



自然美

natural beauty

2007 Annual Results

April 2008



IR Website: www.nblife.com/ir

Agenda



- Results Highlights
- Business Review
- Outlooks
- Open Forum

Results Highlights



Highlights of the Year



- Gross profit margin increased by 1.7 percentage points to 82.8%
- Net profit surged 45.6% to HK\$ 178.8 million
- Dividend payout ratio reached 168%
- PRC market demonstrated robust sales growth at 32% driven by the strong Chinese economy
- Revenue from Taiwan market grew 10.5% despite the poor economy

Financial Summary



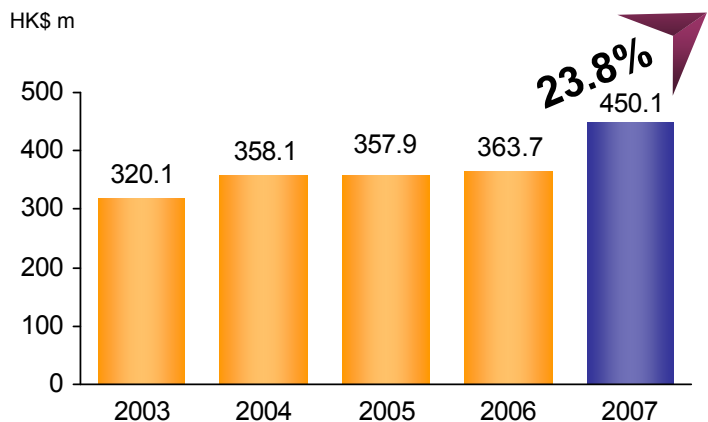
Year end December 31

	2007	2006	Change
	(HK\$ million)	(HK\$ million)	(%)
Turnover	450.1	363.7	+23.8
Gross profit	372.6	295.0	+26.3
Profit before tax	208.0	174.5	+19.2
Net profit	178.8	122.8	+45.6
Dividend	300.0	125.0	+140.0
- Interim (HK cents)	3.00	1.40	+114
- Interim Special (HK cents)	2.00	0.60	+233
- Final (HK cents)	4.20	3.00	+40
- Final Special (HK cents)	5.80	1.25	+364
Dividend payout (%)	167.8%	101.8%	+66 pts

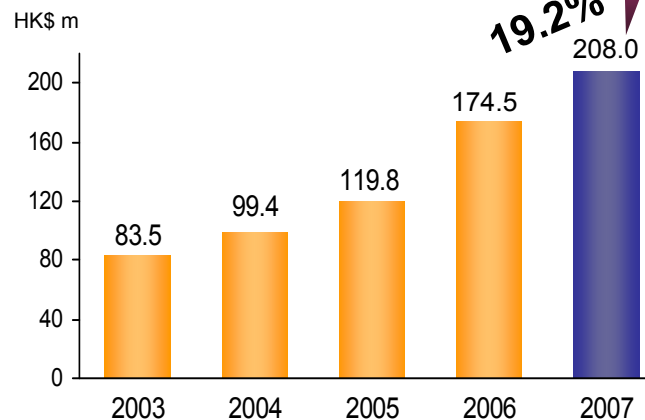
Strong Financial Performance



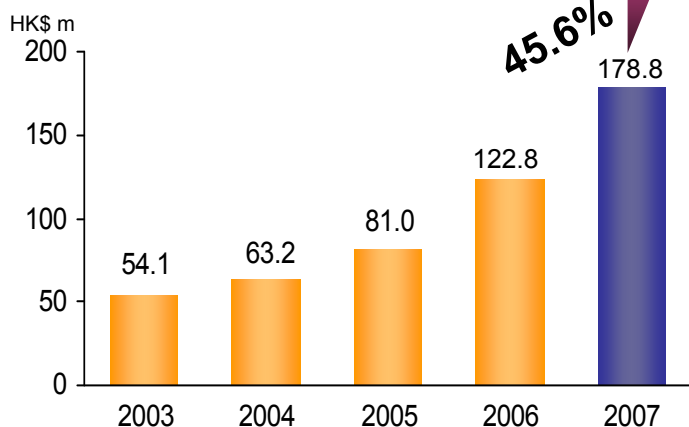
Turnover



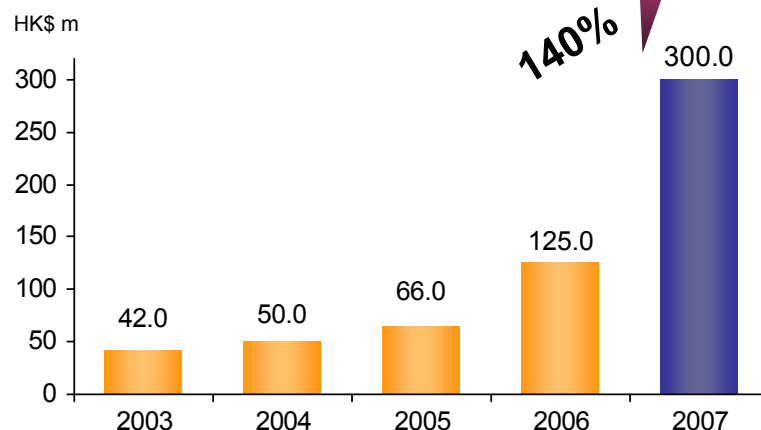
Operating profit



Net income



Dividends



Enhancing Shareholder's Value



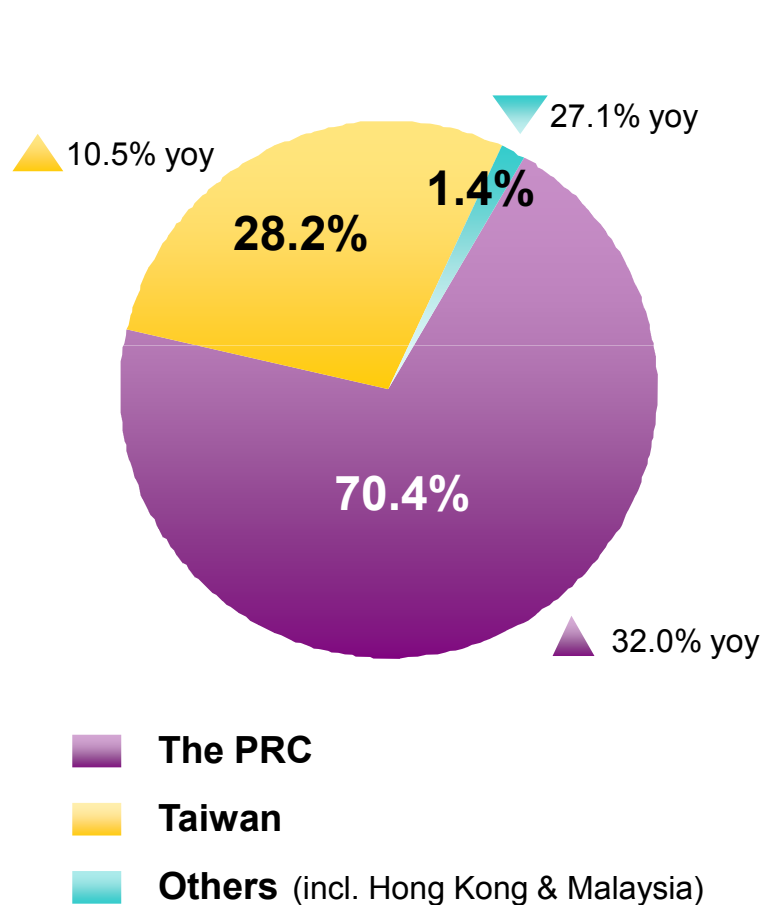
Year end December 31

	2007	2006	Change
			(%)
Basic EPS (HK cents)	8.94	6.16	+45.1
ROE %	19.9	14.5	+5.4 pts
ROA %	17.6	12.7	+4.9 pts
Cash (HK\$ million)	588.7	356.2	+65.3
Gearing Ratio	Net Cash	Net Cash	-

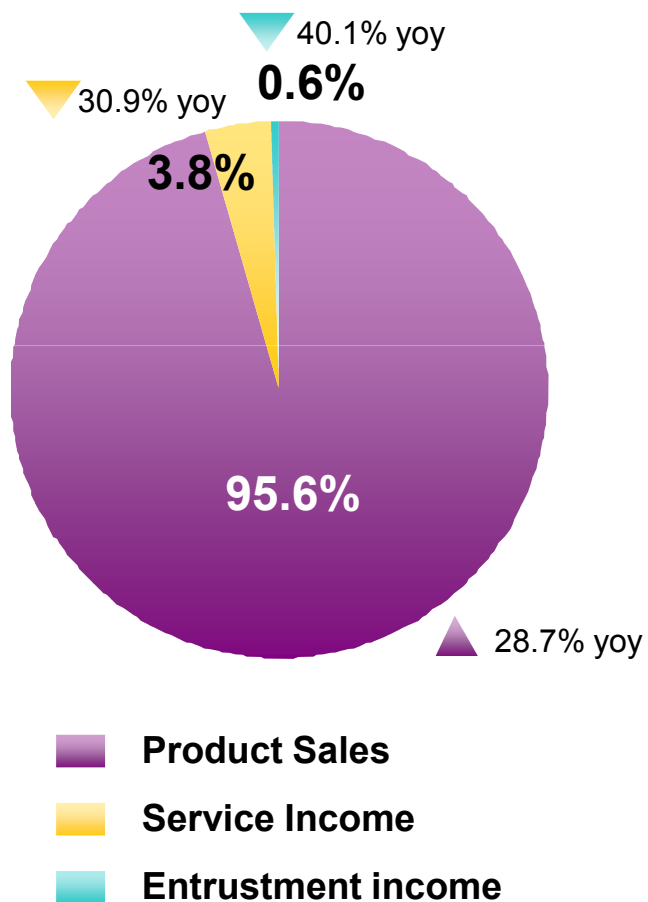


Turnover Analysis for FY07

By Region



By Products / Service





Average Sales Per Store

■ The Group's average sales per store increased by 14.6% yoy to HK\$227,000 in FY2007, which was mainly attributable to:

- Success of the brand and store image revamping program boosted the average store sales in PRC by 19%
- Average store sales in Taiwan registered a 4.5% year-on-year growth from existing spa channel regardless of recession

Average Sales Per Store

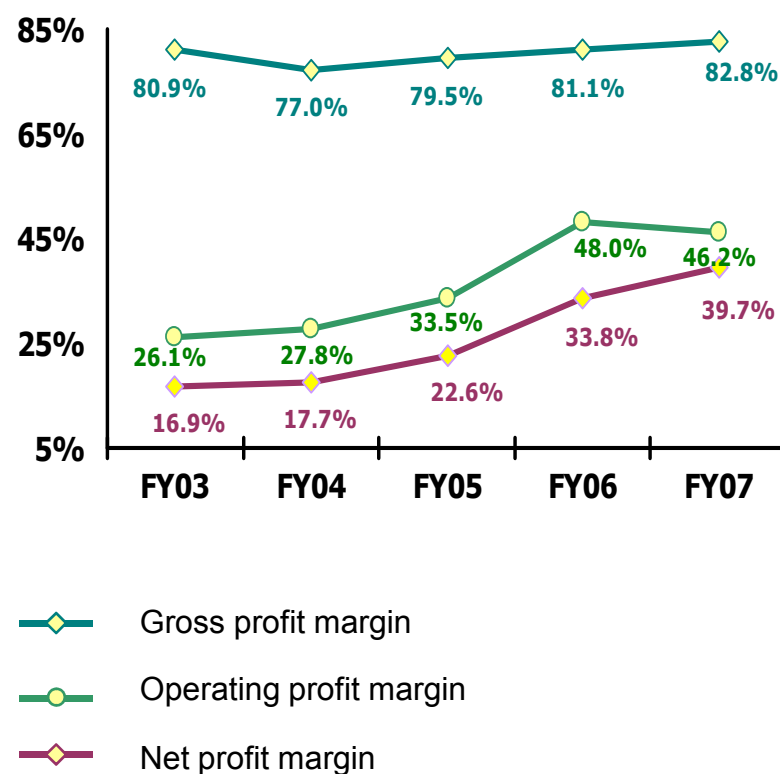
(HK\$)	FY2007	FY2006	(%)
PRC	225,000	189,000	+19.0
Taiwan	230,000	220,000	+4.5
Group Average	227,000	198,000	+14.6

Sustainable Profitability



- Gross profit margin further enhanced to 82.8%, representing a yoy growth of 1.7 percentage points
- Net profit margin further increased by 5.9 percentage points due to the improvement in operating efficiency and lower effective tax rate
- Gross margin of products increased by 1.4 percentage points to 87.2% for the review period

Group's Margin Analysis



Business Overview

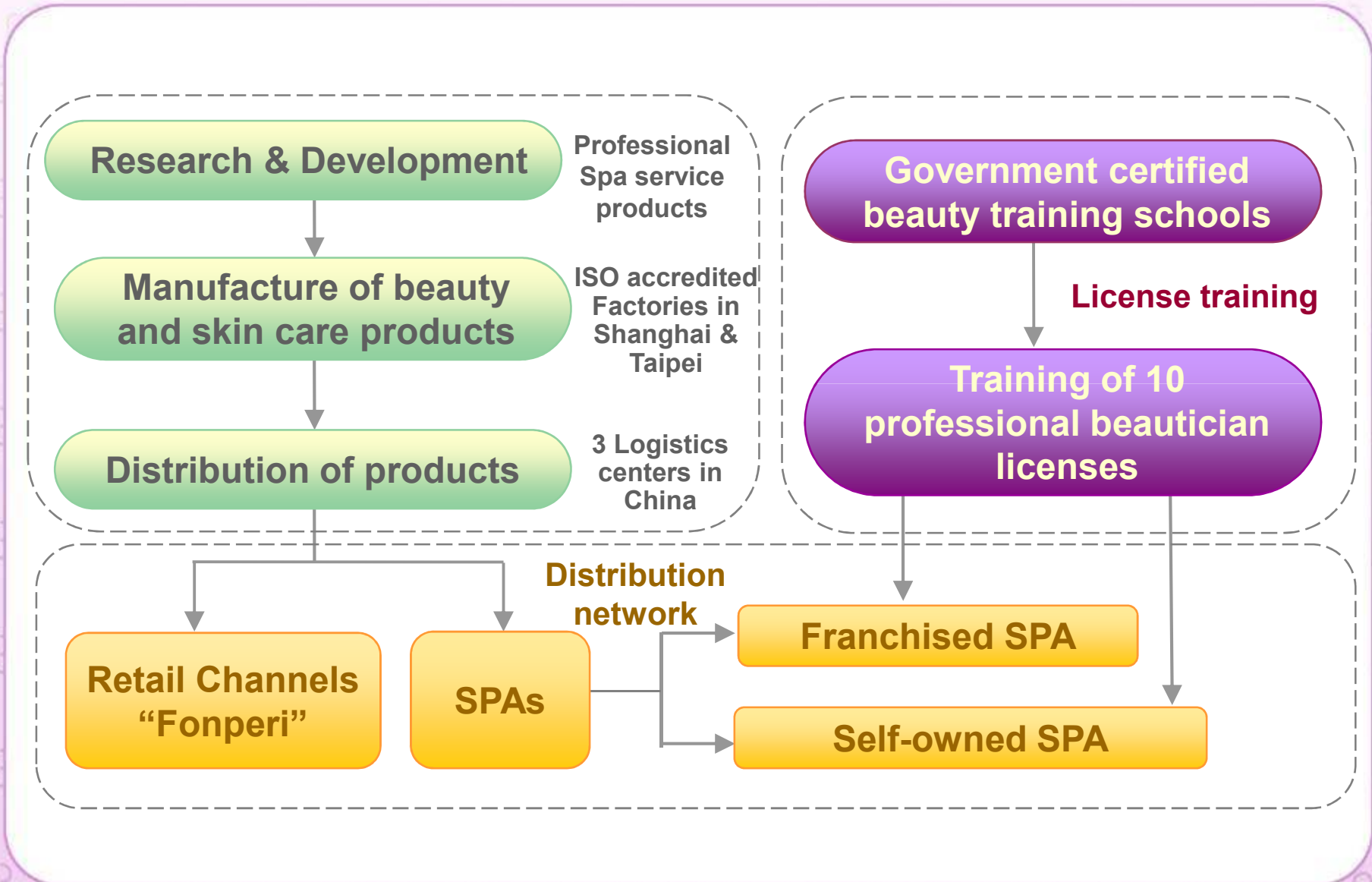


Corporate Positioning



Leading **Beauty** & **Spa**
Professional Service Product
& Training Provider in Asia

Core Business



Nationwide Distribution Network in PRC



Extensive Network in Greater China



As at 31 December 2007

		Franchisee owned Spas	Entrusted Spas	Counters	Self-owned Spas	Counters	Retail Channels
The PRC	1,465	1,400	1	10	7	47	-
Taiwan	1,851	447	-	-	10	-	1,394
Others	53	-	-	-	2	-	-
HK Malaysia		51	-	-	-	-	-
Total	3,369	1,898	1	10	19	47	1,394

Renowned Brand



- 2007 Honor and 2006 Silver Winner of the World's Best Annual Report by International ARC Awards, New York
- 2007 Best Asia Brand Innovation award
- 2007 Best Asia Brand Innovative Figure award
- 2006 and 2005 Outstanding Enterprise in Hong Kong
- 2006 Bronze Winner of Asia Marketing and Promotion Award
- 2006 Bronze Winner of Best Asia B2B Events Award
- 2006 Best Asia Interactive Media Application Award
- 2005 Top 10 most influential beauty brands in China
- 2005 Top 10 most influential beauty franchised salons in China
- 2005 Golin Awards in Corporate Branding / Reputation Management
- 2005 Best Franchisee Network in China (with the highest consumer recognition rate of 49.7% by 2005 China Beauty Economy Annual Report)
- 2005 London International Advertising Award
- 2005 New York Global Longshi Advertising Award
- 2005 6 Honors for Corporate Identity Design by Hong Kong Designer Award
- 2005 8 Honors by Asia Times Advertising Creative Award
- 2005 Asia Pacific Interior Design Award for Central SPA

Strong Profitability in the PRC



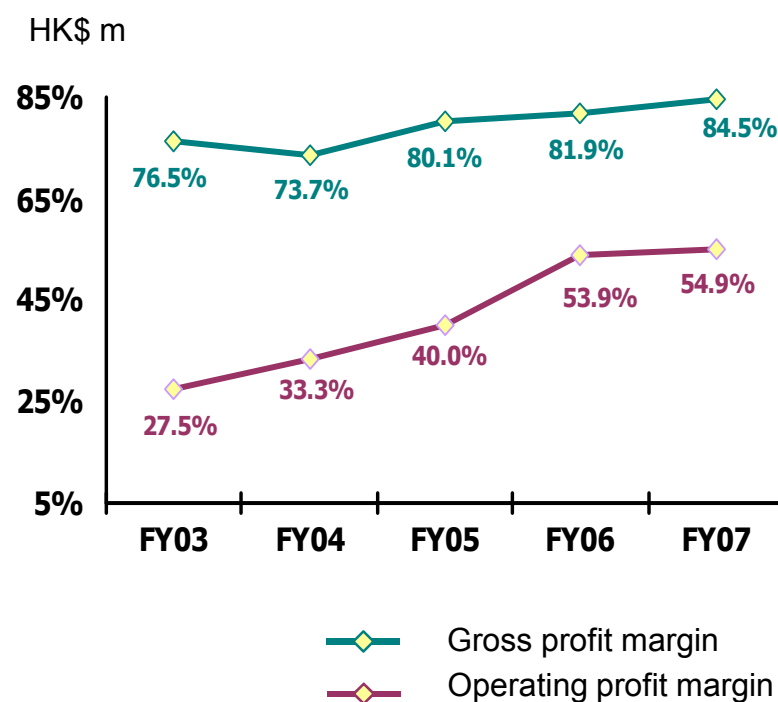
Product sales increased by 33.7% to HK\$307.2 million

- Gross margin of product sales grew from 85.4% to 87.7%
- Benefited from the robust growth of the Chinese economy
- Brand revamping program began to bear fruitful returns

PRC's net margin improved from 37.2% to 49.9%

- Entrustment strategy continued to pay off
- Operating profit expanded to HK\$174 million, representing an increase of 34.6%
- Service income recorded 22.7% year-on-year growth

Margin Analysis for PRC

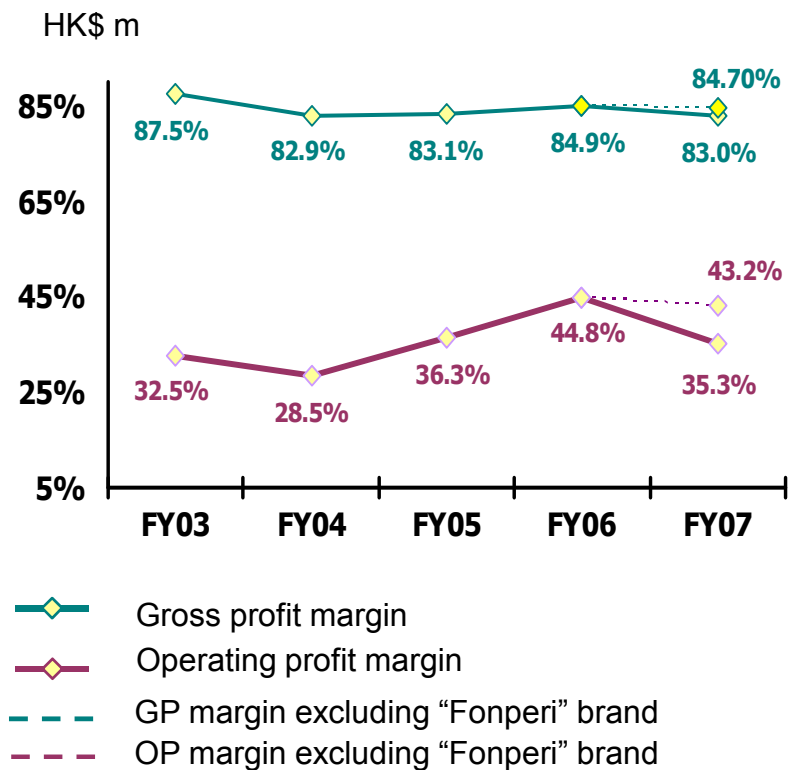


Encouraging Performance in Taiwan



- **Product sales increased by 21.3% despite economic recession, which was mainly attributable to:**
 - HK\$15.4 million product sales from the new retail brand “Fonperi”
 - Spa products registered a 5.5% year-on-year growth
- **Gross profit reached HK\$105.3 million**
 - Turnover increased by 10.5% to HK\$126.8 million
 - Gross profit margin excluding “Fonperi” brand maintained at high level of 84.7%

Margin Analysis for Taiwan



“Fonperi” To Capture Retail Market



- Retail brand “Fonperi” was newly launched in April 2007 in Taiwan market
- Captured the growing segment of the medium price retail skin-care market
- Sold via retail channel like hypermarkets, drugstores as well as wholesalers
- 1,394 outlets merchandised the “Fonperi” products, more than 400,000 units sold with a turnover of HK\$15.4 million in 2007
- As at 31 March, 2008, retail outlets reached 3,744 outlets.
- 2008: Target to reach 4,000 outlets; launch 16 new SKUs (5 for men)



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

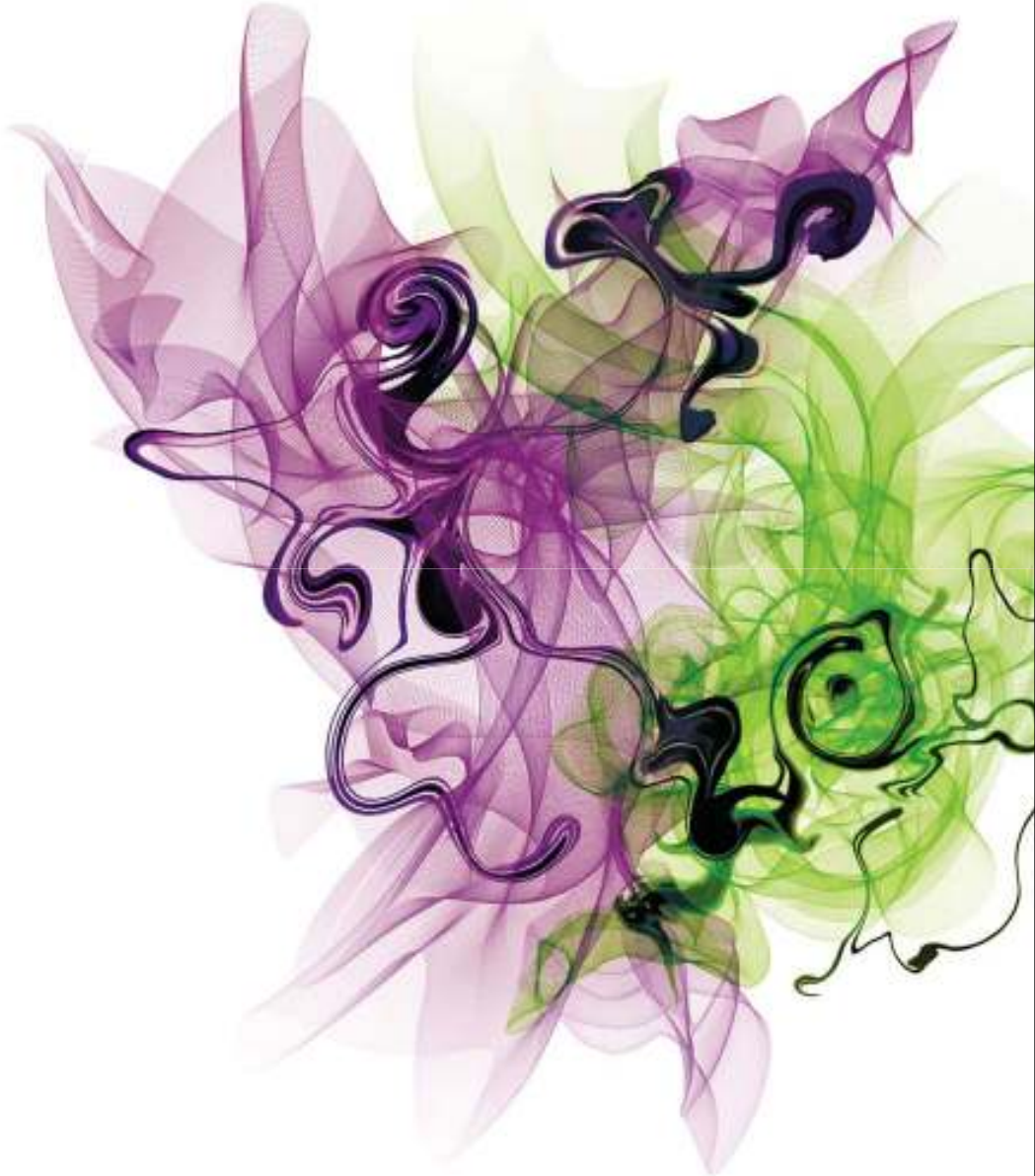


Unique Professional Products for Head-to-toe Spa Programs



- 
- ▶ **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 Lympo 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 Lympo 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

Outlooks



Growth Drivers Summary



■ Improve Same Store Sales

- Encouraged franchisees to open bigger spas with revamped image
- Continued to repackage products to reduce costs and improve profit margin (363 products repackaged as at 31 Dec 2007)

■ New Products

- 39 new products were launched in 2007
- Over 176,000 sets/ bottles of NB-1 family products were sold, with a turnover of HK\$134.5 million
- Further enhance product offering by introducing products for “family and friends of our existing customers” in 2008

■ Expand Distribution Channels

- Target 250 new stores in 2008
- Expanded local distributions, e.g. hypermarket, cosmetic drugstores and wholesalers in Taiwan

Open Forum

