



自然美

natural beauty

2008 Interim Results

September 2008

IR Website: www.nblife.com/ir



Agenda

- 🔥 Results Highlights
- 🔥 Business Overview
- 🔥 Outlooks
- 🔥 Open Forum

Results Highlights



Highlights of the Period

- 🔥 Turnover increased by 63.4% to HK\$315.7 million
- 🔥 Net profit surged by 101.6% to HK\$149.8 million
- 🔥 Gross margin maintained at high level of 83.9%
- 🔥 Operating margin and net margin further improved to 56.5% and 47.5%
- 🔥 Return on Equity (ROE) accelerated to 33.1% (FY2007: 20.0%)
- 🔥 Return on Assets (ROA) reached 26.5% (FY2007: 17.6%)

Financial Summary



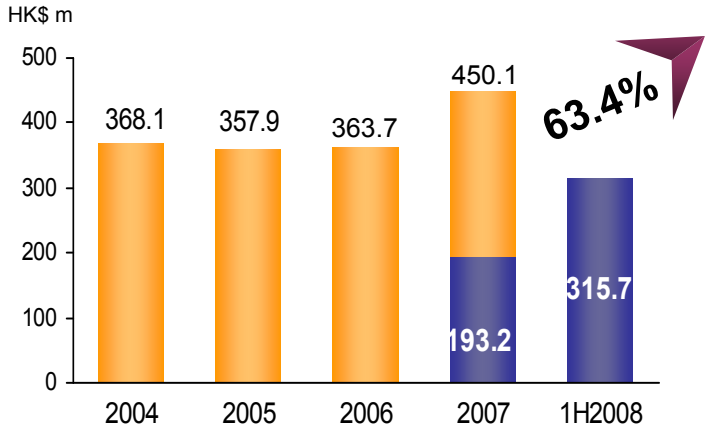
(HK\$ million)	Six months ended June 30		Change %
	2007	2008	
Turnover	193.2	315.7	+63.4
Gross profit	161.9	265.0	+63.7
Operating profit	95.8	168.3	+75.7
Net profit	74.3	149.8	+101.6
Interim dividend per share (HK cents)	5.00	5.00	-
- Basic	3.00	5.00	+66.7
- Special	2.00	-	N/A
Dividend payout* (%)	134.6	66.8	-67.8pts

*Dividend payout was over 100% in 1H2007 due to disposal of investment property

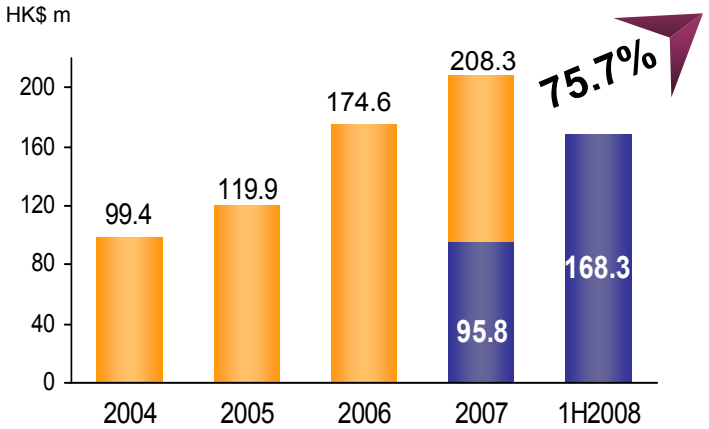
Strong Financial Performance



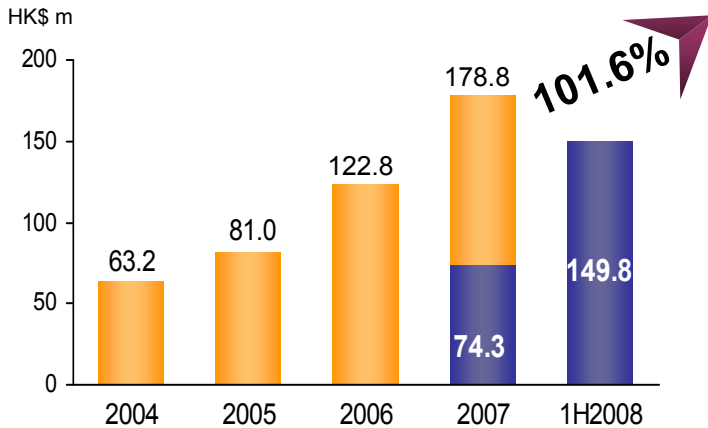
Turnover



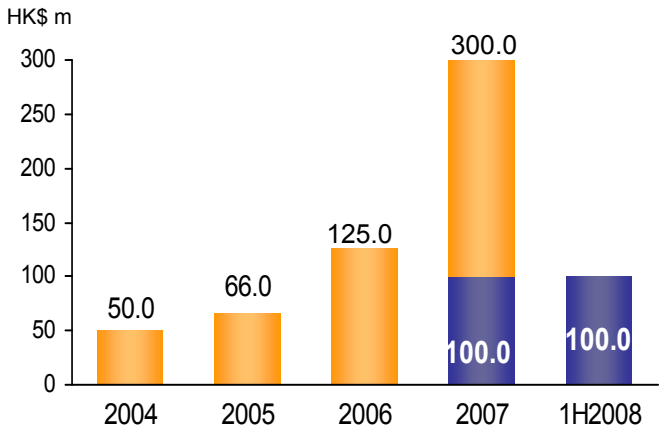
Operating profit



Net income



Dividends



Enhancing Shareholder's Value

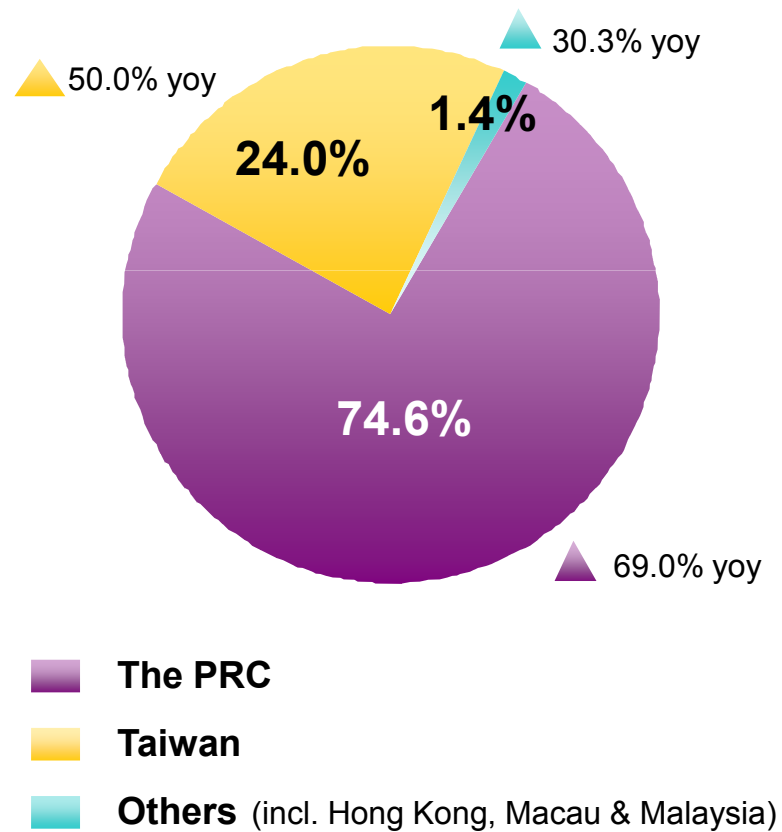


(HK\$ million)	Six months ended June 30		Change %
	2007	2008	
Basic EPS (HK cents)	3.72	7.48	+101.1
ROE (%)	16.9	33.1	+16.2pts
ROA (%)	14.3	26.5	+12.2 pts
Cash (HK\$ million)	501.4	710.4	+41.7
Gearing ratio	Net cash	Net cash	-

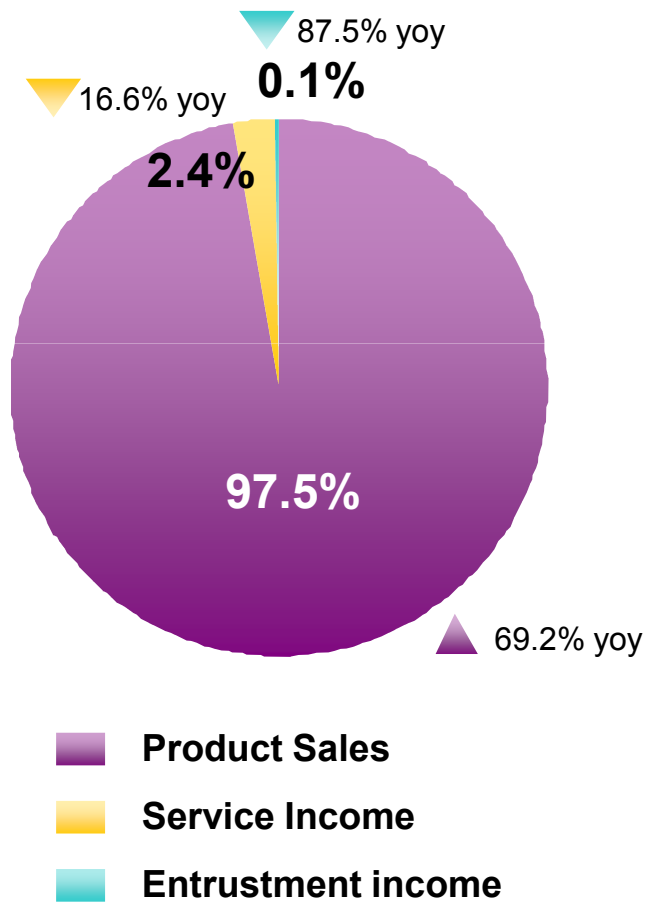
Turnover Analysis for 1H08

၈၃


By Region



By Products / Service



Average Sales Per Store

 The Group's average sales per store increased by 57.0% yoy to HK\$157,000 in 1H2008:

- Implemented the strategy of promoting products to “family and friends of our existing customers”
- Strengthening franchisees' training on selling skills and product knowledge
- Introducing new products such as health supplements
- Average store sales in PRC increased by 54.4% yoy
- Average store sales in Taiwan increased by 62.0% yoy

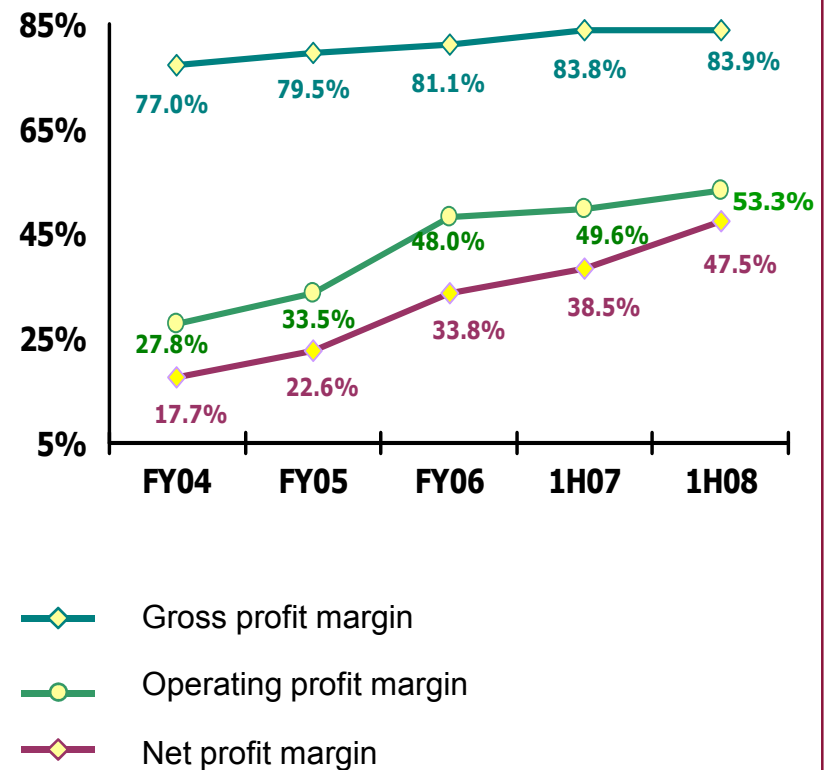
Average Sales Per Store

(HK\$)	1H2007	1H2008	(%)
PRC	103,000	159,000	+54.4
Taiwan	92,000	140,000	+62.0
Group Average	100,000	157,000	+57.0

Sustainable Profitability

- Gross profit margin slightly improved from 83.8% to 83.9%
- Net profit margin further increased by 9 percentage points due to the improvement in operating efficiency and lower effective tax rate
- Gross margin of products remained stable at 87.6% for the review period compared to 87.2% for FY2007

Group's Margin Analysis



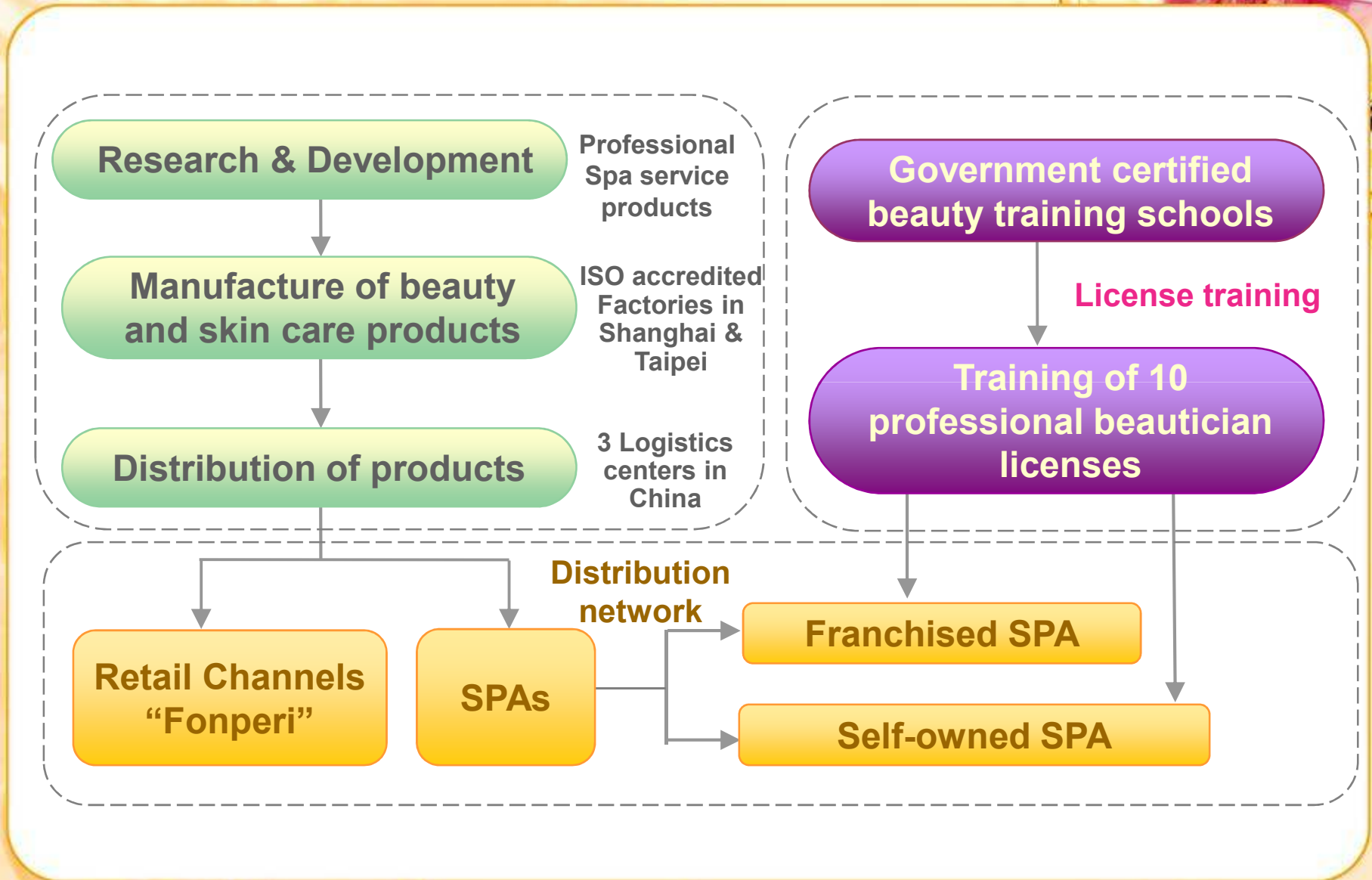
Business Overview



Corporate Positioning

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

Core Business



Extensive Network in Greater China



As at 30 June 2008

		Franchisee owned Spas	Entrusted Spas	Counters	Self-owned Spas	Counters	Retail Channels	
The PRC		1,497	1,433	1	11	6	46	-
Taiwan		4,360	448	-	-	9	-	3,903
Others	HK	-	-	-	-	1	-	-
	Macau	53	-	-	-	1	-	-
	Malaysia	51	-	-	-	-	-	-
Total		5,910	1,932	1	11	17	46	3,903

Nationwide Distribution Network in PRC



Strong Profitability in the PRC

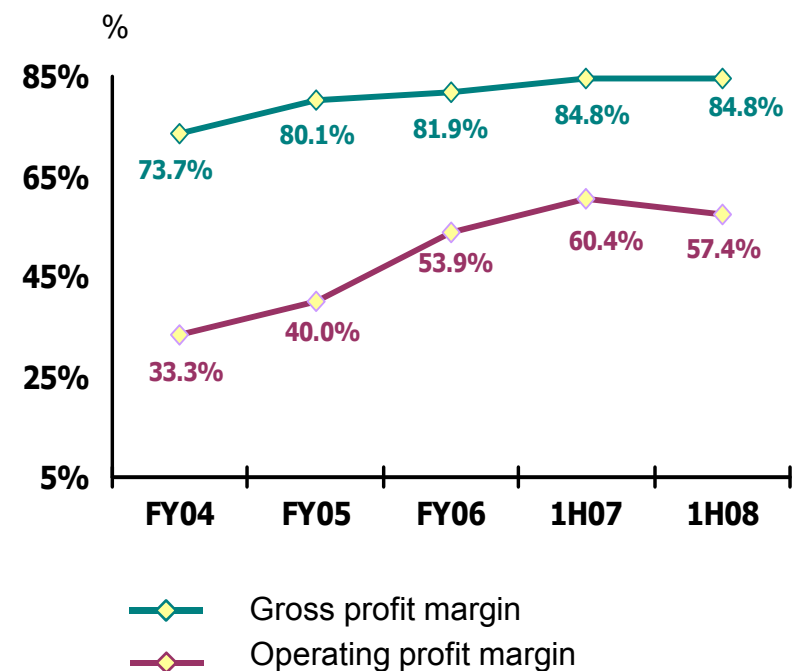
🔥 Product sales significantly increased by 74.2% to HK\$231.8 million

- Gross margin of product sales maintained at 87.0%
- Strengthened service quality and selling skills for franchised stores boosted product sales

🔥 PRC's net margin grew by 3.4 percentage points to 54.1%

- Operating profit expanded to HK\$135.2 million, representing an increase of 60.8%
- Operating margin slightly decreased from 60.4% to 57.4% for the review period

Margin Analysis for PRC

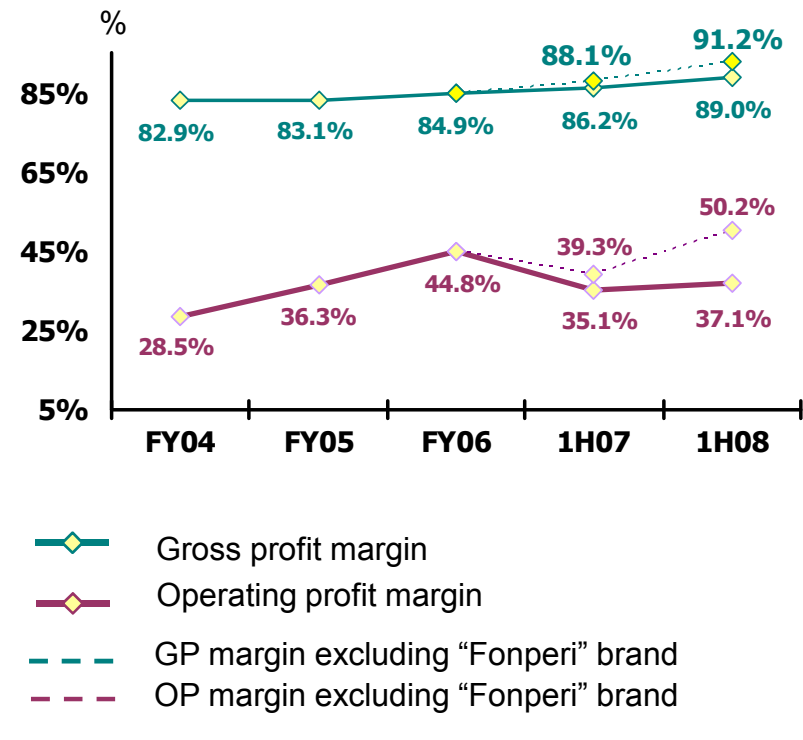


Encouraging Performance in Taiwan



- Product sales increased by 56.0% despite sluggish economy, which was mainly attributable to:**
 - HK\$7.9 million product sales from the new retail brand “Fonperi”
 - Spa products registered a 71.8% year-on-year growth
- Gross profit reached HK\$67.5 million, representing an increase of 55%**
 - Turnover increased by 50.0% to HK\$75.8 million
 - Gross profit margin excluding “Fonperi” brand maintained at high level of 91.2%
 - Net margin increased by 2.7 percentage points to 34.7% for the review period

Margin Analysis for Taiwan



“Fonperi” To Capture Retail Market

- 🔥 Retail brand “Fonperi” was 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
- 🔥 3,903 retail points merchandised the “Fonperi” products, over 142,600 units were sold with a turnover of HK\$7.9 million in 1H2008
- 🔥 As at 30 June 2008, 12 new products were launched to the market including products 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

Health Food / Supplements

- 🌀 The Group's new growth driver for the period
- 🌀 Sales in 1H2008 amounted to HK\$20.4 million (already exceed FY2007 full year total of HK\$16.5 million)
- 🌀 Turnover registered a year-on-year growth of 149%



Outlook



Growth Drivers Summary

Improved Same Store Sales

- Successfully implemented the strategy of promoting products to “family and friends of existing customers”
- Strengthened franchisees’ training on selling skills and product knowledge
- Continued to repackage products to reduce costs and improve profit margin (427 products repackaged as at 30 June 2008)
- Raise retail price of some products by 10% in June 2008, excluding NB-1 products

New Products

- 36 new products were launched in 1H2008
- Over 156,000 sets/ bottles of NB-1 family products were sold, with a turnover of HK\$111.5 million, accounting for over 1/3 of total product sales
- Sales of Fonperi products amounted to HK\$7.9 million
- Enrich product range by introducing new health supplements

Expand Distribution Channels

- A total of 3,903 retail outlets of Fonperi line were established as at 30 June 2008
- Target to open 250 franchisee SPA in 2008

Open Forum

