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natural beauty

Corporate Presentation

April 2006



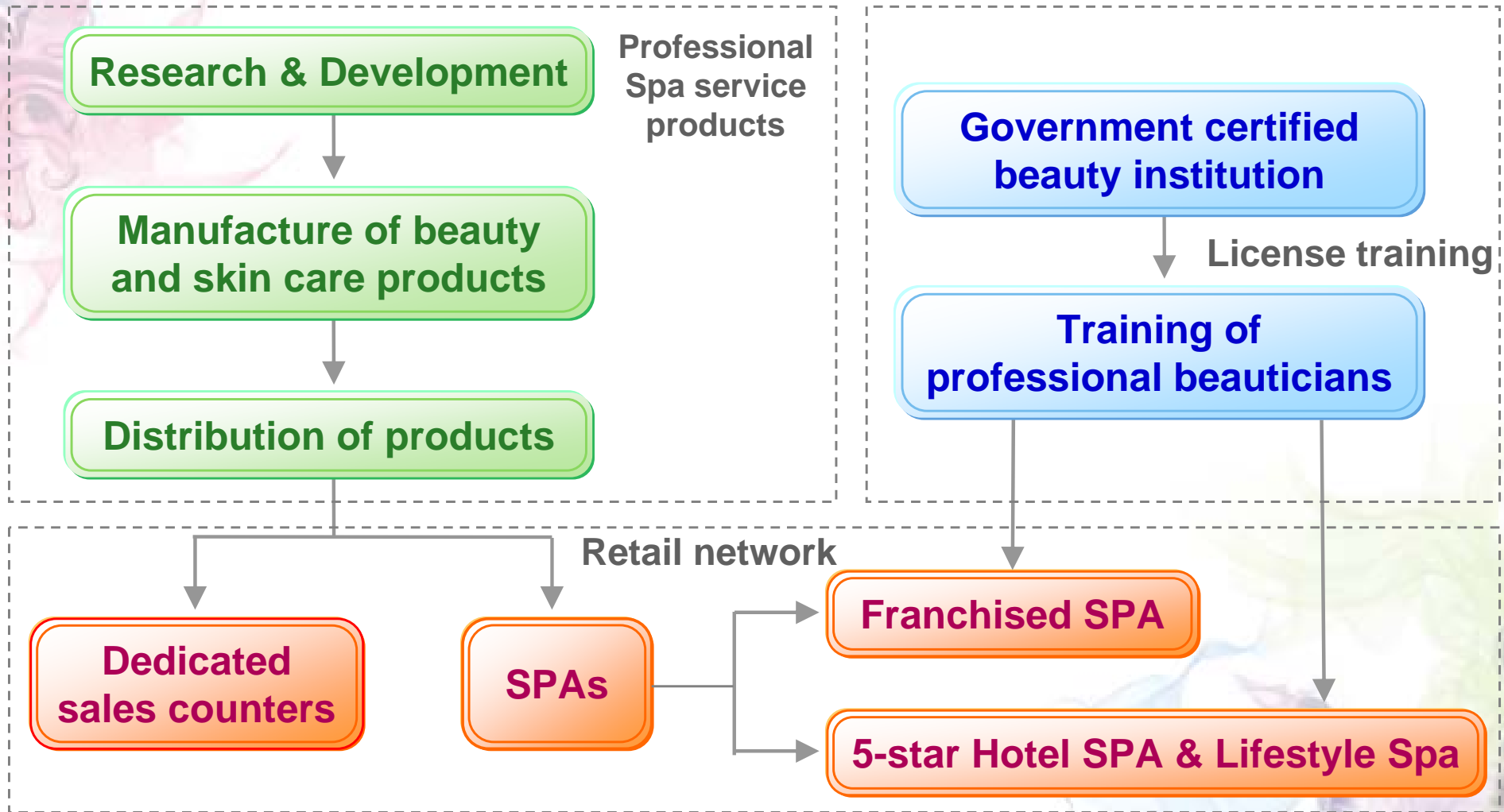


Corporate Positioning

A Leading **Beauty** & **Spa**
Service & Professional Product
Provider in Greater China



Core Business





23

Financial Highlights



Financial Summary



<i>(HK\$ mn)</i>	<i>FY2004</i>	<i>FY2005</i>	<i>Change %</i>
Turnover	358.1	357.9	-0.1
Gross profit	275.9	284.6	+3.2
Profit from operations	99.4	119.8	+20.5
Profit for the year	62.7	81.0	+29.2
Basic EPS (HK cents)	3.163	4.055	+28.2
Dividends per share (HK cents)	2.50	3.30	+32.0
- Interim	0.75	0.90	
- Special	nil	0.40	
- Final	1.75	2.00	
Dividend payout ratio	79.7%	81.5%	+1.8 pts



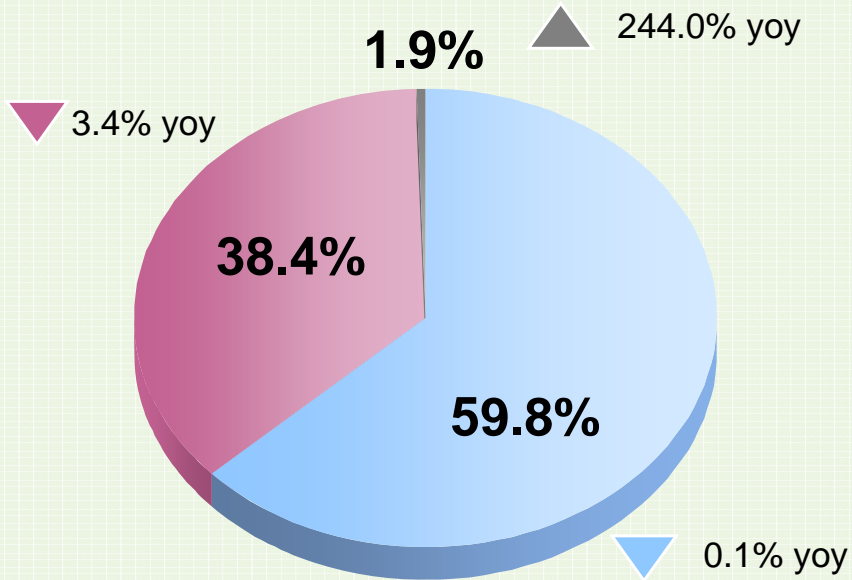
Key Financial Ratios

	<i>FY2004</i>	<i>FY2005</i>
Inventory Turnover (days)	259	275
AR Turnover (days)	64	69
AP Turnover (days)	38	66
Cash (HK\$ mn)	235.9	338.7
Gearing ratio	Net Cash	Net Cash



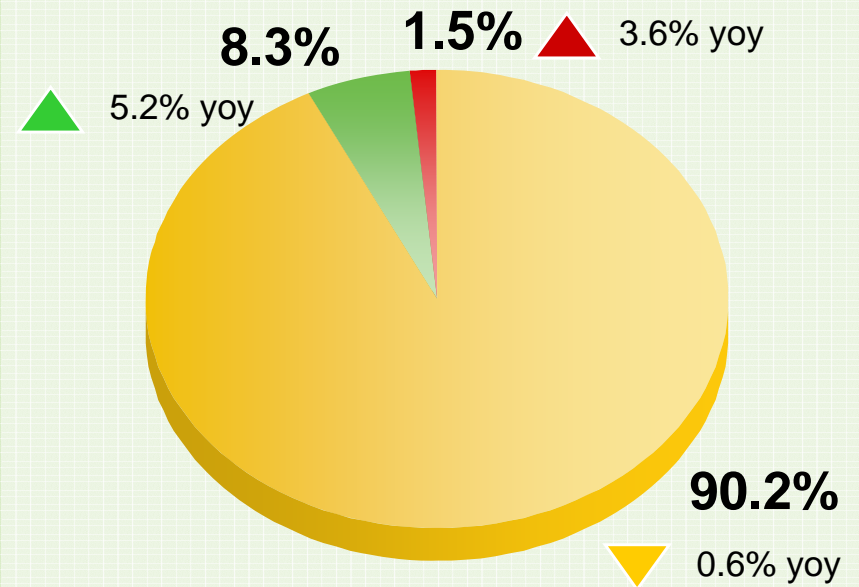
Turnover Analysis for FY2005

By Region



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

By Product / Service



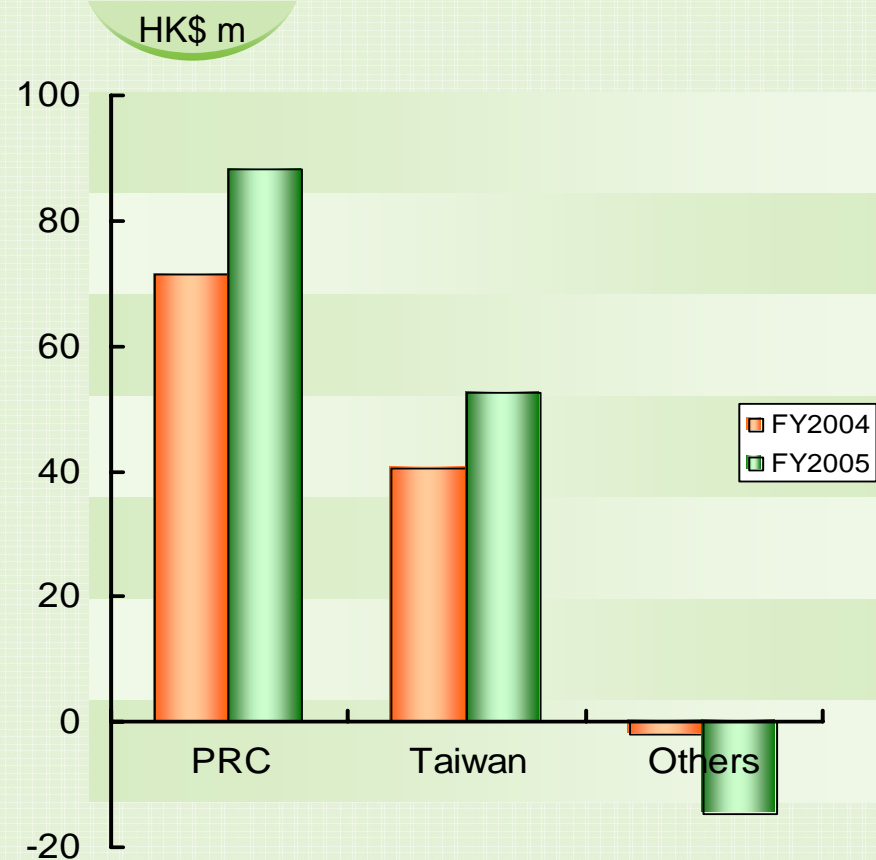
-  Product sales
-  Service revenue
-  Entrustment income



Strong Profitability in the PRC

- ▶ PRC's operating profit before tax surged 23.6% to HK\$88.2 million
 - Excluding tax refund impact of HK\$19.6 million, operating profit in the PRC reached HK\$67.4 million
 - Brand revamp exercise started to take effect while product repackaging and entrustment of spas to reputable operators helped to reduce cost and mitigate losses respectively
- ▶ Taiwan's operating profit increased by 29.4% to reach HK\$52.4 million due to introduction of management and training fee together with centralized advertising initiative

Operating Profit By Region

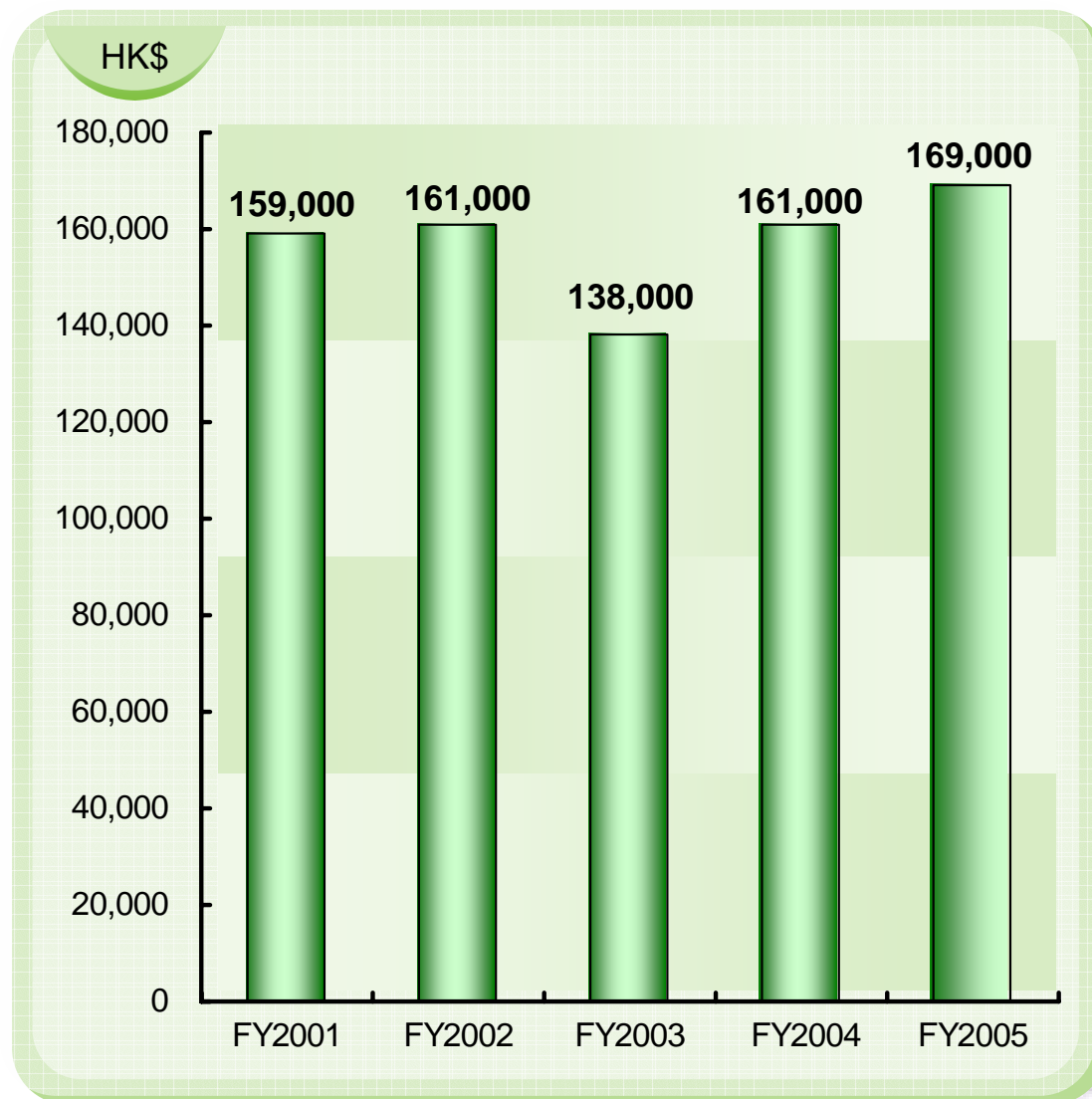




Average Sales Per Store

- ▶ Brand revamp program commenced in April 2005 in PRC with approx. 42% of the stores completed shop fronts revamp during the year
- ▶ Brand revamp program scheduled to start in Mar 2006 for Taiwan
- ▶ New products of NB1 family and 5 kinds of health supplements were introduced to boost store sales
- ▶ Product packaging also promoted sales of home-use products
- ▶ Average sales per store by market:

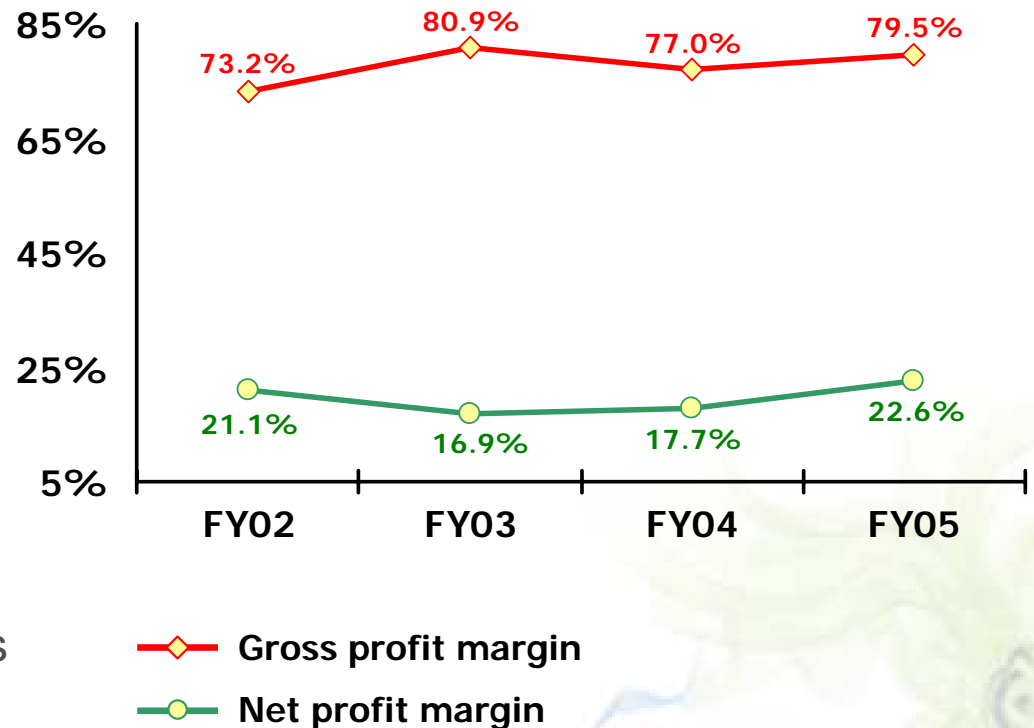
(HK\$)	FY2004	FY2005	(%)
PRC	133,000	139,000	+4.5
Taiwan	237,000	259,000	+9.3
Group Average	161,000	169,000	+5.0





Sustainable Profitability

- ▶ Improvements in profit margins were attributable to:
 - Brand revamp program improved store sales
 - Entrustment of spas to reputable operators to reduce loss
 - Product repackaging lowering packaging costs
 - Improvements in operating efficiency and advertising & marketing efficiency
 - Increase in financial refund in the PRC due to higher operating profits
- ▶ Profitability will be further enhanced as brand revamp program started to take effect in product sales and commenced in Taiwan





23

Business Review



Core Values

**Professional
Effective
management of
franchisees**

**Extensive
distribution network
in Greater China**

**Unique &
comprehensive
product range
& services**



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**Strong R&D
capabilities**

**Renowned
brand identity**



Extensive Distribution Network in Greater China

As at 31 Dec 2005

		Franchisee owned	Entrusted	Self-owned
The PRC*	1,545	1,415	50	80
1st-tier cities	602			
2nd-tier cities	943			
Taiwan	536	527	-	9
Others	40	-	-	2
TOTAL	2,121	1,980	50	91

Remarks:

1st-tier cities: Beijing, Shanghai, Guangzhou and Shenzhen

2nd-tier cities: Others



Strong R&D and Expert-developed Products

- ▶ **R&D center in Taipei, Taiwan**
- ▶ **ISO accredited manufacturing plants in Shanghai and Taipei**
- ▶ **Experienced expert team supervised by Dr. Yen Ping Tsai to give feedbacks on product usage**
- ▶ **Collaboration with research teams from Harvard medical schools, Italian research centers, as well as doctors from Japan, etc.**
- ▶ **Applied biotechnology imported from overseas in over 700 NB's products**





Renowned Brand

- ▶ According to a leading market research firm “DAWSON”, over 80% respondents recognized NB brandname and agreed NB products are suitable for Oriental women
- ▶ 2005 Outstanding Enterprise in Hong Kong
- ▶ 2004 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 Longshi Global Chinese-Language Print Advertisement Competition Award for Best Slogan & Most Creative Graphics
- ▶ 2005 Pacific Design Award 6 finalists
- ▶ 2005 Asia Pacific Times Award 8 merits and shortlists
- ▶ 2005 Best Enterprise for Financial Management



Effective Management of Franchisees and Improving Distribution

- ▶ **Over 1,200 hours of compulsory license training provided by NB 18 training centers in collaboration with Ministry of Labor**
- ▶ **Dual-track management system by expert team and local subsidiaries to conduct store audit 2-4 times a year**
- ▶ **6 times headquarter/local training and marketing campaigns a year**
- ▶ **Logistic centers in Shanghai, Guangzhou and Beijing in full operation by Dec 2005**
- ▶ **To optimize internal supply chain for further expansion of franchisee network**

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23

Future Strategies



Growth Drivers Summary

▶ Improve Same Store Sales

- Revamp brand, website and shop image
- Repackage products to reduce costs and increase mass product sales
- Launch synergetic products such as NB-1 Family

▶ Expand Distribution Channels

- Target to open 200 franchisee stores (website, non-NB stores, students)
- Expand local distributions, e.g. hypermarket, cosmetic drugstores
- Expand new markets through international cosmetic channels

▶ Expand Beauty Training Business

- Company training e.g. Sephora, Four Seasons Hotel and others
- CCTV-MTV Natural Beauty beauty summer camp
- Government subsidies for licenses exams (RMB670~1,720 per student)

▶ New Revenue Sources

- Franchise fee for new franchisees – RMB50000(1st tier), RMB30000 (2nd & 3rd tiers)
- Management fee (local advertising, international training & customer databank) for all franchisees - RMB5000 per quarter

Revamp Corporate Identity



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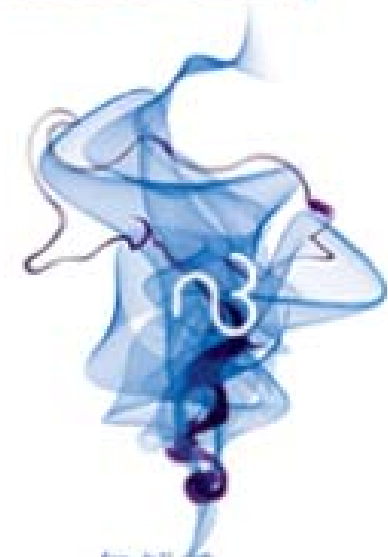
蔡燕萍自然美国际事业集团



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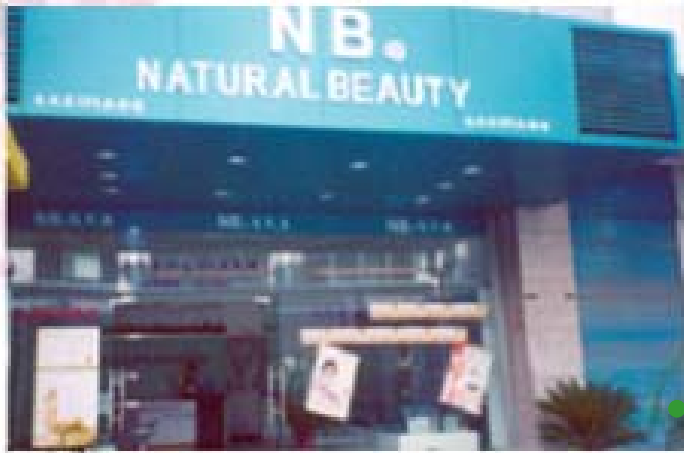


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Revamp Visual Identity

Past Image



Revamp Image





Revamp Franchisee Interior Standard



Award Winning HK Central SPA





Flagship & Hotel Spa



Resort Spa



Balinese Spa



City Spa in major department stores



City Spa in premier commercial areas



Zen Spa

Package Revamp



◀ **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



Local Channels & Mass Products



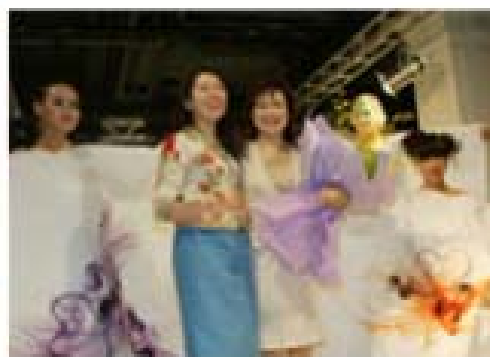
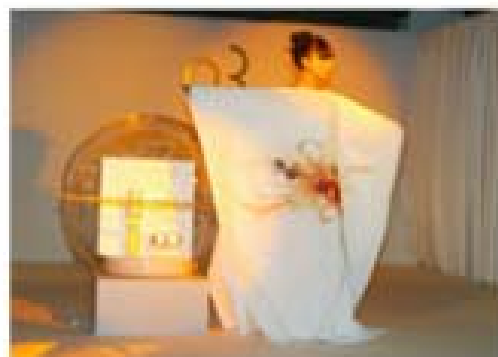
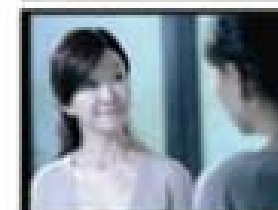
Art of Beauty
Make-up Series
RMB150~500



Scent of Beauty
Home use series
RMB90~370



Advertising & PR campaigns



▲ TVC

◀ PR Event



Seasonal In-store Promotional Campaigns



◀ Franchisee DM

Customer DM ▶

▼ Promotional Gifts



Website Revamp



www.nblife.com.cn