

## DIRECTORS' REPORT : 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### 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 40 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 84.

An interim dividend of HK\$0.009 per share and a special dividend of HK\$0.004 per share were paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK\$0.020 per share to the shareholders on the register of members on 28 April 2006, amounting to approximately HK\$40,000,000. Details of the dividends are set out in note 14 to the 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 2005 were revalued by an independent firm of professional property valuers on a fair value basis. The revaluation increase of approximately HK\$4.5 million has been recognised in the income statement. Details of movements during the year in the investment properties of the Group are set out in note 16 to the 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 17 to the financial statements.

本公司董事提呈本公司及本集團截至二零零五年十二月三十一日止年度的年報及經審核財務報表。

### 主要業務

本公司為投資控股公司，本集團主要業務為(a)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服務及美容培訓。本集團附屬公司的主要業務載於財務報表附註40。

### 業績及分派

本集團截至二零零五年十二月三十一日止年度的業績載於第84頁的綜合收益表。

於年內，本公司向股東派發每股0.009港元之中期股利及每股0.004港元之特別股利。董事現建議向於二零零六年四月二十八日名列股東名冊之股東派發末期股利每股0.020港元，合共約40,000,000港元，有關股利詳情載於財務報表附註14。

### 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

本集團投資物業於二零零五年十二月三十一日由獨立專業物業估值師行按公開市值基準重新估值。重估增加約4,500,000港元已於收益表確認。有關本集團投資物業於年內的變動詳情載於財務報表附註16。

### 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財務報表附註17。

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### SHARE CAPITAL

Details of the share capital of the Company are set out in note 31 to the 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, Dr. Tsai Yen Yu and Dr. Su Sh Hsyu 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 2005, in the opinion of the directors of the Company, the Company's reserves available for distribution to shareholders were approximately HK\$391,833,000 which represents the share premium and accumulated profits of the Company.

### 股本

本公司股本的詳情載於財務報表附註31。

### 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  
譚清先生

根據本公司之公司組織章程細則第117條，蔡燕玉博士及蘇詩琇博士將輪值告退，惟符合資格，並願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條發出之年度獨立性確認書。本公司認為全體獨立非執行董事均為獨立。

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

於二零零五年十二月三十一日，本公司董事認為，本公司可供分派予股東之儲備約為391,833,000港元，該等儲備乃本公司之股份溢價及累計溢利。

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### 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 2002, 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 2002 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 service contracts may be terminated by either party giving to the other not less than three calendar months' notice in writing. The service contracts of Dr. Tsai, Mr. Lee, Mr. Su, Mr. Yeh and Mrs. Chen expired on 10 March 2005 and were renewed for another three years on 11 March 2005. 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 2005, each of the executive directors voluntarily agreed to waive the entitlement to certain remuneration of approximately HK\$2.9 million (2004: HK\$2.8 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 2005, 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」）之合約年期由二零零二年三月十一日開始；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」）之合約年期由二零零二年三月十一日開始；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對對方發出不少於三個曆月的書面通告終止。蔡博士、李先生、蘇先生、葉先生及陳女士之服務合約已於二零零五年三月十日屆滿，並已自二零零五年三月十一日起重續三年。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港元及譚清先生獲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%。

截至二零零五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2,900,000港元（二零零四年：2,800,000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過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%。截至二零零五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' REPORT : 董事會報告書

### DIRECTORS' INTERESTS IN SHARES

As at 31 December 2005, 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

於二零零五年十二月三十一日，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	–	1,500,000,000 (Note 1) (附註1)	75.00%
Mr. Su 蘇先生	–	225,000,000 (Note 2) (附註2)	11.25%
Dr. Su 蘇博士	–	225,000,000 (Note 2) (附註2)	11.25%
Mr. Lee 李先生	1,500,000,000 (Note 1) (附註1)	–	75.00%

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### DIRECTORS' INTERESTS IN SHARES (continued)

Notes:

- (1) The two references to 1,500,000,000 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 1,500,000,000 ordinary shares of the Company.

- (2) The two references to 225,000,000 shares are included in the 1,500,000,000 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 executive or their associates had any interests or short position in any shares, underlying shares on debentures of the Company or any of its associated corporations as at 31 December 2005.

### SHARE OPTION

Particulars of the Company's share option scheme are set out in note 32 to the financial statements.

No share options were granted or exercised during the year ended 31 December 2005. At 31 December 2005, no share option of the Company were outstanding.

### ARRANGEMENTS TO PURCHASE SHARES OF 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 benefit 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) 以上兩次提述的1,500,000,000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 Investments Limited 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 1,500,000,000 股普通股之權益。

- (2) 以上兩次提述的 225,000,000 股股份計入由 Efficient Market 持有的 1,500,000,000 股股份中，而蘇先生及蘇博士各於 Efficient Market Investments Limited 透過 Knightcote 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，於二零零五年十二月三十一日，概無董事、行政總裁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。

### 購股權

本公司購股權計劃之詳情載於財務報表附註 32。

於截至二零零五年十二月三十一日年度內並無購股權獲授出或已行使。於二零零五年十二月三十一日，概無本公司購股權尚未行使。

### 購買股份或債券之安排

於年內任何時間，本公司或其任何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獲利。

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### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, 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

### 主要股東

於二零零五年十二月三十一日，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	1,500,000,000	75.00%
Knightcote	1 & 2 1及2	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,500,000,000	75.00%
Dr. Tsai 蔡博士	2 & 3 2及3	Beneficial owner and held by a controlled corporation 實益擁有人及由受控制法團持有	1,500,000,000	75.00%
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	225,000,000	11.25%
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	225,000,000	11.25%

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.

Other than 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 2005.

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，於二零零五年十二月三十一日，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。

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### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS

On 28 July 2005, a natural health food purchase agreement (“Natural Health Food Purchase Agreement”) was entered into between Shanghai Natural Beauty Sanlian Cosmetics Company Limited (“NB Sanlian”), a 90% indirectly-owned subsidiary, and 上海自然美生物醫學有限公司 Shanghai Natural Beauty Bio-Med Company Limited (“Bio-Med”), a company wholly owned by Dr. Tsai, for the period from 28 July 2005 to 31 December 2007, with the annual cap amount of HK\$3.0 million, HK\$4.0 million and HK\$5.0 million for the financial years ended/ending 31 December 2005, 2006 and 2007 respectively.

In addition, on 28 July 2005, NB Sanlian entered into a lingerie purchase agreement (“Lingerie Purchase Agreement”) 上海自然美製衣有限公司 with Shanghai Natural Beauty Apparel-Manufacture Company Limited (“Apparel-Manufacture”), a company owned as to 51.72% by Dr. Tsai, for the period from 28 July 2005 to 31 December 2007, with the annual cap amount of HK\$1.0 million, HK\$1.8 million and HK\$3.0 million for the financial years ended/ending 31 December 2005, 2006 and 2007 respectively.

The transactions under the Natural Health Food Purchase Agreement and Lingerie Purchase Agreement are regarded as connected transactions pursuant to Chapter 14A of the Listing Rules of the Stock Exchange. Details of which were set out in the announcement of the Company dated 2 August 2005.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditors have reported their factual findings on these procedures to the board of directors.

Particulars of the above and other transactions, in which a director of the Company had interest, are disclosed in note 38 to the financial statements.

### 關連交易及董事於合約之權益

於二零零五年七月二十八日，本公司間接擁有90%權益之附屬公司上海自然美三聯化粧品有限公司（「自然美三聯」）與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」）訂立天然健康食品採購協議（「天然健康食品採購協議」），由二零零五年七月二十八日起至二零零七年十二月三十一日止，而於截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為3,000,000港元、4,000,000港元及5,000,000港元。

此外，於二零零五年七月二十八日，自然美三聯亦與蔡博士擁有51.72%權益之上海自然美製衣有限公司（「自然美製衣」）訂立內衣採購協議（「內衣採購協議」），由二零零五年七月二十八日起至二零零七年十二月三十一日止，而於截至二零零五年、二零零六年及二零零七年十二月三十一日止財政年度之年度上限分別為1,000,000港元、1,800,000港元及3,000,000港元。

根據聯交所創業板上市規則第14A章，天然健康食品採購協議及內衣採購協議項下交易被視為關連交易，詳情載於本公司日期為二零零五年八月二日之公佈。

根據上市規則第14A.38條，董事會已委聘本公司核數師就本集團的持續關連交易進行若干協定核數程序。核數師已向董事會匯報該等程序之實際結果。

上述及其他本公司董事擁有權益之交易詳情，於財務報表附註38披露。



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### CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS (continued)

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.

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 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, qualification 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 Group'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 32 to the 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.

### 關連交易及董事於合約之權益 (續)

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，以及根據規管該等協議並屬公平合理及符合本公司股東利益之條款進行。

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須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，因應本集團經營業績、個別表現及可資比較市場數據決定。

本公司已採納一項購股權計劃，以鼓勵董事會及合資格僱員。該計劃之詳情載於財務報表附註32。

### 優先購買權

本公司之公司組織章程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。



## DIRECTORS' REPORT : 董事會報告書

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficiency of public float throughout the year ended 31 December 2005.

### 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.

### 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, 12 April 2006

### 充足公眾持股量

本公司於截至二零零五年十二月三十一日止整個年度內維持充足公眾持股量。

### 購買、出售或贖回本公司上市證券

截至二零零五年十二月三十一日止年度，本公司或其任何附屬公司亦無購買、出售或贖回本公司任何上市證券。

### 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，二零零六年四月十二日