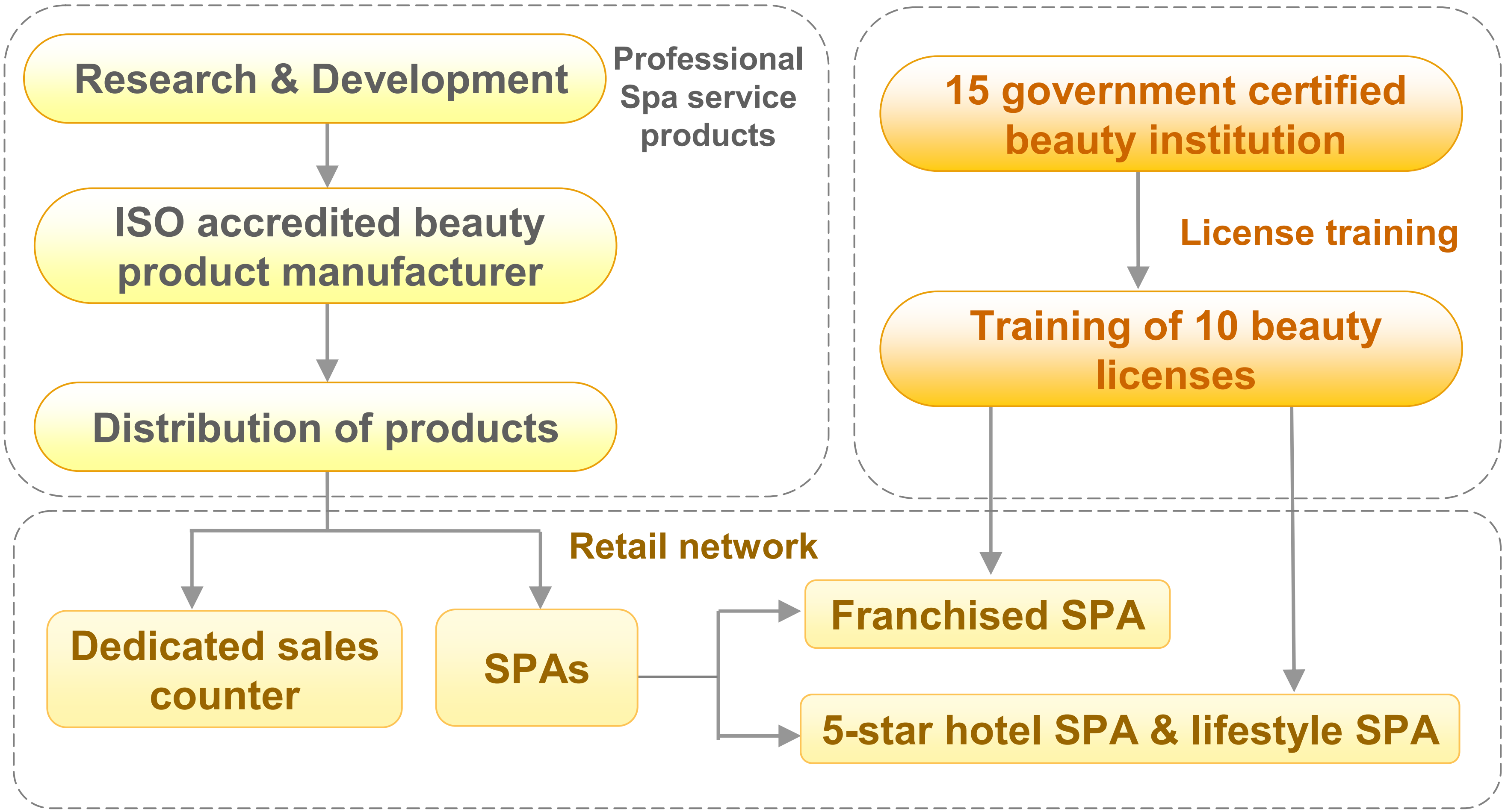
Health Supplement RMB250~280

Unique Professional Products for Head-to-toe Spa Programs

- **Aroma Hair-loss Preventive Scalp Treatment**
  RMB110
- **Aroma Bust Treatment & Firming Wrap**
  RMB320
- **Aroma Hydrotherapy**
  RMB120
- **Digestion Enhancing Treatment**
  RMB380
- **Aroma PMS Treatment**
  RMB120
- **Aroma Body Sculpturing & Firming Treatment**
  RMB300~450
- **Ultra Lympho Slim Up Treatment [Waist/ Stomach/ Pregnant lines / Thigh/ Buttock/ Shoulder]**
  RMB300
- **Aroma Oriental Massage/ Energetic Lymphomassage**
  RMB450
- **Yin & Yang Jade Massage Therapy**
  RMB120
- **Aroma Spa / Paraffin Manicure & Pedicure**
  RMB300~500

- **Facial Treatment [NB-1/ Natural Hormone/ Bio-tech / Whitening/ Hydro/ Specialty]**
  RMB180~500
- **Aroma Lympho Lift-up Therapy [Whitening/ Balancing/ Refining/ Brightening/ Rejuvenating/ Dark Circle/ Firming]**
  RMB200~250
- **Optional Facial Upgrade [Eyes/ T-zone/ Whitening/ Slimming/ Anti-wrinkle]**
  RMB85~160
- **Aroma Pores & Dark Spot Back Treatment**
  RMB250
- **Aroma Firming Neck Treatment**
  RMB160
- **Aroma Muscle-relieving Shoulder Massage**
  RMB120
- **Waxing [Underarm/Arm/Leg/Eyebrows]**
  RMB130~280
- **Whitening Ocean Wrap [Arm/Full Body]**
  RMB300
- **Body Herbal Scrub** RMB320

Core Business



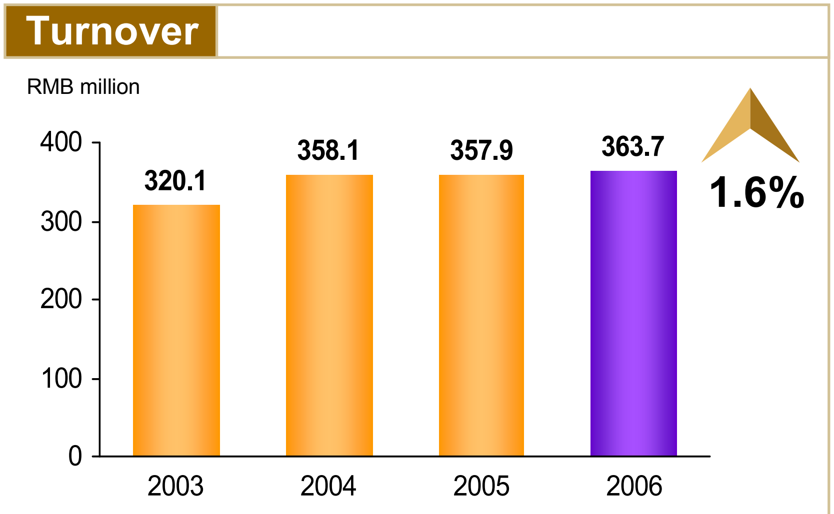
Optimized Distribution Network

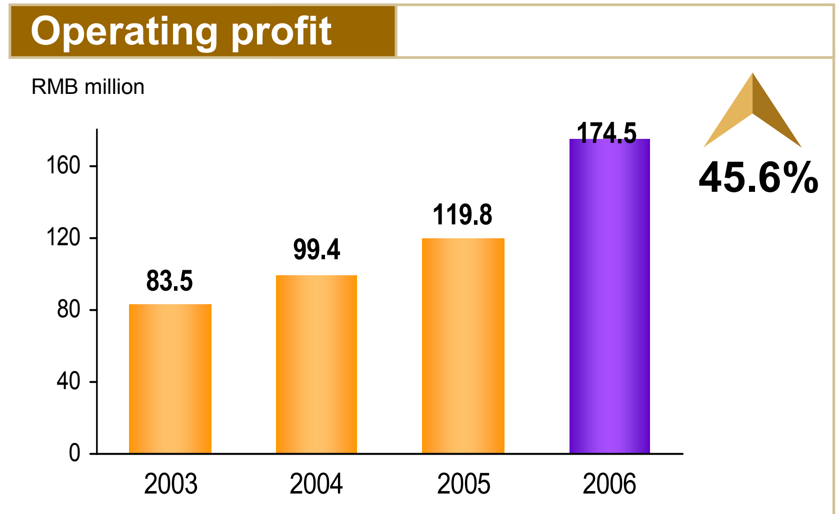
As at 31 Dec 2006

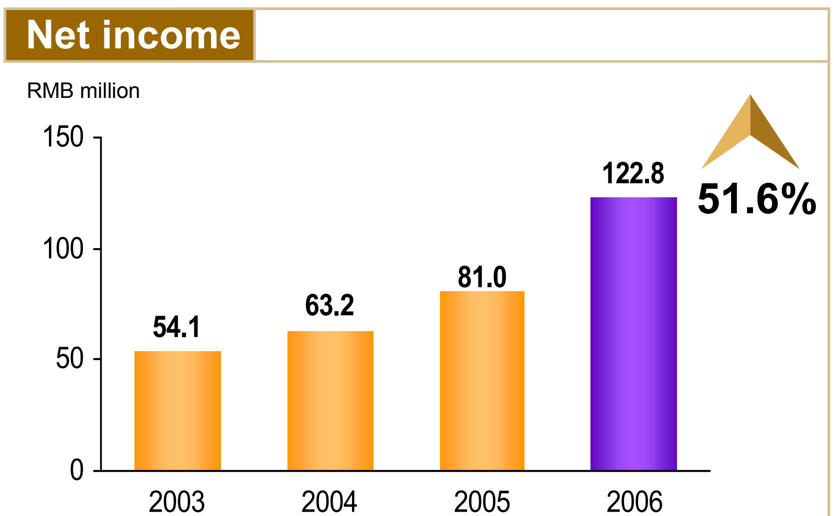
				Franchisee owned	Entrusted		Self-owned	
				Spa	Spa	Counter	Spa	Counter
The PRC			**1,707**	1,591	24	20	5	67
Taiwan			**671**	501	-	161	9	-
Others	HK		**51**	-	-	-	1	-
	Malaysia			50	-	-	-	-
Total			**2,429**	2,142	24	181	15	67

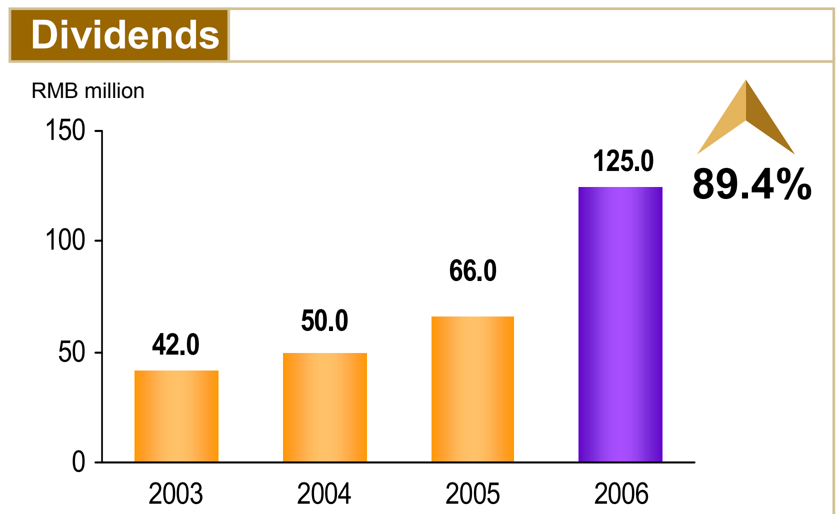
Nationwide Distribution Network in PRC

Strong Financial Performance



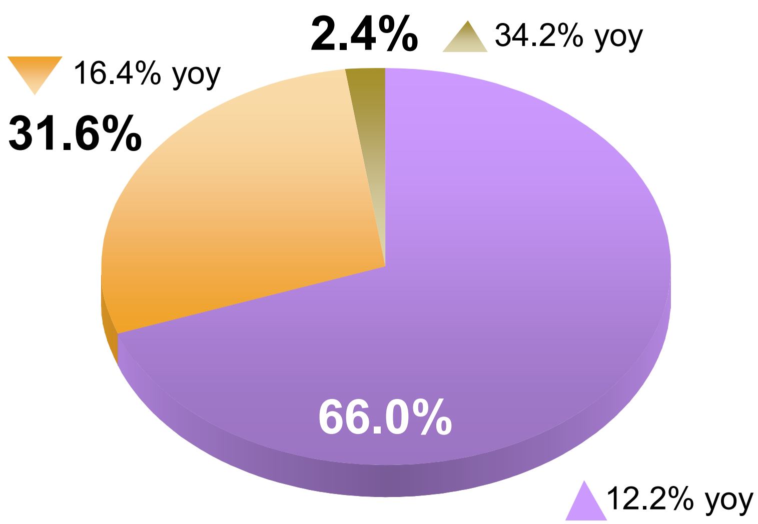






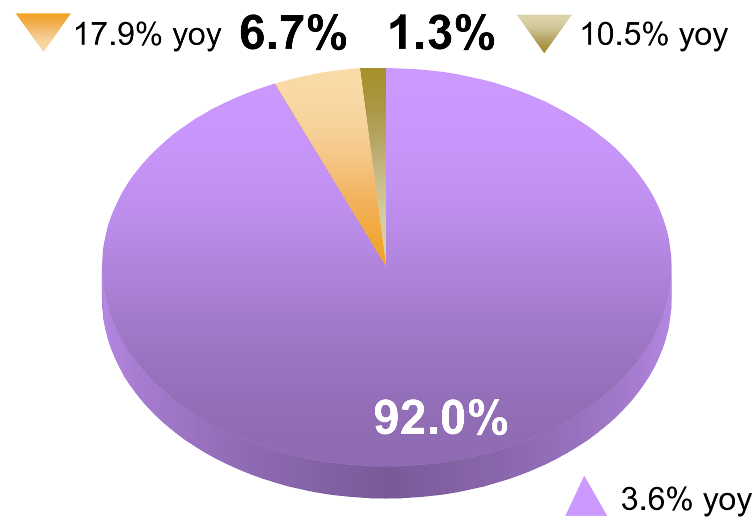
Turnover Analysis for FY2006

By region



- **The PRC**
- **Taiwan**
- **Others** (incl. Hong Kong & Malaysia)

By product/ service

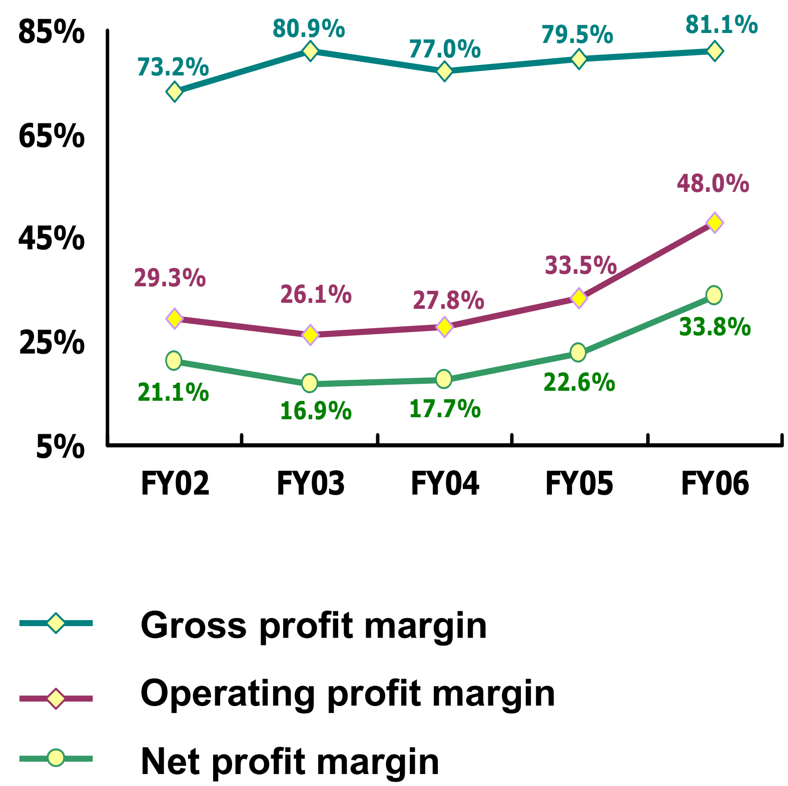


- **Product Sales**
- **Service Income**
- **Entrustment income**

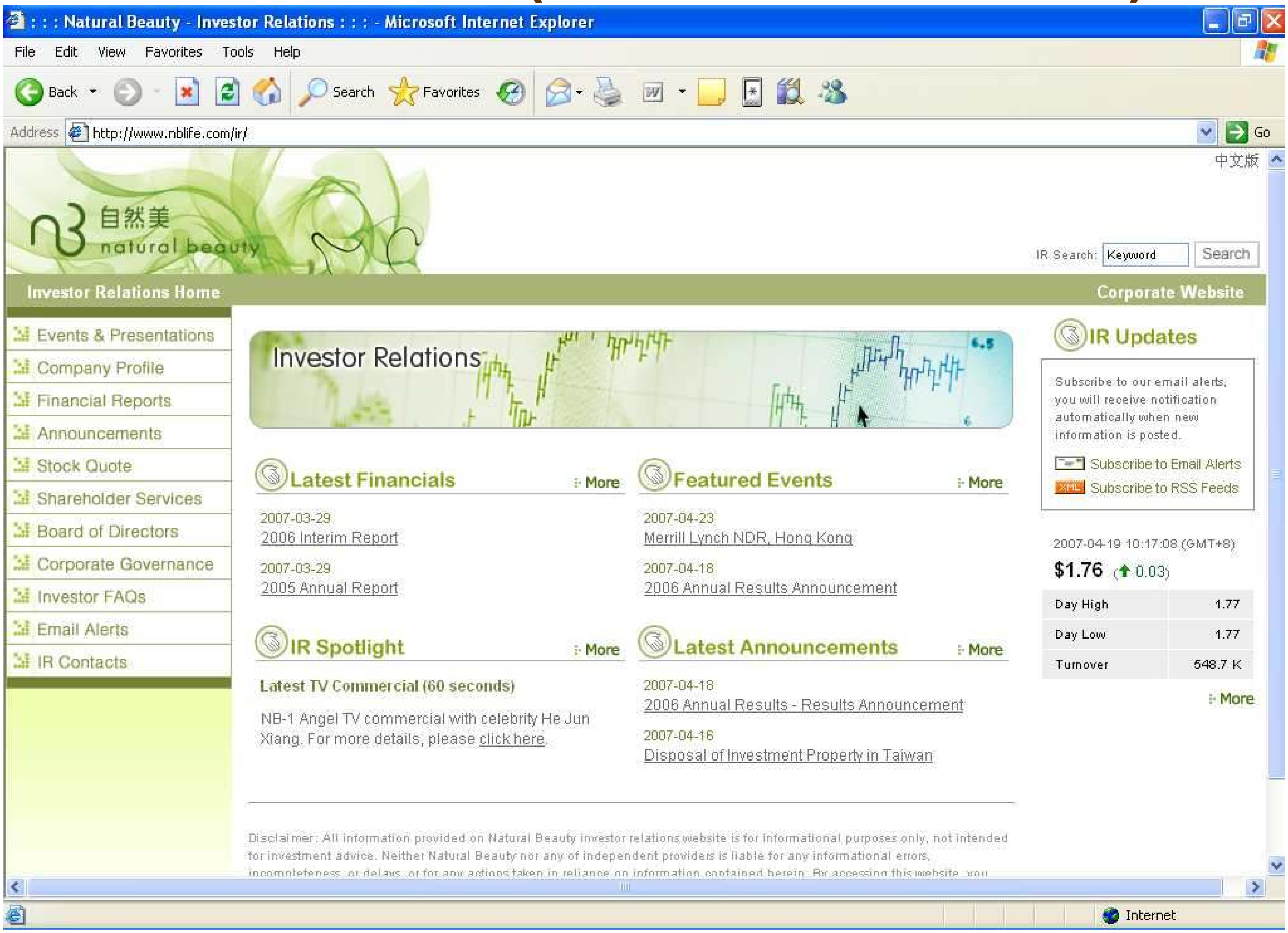
Maintained High Profitability

- **Gross profit margin and operating profit margin further increased to 81.1% and 48% respectively:**
  - Premium line, NB-1 Family products, contributed to higher product margins
  - Product repackaging increased products margins
- **Net profit margin significantly grew by 11.2 percentage points due to:**
  - Increased tax refund as a result of higher sales revenue in the PRC
  - Entrustment of spas to reputable operators enhanced cost-efficiency

Operating profit by region

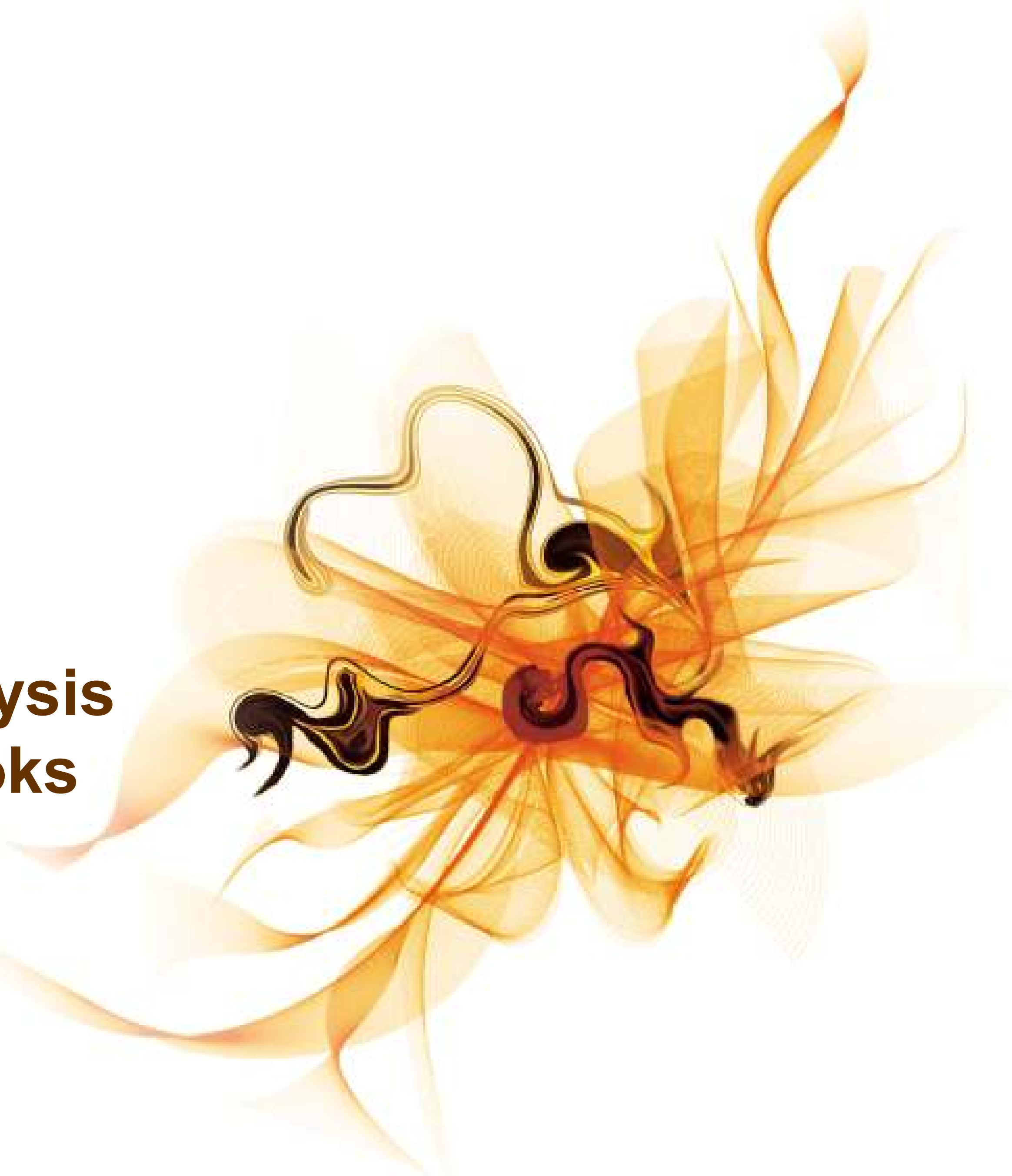


New IR Website (www.nblife.com/ir)



自然美
natural beauty

Competitive Analysis & Industry Outlooks



Macro Industry Growth Outlooks

- Industry structural changes, moving from agriculture → manufacture → service (32.3% in PRC vs. 65% in US, 57% in Japan, and 40% average for developing countries)
- City regionalization and village urbanization (36% in PRC vs. 80% for developed and 60% for developing countries)
- Total retail sales increase 14.9% and retail sales for cities increase 15.5% for the 1st quarter, 2007 (Department of Statistics, PRC).
- Female annual disposable income per capita increased from RMB3,132 in 2000 to RMB3,815 in 2004 (Euromonitor Report, 2006).
- GDP growth 14.6% for 1st quarter, 2007 (10.7% in 2006) (Department of Statistics, PRC).

Cosmetic Industry Overview

- Sales of cosmetics and toiletries grew by nearly 11% in current value terms in 2005 to reach RMB85 billion (Euromonitor, 2006)
- Growth over the forecast period is expected to be less strong at 12%, reaching RMB51.7 billion by 2010 (Euromonitor, 2006)
- Surveys have indicated that 37 percent of urban Chinese women buy skincare and beauty products
- The 18 to 30 age group makes up 77 percent of consumers (Annual Report on Beauty Economy, 2005)

Retail Competition
(consumer recognition rate/Market shares 2005): a crowd market with 3000+ brands

High end department store brands:

SKII (42.2%/1.8%), Lancome (32.5%/1.5%), Shisedo (27.8%/1.1%), Estee Lauder (19.1%/0.8%)

Mass hypermarket brands:

Olay (36.6%/15.7%), L'Oreal (30.4%/3.5%),

Clean & Clear – Johnson &Johnson (7.6%/1.3%)

Garnier Mini Nurse (15.7%/2.1%), Pone's (11.9%/3.8%)

Direct selling:

Artistry – Amway (7.2%/10.2%), Avon (27.8%/6.8%), Mary Kay (6.1%/4.5%)

Cosmetic drugstores:

Aupres (15.5%/5.8%), Dabao (13.5%/3.6%)

Source: Annual Report on Beauty Economy, 2005; Euromonitor, 2006

Beauty Service Industry Overview

- According to 2005 Annual Report on Beauty Economy in China, there are 1.54 million beauty & hair salons in China, creating 12 million employment opportunities
- For every 1% GDP growth, beauty service consumers increase 0.56% (Annual Report on Beauty Economy in China, 2005)

Urban Beauty Service Market Size

Source: Annual Report on Beauty Economy, 2005

City	Population (10000)	Population per Store	Store No.	Avg. annual income (RMB1000)	Total Income (billion)
1st tier	2940.26	80000	23522	307.6	7.23
2nd tier	6647.32	120000	79767	246.8	19.68
3rd tier	20034.9	130000	260453	159.1	41.43
4th tier	18109	140000	253526	120.6	30.57
TOTAL	47731.48				98.93

Beauty industry competition (consumer recognition rate):

Franchisee Spa:

Natural Beauty (49.7%) –professional service product provider with a network size of 2,429 franchisee Spa/outlets (HK:157) and manufacturing plants. Others being service provider e.g. Shyenli (17.4%), beauty farm (9.4%).

Individual beauty salon:

Illegal parallel importing

Hotel Spa:

Banyan Tree, Mandara, Four Seasons (NB consultancy)

Source: Annual Report on Beauty Economy, 2005

Service Consumer Spending Pattern

- Independent survey indicates that half of the respondents in China and 59% in Taiwan visit beauty salons.
- 35% in China and 33% in Taiwan visit salons once a month or more often. Top reasons being product quality, services offered and prices
- About half in China and 61% in Taiwan spend less than RMB350/NT1,500 per month on salon services, though 28% in China and 41% in Taiwan spend at least that amount per salon visit.
- 59% plan to spend between RMB200 to 1000/ NT1,500 to 5,000 on skin care products each month.
- Net favorable opinion of Natural Beauty in both China and Taiwan is strongest in the 36-45 and 26-35 age groups for its product quality, professionalism and ambience.
- 50% in China and 41% in Taiwan plan to visit a Natural Beauty salon within the next 12 months

Future Growth Strategies

Growth Drivers Summary

- **Enhance Average Store Sales (FY2006: HK$148,000 for PRC)**
  - Revamp brand, website and shop image (FY2006:1,451 stores)
  - Repackage products to stimulate home-use product sales and reduce costs (FY2006: 221 products repackaged)
  - Introduce various skin-care products and health supplements to enrich product line (FY2006: 36 new products)
  - Enhance beautician training to increase franchisees' productivity & product sales
- **Expand Distribution Channels**
  - Target to open 400 franchisee stores in China (FY2006: 308)
  - Further expand retail distribution network for " Fonperi" in Taiwan

fonperi
natural beauty

Effective Distribution Network

- Opened 161 retail outlets in 2006
- To further expand distribution network
  - Target to establish 1,300 retail points of sales in 2007 including hypermarkets and drugstores

Fonperi - Advertising