

NOTES TO THE FINANCIAL STATEMENTS : 財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

1. GENERAL

The Company was incorporated in Cayman Islands on 29 June 2001 as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate holding company are Knightcote Enterprises Limited and Efficient Market Investments Limited respectively, and both were incorporated in British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

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.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The change in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

1. 一般資料

本公司於二零零一年六月二十九日在開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之最終控股公司及直接控股公司分別為 Knightcote Enterprises Limited 及 Efficient Market Investments Limited，兩間公司均於英屬維爾京群島註冊成立。本公司之註冊辦事處及主要營業地點之地址於年報緒言中披露。

本公司為投資控股公司。本集團主要從事 (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及美容培訓服務，其附屬公司之主要業務載於財務報表附註 40。

財務報表以港元呈列，與本公司之功能貨幣相同。

2. 香港財務報告準則之應用

於本年度，本集團首次應用由香港會計師公會所頒佈於二零零五年一月一日或之後開始會計期間生效之多項新訂香港財務報告準則、香港會計準則及詮釋（下文統稱「新香港財務報告準則」）。應用新香港財務報告準則導致綜合收益表、綜合資產負債表及綜合權益變動表之呈報方式有變，尤其是少數股東權益之呈報方式。呈報方式之變動已追溯應用。採納新香港財務報告準則導致本集團下列範疇之會計政策有變，對目前及／或過往會計年度業績之編製及呈報方式構成影響：

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Business Combinations

In the current year, the Group has applied HKFRS 3, *Business Combinations* which is effective for business combinations for which the agreement date is on or after 1 January 2005. The principal effects of the application of HKFRS 3 to the Group is in relation to goodwill.

In previous years, goodwill was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1 January 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$11.3 million with a corresponding decrease in the cost of goodwill (See note 20). The Group has discontinued amortising such goodwill from 1 January 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated (See note 3 for the financial impact).

In the current year, the Group has also applied HKAS 21 *The Effects of Changes in Foreign Exchange Rates* which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisitions of foreign operations was reported at the historical rate at each balance sheet date. In accordance with the relevant transitional provisions in HKAS 21, goodwill arising on acquisitions prior to 1 January 2005 is treated as a non-monetary foreign currency item. Therefore, no prior period adjustment has been made.

2. 香港財務報告準則之應用 (續)

業務合併

於本年度，本集團已應用香港財務報告準則第3號業務合併，有關準則適用於協議日期為二零零五年一月一日或以後之業務合併。採用香港財務報告準則第3號對本集團之主要影響與商譽有關。

於過往年度，商譽撥充資本及於其估計可使用年期攤銷。本集團已應用香港財務報告準則第3號有關過渡條文。就以往於資產負債表撥充資本之商譽而言，本集團已於二零零五年一月一日透過減少商譽成本對銷相關累計攤銷之賬面值11,300,000港元（見附註20）。本集團已自二零零五年一月一日起終止攤銷有關商譽，商譽將最少每年檢測有否出現減值。於二零零五年一月一日後進行收購所產生商譽經初步確認後按成本減累計減值虧損（如有）計算。由於是項會計政策變動，本年度並無扣除任何商譽攤銷。二零零四年之比較數字並無重列（有關財務影響見附註3）。

於本年度，本集團亦應用香港會計準則第21號匯率變動之影響，該準則規定商譽當作海外業務之資產與負債處理，按各結算日之收市匯率換算。過往，收購海外業務所產生商譽於各結算日按歷史匯率呈報。按照香港會計準則第21號之有關過渡條文，於二零零五年一月一日前進行之收購所產生商譽當作非貨幣外匯項目處理。因此，並無作出前期調整。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Financial Instruments

In the current year, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current or prior accounting years. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. 香港財務報告準則之應用 (續)

金融工具

於本年度，本集團已應用香港會計準則第32號 *金融工具：披露及呈列* 以及香港會計準則第39號 *金融工具：確認及計量*。香港會計準則第32號規定追溯應用。於二零零五年一月一日或之後開始年度期間生效之香港會計準則第39號，一般不允許按追溯基準確認、剔除確認或計量金融資產及負債。應用香港會計準則第32號並無對本集團目前或過往會計年度之金融工具呈報方式構成重大影響。實行香港會計準則第39號引致之主要影響概述如下：

金融資產及金融負債之分類及計量

本集團已就香港會計準則第39號範圍內金融資產及金融負債之分類及計量應用香港會計準則第39號有關過渡條文。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Investments in debt and equity securities previously accounted for under the benchmark treatment of SSAP 24

By 31 December 2004 the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice (“SSAP”) 24 “Accounting for Investments in Securities” issued by the HKICPA. Under SSAP 24, investments in debt or equity securities are classified as “investment securities”, “other investments” or “held-to-maturity investments” as appropriate. “Investment securities” are carried at cost less impairment losses (if any) while “other investments” are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Group has classified and measured its investments in debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables”, or “held-to-maturity financial assets”. “Financial assets at fair value through profit or loss” and “available-for-sale financial assets” are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. “Loans and receivables” and “held-to-maturity financial assets” are measured at amortised cost using the effective interest method after initial recognition.

2. 香港財務報告準則之應用 (續)

債務及股本證券投資以往根據會計實務準則第24號之基準處理方式入賬

直至二零零四年十二月三十一日止，本集團根據香港會計師公會頒佈之會計實務準則第24號「證券投資會計法」基準處理方法分類及計量其債務及股本證券。根據會計實務準則第24號，債務或股本證券投資列作「投資證券」、「其他投資」或「持至到期投資」（視適情況而定）。「投資證券」按成本減減值虧損（如有）列賬，而「其他投資」按公平值連同計入溢利或虧損之未變現收益或虧損計量。持至到期投資按攤銷成本減減值虧損（如有）列賬。由二零零五年一月一日起，本集團根據香港會計準則第39號分類及計量其債務及股本證券投資。根據香港會計準則第39號，金融資產列作「按公平值計入損益之金融資產」、「可出售金融資產」、「貸款及應收賬款」或「持至到期金融資產」。「按公平值計入損益之金融資產」及「可出售金融資產」按公平值列賬，其公平值變動分別於損益及股本確認。於活躍市場並無報價及公平值無法可靠計量之可出售股本投資以及與無報價股本投資掛鉤且須以交付該等衍生工具結算之衍生工具，於初步確認後按成本減減值計量。「貸款及應收賬款」及「持至到期金融資產」於初步確認後採用實質利率法按攤銷成本計量。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Investments in debt and equity securities previously accounted for under the benchmark treatment of SSAP 24 (continued)

Financial assets and financial liabilities other than investments in debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than investments in debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “other financial liabilities”. Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

The adoption of HKAS 39 has had no material effect on the results for the current accounting year.

2. 香港財務報告準則之應用 (續)

債務及股本證券投資以往根據會計實務準則第24號之基準處理方式入賬 (續)

債務及股本證券投資以外之金融資產及金融負債

自二零零五年一月一日起，本集團按照香港會計準則第39號之規定分類及計量債務及股本證券投資以外之金融資產及金融負債，該等資產與負債以往不屬會計實務準則第24號範圍。如前所述，香港會計準則第39號將金融資產分類為「按公平值計入損益之金融資產」、「可供出售金融資產」、「貸款及應收賬款」或「持至到期金融資產」。金融負債一般分類為「按公平值計入損益之金融負債」或「其他金融負債」。「按公平值計入損益之金融負債」按公平值計量，其公平值變動直接於損益確認。其他金融負債於初步確認後採用實質利率法按攤銷成本列賬。

採納香港會計準則第39號並無對本會計年度之業績構成重大影響。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (See note 3 for the financial impact). As a result of this change in accounting policy, property, plant and equipment of HK\$9.5 million has been decreased at 31 December 2004. The carrying amount of prepaid lease payment has been increased by HK\$9.5 million at 31 December 2004. This change in accounting policy has had no material effect on how the results for the current or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

2. 香港財務報告準則之應用 (續)

業主自用之土地租賃權益

於過往年度，業主自用之租賃土地及樓宇計入不動產、廠場及設備，以成本模式計量。於本年度，本集團已應用香港會計準則第17號租賃。根據香港會計準則第17號，就租賃分類而言，土地及樓宇租賃之土地及樓宇部分被視作獨立部分，除非有關租賃付款未能於土地及樓宇部分間可靠分配，在此情況下，整項租賃一概視為融資租賃。倘租賃付款能夠於土地及樓宇部分間可靠分配，於土地之租賃權益應重新分類為經營租賃之預付租賃款項，以成本列賬，並於租賃期按直線基準攤銷。此項會計政策變動已追溯應用。(有關財務影響見附註3)由於是項會計政策變動，於二零零四年十二月三十一日之不動產、廠場及設備減少9,500,000港元。於二零零四年十二月三十一日之預付租賃款項賬面值增加9,500,000港元。是項會計政策變動並無對目前或過往會計年度業績之編製及呈報方式構成重大影響。因此，毋須作出前期調整。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 *Investment Property*. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the year in which they arise. In previous years, investment properties under SSAP 13 Accounting for Investment Properties were measured at open market values, with revaluation increase or decrease credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 January 2005 onwards. The amount held in the investment properties revaluation reserve of approximately HK\$16.7 million at 1 January 2005 has been transferred to the Group's accumulated profits (See note 3 for the financial impact).

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively (See note 3 for the financial impact).

2. 香港財務報告準則之應用 (續)

投資物業

於本年度，本集團首次應用香港會計準則第40號 *投資物業*。本集團選用公平值模式將其投資物業入賬，該模式規定投資物業公平值變動所產生損益直接於產生年度之損益確認。於過往年度，根據會計實務準則第13號「投資物業會計法」，投資物業按公開市值計量，而重估增值或減值於投資物業重估儲備計入或扣除，除非該儲備之結餘不足以抵銷重估減值，在此情況下，重估減值超出投資物業重估儲備結餘之部分於收益表扣除。倘以往曾於收益表扣除減值，而其後產生重估增值，則相等於以往扣除減值之增值部分計入收益表。本集團已應用香港會計準則第40號有關過渡條文，並選擇自二零零五年一月一日起應用香港會計準則第40號。於二零零五年一月一日列入投資物業重估儲備約16,700,000港元已轉撥本集團之累計溢利（有關財務影響見附註3）。

投資物業相關遞延稅項

於過往年度，根據先前詮釋，重估投資物業相關遞延稅務影響按出售物業收回賬面值所引致稅務影響為基準評估。於本年度，本集團已應用香港（詮釋常務委員會）詮釋第21號 *所得稅 – 收回經重估不可折舊資產*，該詮釋移除透過出售收回投資物業賬面值之假設。因此，投資物業之遞延稅務影響現時按反映本集團預期收回有關物業之方式所引致稅務影響為基礎於各個結算日作出評估。基於香港（詮釋常務委員會）詮釋第21號並無任何特定過渡條文，是項會計政策變動已追溯應用（有關財務影響見附註3）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The effects of the application of HKFRSs described in note 2 on the results for the current and prior years which resulted in the following changes:

3. 應用香港財務報告準則之影響概要

應用附註2所述香港財務報告準則導致對目前及過往年度業績之影響如下：

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|---|------------------|----------------------------------|----------------------------------|
| Administrative expense | 行政開支 | | |
| Non-amortisation of goodwill | 毋須攤銷商譽 | 6,755 | - |
| Other operating income | 其他經營收益 | | |
| Increase in fair value of investment properties | 投資物業公平值增加 | 4,477 | - |
| Income tax expense | 所得稅開支 | | |
| Increase in deferred taxation charge arising from investment properties | 自投資物業產生之遞延稅項開支增加 | (569) | - |
| Increase in profit for the year | 年內溢利增加 | 10,663 | - |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

3. 應用香港財務報告準則之影響概要(續)

應用新香港財務報告準則於二零零四年十二月三十一日及二零零五年一月一日之累計影響概述如下:

| | | As at 31 December | | As at 31 December | | As at 1 January | | |
|--|-------------------|--------------------------|------------------|-------------------|-----------------------|-------------------|-------------------|--------------------|
| | | 2004 (originally stated) | Effect of HKAS 1 | Effect of HKAS 17 | 2004 (restated) | Effect of HKAS 39 | Effect of HKAS 40 | 2005 (restated) |
| | | 於二零零四年十二月三十一日 (原本呈列) | 香港會計準則第1號之影響 | 香港會計準則第17號之影響 | 於二零零四年十二月三十一日 (重列) | 香港會計準則第39號之影響 | 香港會計準則第40號之影響 | 於二零零五年一月一日 (重列) |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Balance sheet items | 資產負債表項目 | | | | | | | |
| Property, plant and equipment | 不動產、廠場及設備 | 192,956 | - | (9,511) | 183,445 | - | - | 183,445 |
| Prepaid lease payments | 自用土地租賃款 | | | | | | | |
| - non-current | - 非流動 | - | - | 9,275 | 9,275 | - | - | 9,275 |
| - current | - 流動 | - | - | 236 | 236 | - | - | 236 |
| Investment in securities | 投資證券 | | | | | | | |
| - non-current | - 非流動 | 6,786 | - | - | 6,786 | (6,786) | - | - |
| - current | - 流動 | 94,378 | - | - | 94,378 | (94,378) | - | - |
| Available-for-sale investments | 可供出售投資 | - | - | - | - | 6,786 | - | 6,786 |
| Held-for-trading investment | 持作買賣投資 | - | - | - | - | 94,378 | - | 94,378 |
| Other assets and liabilities | 其他資產與負債 | 510,511 | - | - | 510,511 | - | - | 510,511 |
| Total effects on assets and liabilities | 對資產與負債影響總額 | 804,631 | - | - | 804,631 | - | - | 804,631 |
| Share capital and other reserves | 股本及其他儲備 | 663,716 | - | - | 663,716 | - | - | 663,716 |
| Accumulated profits | 累計溢利 | 114,512 | - | - | 114,512 | - | 16,741 | 131,253 |
| Investment properties revaluation reserve | 投資物業重估儲備 | 16,741 | - | - | 16,741 | - | (16,741) | - |
| Minority interests | 少數股東權益 | - | 9,662 | - | 9,662 | - | - | 9,662 |
| Total effects on equity | 對權益影響總額 | 794,969 | 9,662 | - | 804,631 | - | - | 804,631 |
| Minority interests | 少數股東權益 | 9,662 | (9,662) | - | - | - | - | - |
| | | 804,631 | - | - | 804,631 | - | - | 804,631 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

3. SUMMARY OF THE EFFECTS OF THE APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The application of the new HKFRSs has had no financial impact on the Group's equity on 1 January 2004. The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)
香港會計準則第1號(修訂本)
HKAS 19 (Amendment)
香港會計準則第19號(修訂本)
HKAS 21 (Amendment)
香港會計準則第21號(修訂本)
HKAS 39 (Amendment)

香港會計準則第39號(修訂本)
HKAS 39 (Amendment)
香港會計準則第39號(修訂本)
HKAS 39 & HKFRS 4 (Amendments)
香港會計準則第39號及香港財務
報告準則第4號(修訂本)
HKFRS 6
香港財務報告準則第6號
HKFRS 7
香港財務報告準則第7號
HK(IFRIC) – INT 4
香港(國際財務報告詮釋委員會)詮釋第4號
HK(IFRIC) – INT 5
香港(國際財務報告詮釋委員會)詮釋第5號

HK(IFRIC) – INT 6
香港(國際財務報告詮釋委員會)詮釋第6號

HK(IFRIC) – INT 7
香港(國際財務報告詮釋委員會)詮釋第7號

- ¹ Effective for annual periods beginning on or after 1 January 2007.
- ² Effective for annual periods beginning on or after 1 January 2006.
- ³ Effective for annual periods beginning on or after 1 December 2005.
- ⁴ Effective for annual periods beginning on or after 1 March 2006.

3. 應用香港財務報告準則之影響概要(續)

應用新香港財務報告準則對本集團於二零零四年一月一日之權益並無財務影響。本集團並無提早採納下列已頒佈但未生效之新準則、修訂及詮釋。本公司董事預期，應用此等新準則、修訂及詮釋不會對本集團財務報表構成重大影響。

Capital disclosures¹
資本披露¹
Actuarial gains and losses, group plans and disclosures²
精算損益、集團計劃及披露²
Net investment in a foreign operation²
海外業務之投資淨額²
Cash flow hedge accounting of forecast intragroup transactions²
預測集團內公司間交易之現金流量對沖會計法²
The fair value option²
公平值選擇權²
Financial guarantee contracts²
財務擔保合約²

Exploration for and evaluation of mineral resources²
礦產資源之勘探及評估²
Financial instruments: Disclosures¹
金融工具：披露¹
Determining whether an arrangement contains a lease²
釐定安排是否包括租賃²
Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds²
終止運作、復原及環境修復基金所產生權益之權利²
Liabilities arising from participating in a specific market, waste electrical and electronic equipment³
參與特定市場、廢棄電力及電子設備所產生之負債³
Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies⁴
根據香港會計準則第29號惡性通貨膨脹經濟中的財務報告採用重列法⁴

- ¹ 於二零零七年一月一日或之後開始之年度期間生效。
- ² 於二零零六年一月一日或之後開始之年度期間生效。
- ³ 於二零零五年十二月一日或之後開始之年度期間生效。
- ⁴ 於二零零六年三月一日或之後開始之年度期間生效。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the consolidation. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. 主要會計政策

除投資物業及金融工具按重估金額或公平值計量之外，綜合財務報表乃按照歷史成本基準編製，詳情於下列會計政策闡釋。

綜合財務報表已按香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則及香港公司條例所規定適用披露。

綜合基準

綜合財務報表包括本公司及其附屬公司之財務報表。

年內所收購或出售之附屬公司之業績，由實際收購日期起或截至實際出售日期止（視適用情況而定）計入綜合收益表。

如需要，將會就附屬公司財務報表作出調整，致使其會計政策與本集團其他成員公司所用者貫徹一致。

所有集團內公司間交易、結餘、收入及開支於綜合賬目時對銷。

綜合入賬附屬公司之淨資產中少數股東權益與本集團之權益分開呈列。少數股東權益包括該等權益於原業務合併日期金額及自合併日期以來少數股東應佔權益變動。少數股東應佔虧損超出少數股東於附屬公司應佔權益之差額，將計入本集團權益，惟少數股東有具約束力責任且有能作出額外投資以填補虧損則除外。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary and an associate for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

4. 主要會計政策 (續)

商譽

於二零零五年一月一日前進行收購所產生商譽

收購附屬公司及聯營公司所產生商譽 (收購之協議日期為二零零五年一月一日前)·指收購成本超出於收購日期本集團應佔有關附屬公司之可識別資產與負債公平值權益之差額。

就先前已撥充資本之二零零一年一月一日後進行收購所產生商譽而言·本集團自二零零五年一月一日起已終止攤銷有關商譽·而商譽將每年及當有跡象顯示商譽相關現金產生單位可能出現減值時檢測減值 (見下列會計政策)。

於二零零五年一月一日或之後進行收購所產生商譽

收購附屬公司所產生商譽 (收購之協議日期為二零零五年一月一日或之後)·指收購成本超出於收購日期本集團應佔有關附屬公司之可識別資產、負債及或然負債公平值權益之差額。有關商譽按成本減任何累計減值虧損列賬。

已撥充資本之收購附屬公司所產生商譽·於資產負債表獨立呈列。

4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005
(continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Interests in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

4. 主要會計政策 (續)

商譽 (續)

於二零零五年一月一日或之後進行收購所產生商譽 (續)

就減值檢測而言，收購所產生商譽分配至預期受惠於收購所產生協同效益之有關現金產生單位或一組現金產生單位。獲分配商譽之現金產生單位會每年及當有跡象顯示該單位可能出現減值時檢測減值。就因收購產生商譽之財政年度而言，獲分配商譽之現金產生單位會於該財政年度結束前檢測減值。倘現金產生單位之可收回金額低於其賬面值，則減值虧損會先用作減低任何分配至該單位之商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽減值虧損直接於收益表確認。商譽減值虧損不會於往後期間撥回。

倘往後出售附屬公司，於釐定出售所得損益時會包括已撥充資本商譽應佔金額。

於聯營公司之權益

聯營公司之業績及資產與負債以權益會計法計入此等財務報表。根據權益法，於聯營公司之投資按成本，並就本集團應佔溢利或虧損之收購後變動及聯營公司權益變動作出調整，再減任何可識別減值虧損計入綜合資產負債表。當本集團應佔聯營公司虧損相等於或超出其於該聯營公司權益（包括任實質上構成本集團於該聯營公司之投資淨額之任何長期權益）時，本集團終止確認進一步應佔虧損。僅在本集團承擔法定或推定責任或代表該聯營公司付款之情況下，方就額外應佔虧損撥備並確認負債。

倘集團實體與本集團聯營公司進行交易，溢利及虧損將與本集團於有關聯營公司之權益對銷。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Sale of goods is recognised when goods are delivered and title has passed.

Service income is recognised when services are provided. Payments that are related to service not yet rendered are deferred and shown as deferred income in balance sheet.

Entrustment fees arising from entrusting the Group's businesses to third party operators are recognised in the income statement in equal instalments over the entrustment periods.

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account if their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

4. 主要會計政策 (續)

收入確認

銷售貨品於貨品付運及擁有權轉移時確認。

服務收入於提供服務時確認。尚未提供服務相關付款遞延入賬，於資產負債表列作遞延收入。

本集團委託第三方經營者經營其業務所得委託經營收入，於委託經營期間分期按均等款額於收益表確認。

經營租賃項下租金收入於有關租賃期按直線基準確認。

來自金融資產之利息收入參考未償還本金及適用實際利率按時間比例計算。適用實際利率指在金融資產預期可使用年期實際折算估計未來現金收入至其賬面淨值之比率。

不動產、廠場及設備

不動產、廠場及設備按成本減初次確認後累計折舊及累積減損列賬。

不動產、廠場及設備項目在其估計可使用年期及經計及其估計餘下價值，以直線法折舊及攤銷，以撇銷其成本。

不動產、廠場及設備項目於出售或預期不會自持續使用資產產生日後經濟利益時剔除確認。剔除確認資產所產生任何收益或虧損（按出售所得款項淨額與項目賬面值之間差額計算）於項目剔除確認之年度計入收益表。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Operating lease

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. 主要會計政策 (續)

日後業主自用之發展中租賃土地及樓宇

就用作生產、租賃或行政用途之發展中租賃土地及樓宇而言，租賃土地部分列作預付租金付款，按租賃期以直線基準攤銷。於建築期間，租賃土地之攤銷費用撥備列入在建樓宇之成本。在建樓宇按成本減任何可識別減值虧損列賬。樓宇於可供使用時（即達到可按管理層擬定方式營運所需之地點及狀況）開始計算折舊。

投資物業

於初次確認時，投資物業按成本計量，包括任何直接應佔開支。於初次確認後，投資物業以公平值模式計量。投資物業公平值變動所產生收益或虧損，於產生期間計入損益。

經營租賃

本集團作為出租人

來自經營租賃之租金收入於有關租賃期按直線基準在收益表確認。商討及安排經營租賃產生之初次直接成本計入租賃資產賬面值，於租賃期按直線基準確認為開支。

本集團作為承租人

根據經營租賃應付租金於有關租賃期按直線基準在損益扣除。訂立經營租賃時已收及應收作為獎勵之利益，於租賃期按直線基準扣減租金開支。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange difference arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. 主要會計政策 (續)

外幣

編製集團旗下個別實體之財務報表時，以該實體之功能貨幣以外貨幣（外幣）進行之交易，按交易日期之適用匯率折算為其功能貨幣（即該實體經營業務所在主要經濟環境之貨幣）入賬。於各結算日，以外幣列值之貨幣項目按該結算日之適用匯率重新換算。按公按平入賬之以外幣列值非貨幣項目，按釐定其公平值當日之適用匯率重新換算。按歷史成本計量之以外幣列值非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目所產生匯兌差額，於該等差額產生期間之損益確認，惟因構成本集團於海外業務投資淨額一部分之貨幣項目所產生匯兌差額除外，於此情況下，該等匯兌差額於綜合財務報表內權益確認。重新換算按公平值入賬之非貨幣項目所產生匯兌差額計入期內損益，惟重新換算損益直接於權益確認之非貨幣項目所產生差額除外，於此情況下，匯兌差額亦直接於權益確認。

就綜合財務報表之呈列方式而言，本集團海外業務之資產與負債按於結算日適用之匯率換算為本公司之呈列貨幣（即港元），而其收入及開支則按該年度之平均匯率換算，惟匯率於該期間大幅波動則除外，於此情況下，則按各交易日期適用之匯率換算。產生之匯兌差額（如有）確認為權益之獨立部分（匯兌儲備）。該等匯兌差額於出售海外業務期間之損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

As mentioned in note 2, goodwill and fair value adjustments arising on acquisition of foreign operations prior to 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as other operating income.

Retirement benefits costs

Payments to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the PRC municipal government retirement scheme, are charged as an expense as they fall due.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

4. 主要會計政策 (續)

外幣 (續)

於二零零五年一月一日或之後收購海外業務所產生商譽及所收購可識別資產公平值變動，當作該海外業務之資產與負債處理，按於各結算日適用之匯率換算。所產生匯兌差額於匯兌儲備確認。

誠如附註2所述，於二零零五年一月一日前收購海外業務所產生商譽及公平值變動，當作收購方之非貨幣外匯項目處理，按收購日期之歷史匯率呈報。

政府補助金

政府補助金於有關成本相應期間確認為收入。有關開支項目之補助金，於該等開支計入收益表相同期間確認，並獨立計入其他經營收益。

退休福利成本

香港強制性公積金計劃條例及中國市政府退休計劃規定之強制性公積金付款，於到期支付時於收益表確認為開支。

就定額福利退休計劃而言，提供福利之成本採用預計單位給付成本法釐定，於每個結算日作出精算估值。精算收益及虧損倘超出本集團退休金責任現值及計劃資產公平值兩者之較高者10%，則於參與僱員之預期平均剩餘工作年期攤銷。倘福利已歸僱員所有，則即時確認過往服務成本，或於平均期間按直線法攤銷，直至經修訂福利歸僱員所有為止。自此計算所得任何資產限於未確認精算虧損及過往服務成本，加日後計劃供款可用退款及扣減之現值。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs (continued)

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. 主要會計政策 (續)

退休福利成本 (續)

於資產負債表確認之數額指定額福利責任之現值，經未確認精算收益及虧損以及未確認過往服務成本調整，並扣減計劃資產公平值。自此計算所得任何資產限於未確認精算虧損及過往服務成本，加日後計劃供款可用退款及扣減之現值。

稅項

所得稅指即期應付稅項及遞延稅項總和。

即期應付稅項按年內應課稅溢利計算。由於應課稅溢利不包括其他年度的應課稅或可扣稅收入或開支項目，亦不包括毋須課稅或不可扣稅之項目，故與收益表所列純利不同。本集團即期稅項負債按於結算日已頒佈或實際上已頒佈稅率計算。

遞延稅項就綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基之間差額確認，以資產負債表負債法列賬。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產於應課稅溢利可能用作扣減可扣減暫時差額時確認。倘商譽或初次確認不影響應課稅溢利或會計溢利之交易（業務合併除外）之其他資產及負債產生暫時差額，有關資產及負債不予確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

On initial recognition, intangible assets acquired separately and from business combinations are recognised at cost and at fair value, respectively. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

4. 主要會計政策 (續)

稅項 (續)

於附屬公司及聯營公司投資所產生應課稅暫時差額，確認為遞延稅項負債，惟本集團有能力控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況除外。

遞延稅項資產之賬面金額於每個結算日審閱，於不再有足夠應課稅溢利可供恢復全部或部分資產時減少。

遞延稅項按預期適用於清償負債或變賣資產期間之稅率計算。遞延稅項於損益扣除或計入，惟倘遞延稅項與直接於權益扣除或計入之項目有關，則遞延稅項亦於權益中處理。

無形資產

初次確認時，獨立購入及自業務合併所得無形資產分別按成本及公平值確認。初次確認後，有固定可用年期之無形資產按成本減累計攤銷及任何累計減值虧損列賬。有固定可用年期之無形資產於估計可用年期按直線基準攤銷。

剔除確認無形資產所產生收益或虧損，按出售所得款項淨額與資產賬面值之間差額，於剔除確認資產時在收益表確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. 主要會計政策 (續)

無形資產 (續)

研究及開發支出

研究活動支出於產生期間確認為開支。

倘預計就明確界定項目產生之開發成本，將透過日後經濟活動收回，則確認開發支出有關的內部形成無形資產。所產生資產於其可使用年期按直線法攤銷，並按成本減初次確認後累計攤銷及任何累計減值虧損列賬。

倘並無確認內部形成之無形資產，則開發支出於產生期間確認為開支。

存貨

存貨以成本值及可變現淨值兩者之較低者入賬。成本乃根據加權平均成本法計算。

金融工具

當集團實體成為工具合約條文之訂約方，即於資產負債表確認金融資產及金融負債。金融資產及金融負債初次按公平值計量。收購或發行金融資產及金融負債（按公平值計入損益之金融資產及金融負債除外）直接產生之交易成本，於初次確認時於金融資產及金融負債（按適用情況而定）之公平值計入或扣除。收購按公平值計入損益之金融資產及金融負債直接應佔交易成本，即時於損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables, including trade and other receivables and bank balances, are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. 主要會計政策 (續)

金融工具 (續)

金融資產

本集團之金融資產可分為三個類別，包括按公平價值計入損益之金融資產、貸款及應收賬款及可出售金融資產。金融資產一般買賣按交易日基準確認及剔除確認。一般買賣指於市場規定或慣例確立之期限內交付資產之金融資產購買或銷售。每類金融資產採納之會計政策載列如下。

按公平價值計入損益之金融資產

按公平價值計入損益之金融資產細分為兩類，包括持作買賣金融資產及於初次確認時按公平價值計入損益之金融資產。於初次確認後各結算日，按公平價值計入損益之金融資產按公平價值計量，而其公平價值變動於產生期間直接在損益確認。

貸款及應收賬款

貸款及應收賬款為附帶固定或待定付款之非衍生金融資產，且並無在活躍市場報價。於初次確認後各結算日，貸款及應收賬款（包括貿易及其他應收賬款以及銀行結存）採用實際利率法按攤銷成本，減任何已識別減值虧損列賬。倘有客觀證據證明資產出現減值，則於損益確認減值虧損，並按資產賬面值與按原實際利率折算之估計未來現金流量現值之間差額計量。當資產之可收回金額增加可客觀地與確認減值後發生之事件聯繫，則減值虧損於其後期間撥回，惟於撥回減值日期之資產賬面值不得超逾假設並無確認減值之原有攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

4. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產

可供出售金融資產為並無指定或並無列作其他類別(載於上文)之非衍生項目。於初次確認後各結算日,可供出售金融資產按公平價值計量。公平值變動於權益確認,直至該金融資產被出售或釐定出現減值為止,屆時以往於權益確認之累計收益或虧損會自權益剔除,並於損益確認。可供出售金融資產之任何減值虧損於損益確認。可供出售股本投資之減值虧損將不會於以後期間撥回。就可出售債務投資而言,倘該項投資之公平值增加客觀地與確認減值虧損後發生之事件聯繫,則其後將撥回減值虧損。

就可出售股本投資而言,倘並無於活躍市場之報價,其公平價值無法可靠計算且為與該等非上市股本工具有關並須以交付該等工具之方式結算之衍生工具,則可供出售股本投資於初次確認後各結算日按成本值減任何可識別減值虧損計量。倘有客觀證據證明資產出現減值,則於損益表確認減值虧損。減值虧損金額按資產賬面值與按類似金融資產之現行市場回報率折升估計未來現金流量現值之間差額計量。該等減值虧損將不會於其後期間撥回。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The Group's financial liabilities are trade and other payables which fall within the category other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

4. 主要會計政策 (續)

金融工具 (續)

金融負債及股本權益

由集團旗下實體發行之金融負債及股本工具，按所訂立合約安排性質以及金融負債及股本工具之定義分類。

股本工具為證明集團資產剩餘權益（經扣除其所有負債）之任何合約。

本集團之金融負債為屬於其他金融負債類別之貿易及其他應付賬款。就金融負債及股本工具而採納之會計政策載列如下。

其他金融負債

其他金融負債包括貿易及其他應付賬款，於初次確認後採用實際利率法按攤銷成本計量。

股本工具

由本公司發行之股本工具按已收所得款項扣除直接發行成本入賬。

剔除確認

當自資產收取現金流量之權利已屆滿，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移，則金融資產將剔除確認。剔除確認金融資產時，資產賬面值與已收代價及已直接於權益確認之累計損益總和之間差額，於損益確認。

至於金融負債，則於本集團之資產負債表中剔除（即當於有關合約訂明之責任獲解除、取消或屆滿）。剔除確認之金融負債賬面值與已付或應付代價之間差額，於損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses (other than goodwill (see the accounting policies in respect of goodwill))

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 4, management has made the following judgment and estimation uncertainty that have most significant effect on the amounts recognised in the financial statements.

Depreciation and amortisation

The Group's carrying values of property, plant and equipment and intangible assets as at 31 December 2005 were approximately HK\$178.7 million and HK\$0.9 million, respectively. The Group depreciates and amortised the property, plant and equipment and intangible assets over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the rates as detailed in notes 17 and 19, respectively. The estimated useful life and dates that the Group places, plant and equipment and intangible assets into productive use reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets.

4. 主要會計政策(續)

減值虧損(商譽除外,有關詳情請參閱有關商譽之會計政策)

本集團於每個結算日檢討其有形及無形資產之賬面值,以釐定該等資產有否出現減值虧損跡象。倘資產之可收回金額估計低於其賬面值,則資產之賬面值將撇減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損隨後撥回,資產賬面值將增至經修訂之估計可收回金額,惟因此而增加之賬面值不可超過假設往年並無就該資產確認減值虧損而原應釐定之賬面值。減值虧損撥回即時確認為收入。

5. 關鍵會計判斷及不確定估計之主要來源

應用附註4所述本集團會計政策時,管理層曾作出對財務報表所確認數額產生重大影響之判斷及不確定估計如下。

折舊及攤銷

本集團於二零零五年十二月三十一日之不動產、廠場及設備以及無形資產賬面值分別約為178,700,000港元及900,000港元。本集團經考慮資產之估計剩餘價值後,於資產估計可用年期內以直線法分別按附註17及19所詳述比率,對不動產、廠場及設備以及無形資產計算折舊及攤銷。估計可使用年期及本集團將不動產、廠場及設備以及無形資產投入生產之日期乃反映董事對本集團擬自使用中其不動產、廠場及設備以及無形資產可獲取之日後經濟利益之有關期間之估計。

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2005, the carrying amount of goodwill is approximately HK\$13.9 million (net of accumulated impairment loss of approximately HK\$3.2 million). Details of the recoverable amount calculation are set out in note 20.

Impairment loss on trade receivables

The policy for assessing the impairment of the trade receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the trade receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

Allowances for inventories

The management of the Group reviews an inventories listing at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

5. 關鍵會計判斷及不確定估計之主要來源 (續)

估計商譽減值

釐定商譽是否減值需估計獲分配商譽之現金產生單位之使用價值。計算使用價值時，本集團需估計該現金產生單位預期日後產生現金流量，並估算合適折算率以計算現值。於二零零五年十二月三十一日，商譽賬面值約為13,900,000港元，已扣除累計減值虧損約3,200,000港元。計算可收回金額之詳情載於附註20。

貿易應收賬款減值虧損

評估本集團貿易應收賬款減值之政策乃按管理層之判斷持續評核貿易應收賬款之收回可能性及賬齡分析。評估該等應收賬款最終收回可能性時需要作出相當判斷，包括個別客戶之信用情況及過往付款記錄。倘本集團客戶之財務狀況轉壞，損害彼等之付款能力，本集團或需確認額外減值虧損。

存貨撥備

本集團管理層於各結算日檢討存貨水平，並就識別為不再適用於生產之陳舊及滯銷存貨項目作出撥備。管理層主要根據最近期發票價格及現行市況，估計有關項目之可變現淨值。本集團於各結算日按個別產品基準檢討存貨，並就陳舊項目撥備。

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

As at 31 December 2005, a deferred tax asset of approximately HK\$7.9 million in relation to impairment loss on trade receivables, defined benefit liability and unrealised profits on inventories has been recognised in the Group's balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

Fair value

The fair value of financial assets and financial liabilities is estimated by discounting the future cash flows at prevailing market rate available to the Group for similar financial investments. Such assessments was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, trade receivables, trade payables and other long-term receivables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain trade receivables and other long-term receivables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

5. 關鍵會計判斷及不確定估計之主要來源 (續)

所得稅

於二零零五年十二月三十一日，本集團於資產負債表就貿易應收賬款減值虧損、定額福利責任及存貨未變現溢利確認遞延稅項資產約7,900,000港元。遞延稅項資產可否變現主要視乎日後會否產生足夠溢利或應課稅暫時差額。倘日後實際所產生溢利少於預期，或需撥回大量遞延稅項資產，並於撥回期間在收益表確認。

公平值

金融資產及金融負債之公平值按本集團就類似金融投資所得現行市場利率折算日後現金流量估計。有關評估基於若干假設作出，有關假設屬不確定且可能與實際結果大不相同。

6. 財務風險管理目標及政策

本集團主要金融工具包括股本投資、貿易應收賬款、貿易應付賬款及其他長期應收賬款。此等金融工具之詳情於有關附註披露。與此等金融工具有關之風險及減低相關風險政策載於下文。管理層管理及監控該等風險，確保及時採取有效措施。

外匯風險

本集團若干貿易應收賬款及其他長期應收賬款以外幣列值。本集團目前並無外匯對沖政策。然而，管理層監控外匯風險，並於有需要時考慮對沖重大外匯風險。

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical locations are mainly People's Republic of China other than Hong Kong (the "PRC") and Taiwan, which accounted for 60% (2004: 60%) and 38% (2004: 40%) of the turnover for the year ended 31 December 2005.

Price risk

The Group's held-for-trading investments is measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

6. 財務風險管理目標及政策

信貸風險

於二零零五年十二月三十一日，本集團就訂約方未能履行其責任而按各類別已確認金融資產面對之最高信貸風險，為綜合資產負債表所述該等資產之賬面值。為盡量減低信貸風險，本集團管理層已委任一組人員，專責釐定信貸限額、批核信貸及進行其他監控程序，確保跟進有關逾期債務之追討事宜。此外，本集團會於各結算日檢討個別貿易債務之可收回金額，確保就不可收回款項確認足夠減值虧損。就此，本公司董事認為，本集團之信貸風險已大幅減少。

流動資金之信貸風險有限，原因為訂約方為具備高信貸評級之銀行。

本集團按地區劃分之信貸風險集中於中華人民共和國（香港除外，「中國」）及台灣。於二零零五年十二月三十一日，兩地分別佔營業額60%（二零零四年：60%）及38%（二零零四年：40%）。

價格風險

本集團持作買賣投資於各結算日按公平價值計量。因此，本集團面對股本證券價格風險。管理層透過維持具有不同程度風險之投資組合管理此項風險。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

7. TURNOVER

Turnover represents (i) the net amounts received and receivables for goods sold by the Group to outside customers and is stated net of sales returns and allowances, (ii) service income from provision of skin treatments, beauty and SPA services and (iii) entrustment fee income for the year, and is analysed as follows:

| | |
|------------------------|--------|
| Sales of goods | 產品銷售 |
| Service income | 服務收入 |
| Entrustment fee income | 委託經營收益 |

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

The Group's operations are located in the PRC, Taiwan, Hong Kong and Malaysia.

7. 營業額

營業額指(i)本年度本集團售予外界客戶之貨品已收及應收淨額，扣除銷售退貨及折扣後列賬；(ii)提供肌膚護理、美容及SPA服務之服務收入；及(iii)委託經營收益，分析如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 322,847 | 324,730 |
| 29,814 | 28,338 |
| 5,255 | 5,074 |
| 357,916 | 358,142 |

8. 業務及地域分部

地域分部

本集團之業務位於中國大陸、台灣、香港及馬來西亞。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments (continued)

An analysis of the Group's revenue and contribution to operating results and segmental assets and liabilities by geographic segments based on customers location, irrespective of the origin of the goods/services, is presented below:

| | | PRC 中國大陸 HK\$'000 千港元 | Taiwan 台灣 HK\$'000 千港元 | Others 其他地區 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|-------------------------------|--------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| For the year ended 31 December 2005 | 截至二零零五年十二月 三十一日止年度 | | | | |
| Turnover | 營業額 | 213,915 | 137,358 | 6,643 | 357,916 |
| Other operating income | 其他經營收益 | 28,780 | 13,551 | 804 | 43,135 |
| Total revenue | 總收入 | <u>242,695</u> | <u>150,909</u> | <u>7,447</u> | <u>401,051</u> |
| Segment results | 分部業績 | <u>88,157</u> | <u>52,430</u> | <u>(14,707)</u> | 125,880 |
| Unallocated corporate expenses | 未撥配公司支出 | | | | (5,975) |
| Share of loss of an associate | 應佔一家聯營公司虧損 | | | | (60) |
| Profit before taxation | 除稅前溢利 | | | | 119,845 |
| Income tax expense | 所得稅開支 | | | | <u>(38,834)</u> |
| Profit for the year | 年內溢利 | | | | <u>81,011</u> |

8. 業務及地域分部 (續)

地域分部 (續)

本集團之收入、對經營業績的貢獻、分部資產及負債之地域分部(按客戶所在地,不論貨品/服務來源地)分析如下:

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

Geographical segments (continued)

Consolidated balance sheet

8. 業務及地域分部 (續)

地域分部 (續)

綜合資產負債表

| | | PRC 中國大陸 HK\$'000 千港元 | Taiwan 台灣 HK\$'000 千港元 | Others 其他地區 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---------------|--------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| Assets | 資產 | | | | |
| Segment assets | 分部資產 | 504,092 | 372,023 | 9,738 | 885,853 |
| Interest in an associate | 於一家聯營公司之權益 | 545 | - | - | 545 |
| Unallocated corporate assets | 未撥配公司資產 | | | | 51,072 |
| Consolidated total assets | 綜合總資產 | | | | 937,470 |
| Liabilities | 負債 | | | | |
| Segment liabilities | 分部負債 | 48,786 | 45,522 | 3,111 | 97,419 |
| Unallocated corporate liabilities | 未撥配公司負債 | | | | 19,754 |
| Consolidated total liabilities | 綜合總負債 | | | | 117,173 |
| Other information | 其他資料 | | | | |
| Capital expenditure | 資本開支 | 19,697 | 2,930 | 2,270 | 24,897 |
| Depreciation | 折舊 | 16,921 | 6,831 | 914 | 24,666 |
| Impairment loss of goodwill | 商譽減值虧損 | 3,192 | - | - | 3,192 |
| Write off of intangible assets | 無形資產撇銷 | 325 | - | - | 325 |
| Release of prepaid lease payments | 撥回自用土地租賃款 | 236 | - | - | 236 |
| Loss on disposal of property, plant and equipment | 出售不動產、廠場及設備虧損 | 1,678 | - | 2,203 | 3,881 |
| Amortisation of intangible assets | 無形資產攤銷 | 915 | - | - | 915 |
| Allowance for obsolete inventories | 陳舊存貨撥備 | 4,436 | 2,969 | 1,058 | 8,463 |
| Impairment loss on trade receivables | 貿易應收賬款減值虧損 | 793 | 43 | 2,475 | 3,311 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部 (續)
(continued)

Geographical segments (continued)

地域分部 (續)

| | | PRC 中國大陸 HK\$'000 千港元 | Taiwan 台灣 HK\$'000 千港元 | Others 其他地區 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|-----------------------|--------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| For the year ended 31 December 2004 | 截至二零零四年 十二月三十一日止年度 | | | | |
| Turnover | 營業額 | 214,061 | 142,150 | 1,931 | 358,142 |
| Other operating income | 其他經營收益 | 14,161 | 8,540 | 396 | 23,097 |
| Total revenue | 總收入 | <u>228,222</u> | <u>150,690</u> | <u>2,327</u> | <u>381,239</u> |
| Segment results | 分部業績 | <u>71,328</u> | <u>40,516</u> | <u>(1,840)</u> | 110,004 |
| Unallocated corporate expenses | 未撥配公司支出 | | | | (10,609) |
| Share of loss of an associate | 應佔一家聯營公司虧損 | | | | <u>(337)</u> |
| Profit before taxation | 除稅前溢利 | | | | 99,058 |
| Income tax expense | 所得稅開支 | | | | <u>(36,333)</u> |
| Profit for the year | 年內溢利 | | | | <u>62,725</u> |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS 8. 業務及地域分部 (續)

(continued)

Geographical segments (continued)

Consolidated balance sheet

地域分部 (續)

綜合資產負債表

| | | PRC 中國大陸 HK\$'000 千港元 | Taiwan 台灣 HK\$'000 千港元 | Others 其他地區 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---------------|--------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| Assets | 資產 | | | | |
| Segment assets | 分部資產 | 462,399 | 390,018 | 15,077 | 867,494 |
| Interest in an associate | 於一家聯營公司之權益 | 605 | - | - | 605 |
| Unallocated corporate assets | 未撥配公司資產 | | | | 32,132 |
| Consolidated total assets | 綜合總資產 | | | | 900,231 |
| Liabilities | 負債 | | | | |
| Segment liabilities | 分部負債 | 26,214 | 45,423 | 72 | 71,709 |
| Unallocated corporate liabilities | 未撥配公司負債 | | | | 23,891 |
| Consolidated total liabilities | 綜合總負債 | | | | 95,600 |
| Other information | 其他資料 | | | | |
| Capital expenditure | 資本開支 | 8,122 | 5,843 | 218 | 14,183 |
| Depreciation | 折舊 | 21,276 | 6,491 | 1,152 | 28,919 |
| Release of prepaid lease payments | 撥回自用土地租賃款 | 236 | - | - | 236 |
| Loss on disposal of property, plant and equipment | 出售不動產、廠場及設備虧損 | 217 | - | - | 217 |
| Amortisation of intangible assets | 無形資產攤銷 | 1,074 | - | - | 1,074 |
| Amortisation of goodwill | 商譽攤銷 | 6,720 | 35 | - | 6,755 |
| Allowance for obsolete inventories | 陳舊存貨撥備 | 1,783 | - | - | 1,783 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

Business segments

For management purposes, the Group is currently organised into 2 operating divisions – sale of cosmetic products and provision of beauty services and leasing of investment properties. In the opinion of the directors, the leasing of investment properties are not considered as the principal activity of the Group, and accordingly, the operating income from this segment is not included as turnover.

An analysis of the Group's turnover by business segments is presented below:

| | Turnover 營業額 | | Other operating income 其他經營收益 | |
|---------------------------------------|----------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
| Cosmetic products and beauty services | 357,916 | 358,142 | - | - |
| Investment properties | - | - | 10,303 | 5,568 |
| Others | - | - | 32,832 | 17,529 |
| | 357,916 | 358,142 | 43,135 | 23,097 |

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the business segments in which the assets are located:

| | Carrying amount of segment assets 分部資產賬面值 | | Capital expenditure 資本開支 | |
|---------------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
| Cosmetic products and beauty services | 726,200 | 707,035 | 24,897 | 14,183 |
| Investment properties | 159,653 | 160,459 | - | - |
| | 885,853 | 867,494 | 24,897 | 14,183 |

8. 業務及地域分部 (續)

業務分部

就管理目的而言，本集團現分為兩個營業部門－銷售美容產品及提供美容服務以及出租投資物業。董事認為，出租投資物並不視為本集團主要業務，因此，此分部之經營收入不計入營業額內。

本集團營業額之業務分部分析如下：

就資產所在地進行之分部資產及資本開支之業務分部分析如下：

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

9. OTHER OPERATING INCOME

9. 其他經營收益

| | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Rental income from investment properties 來自投資物業之租金收益 | 5,826 | 5,568 |
| Interest income on bank deposits 銀行結存利息收入 | 3,297 | 1,956 |
| Financial refunds (note) 財務退款(附註) | 19,621 | 9,977 |
| Increase in fair value of investment properties 投資物業公平值增加 | 4,477 | - |
| Gain on disposal of held-for-trading investments/investment in securities 出售持作買賣投資/證券投資收益 | 1,388 | 1,739 |
| Gain on acquisition of additional interest in a subsidiary 收購一家附屬公司額外權益之收益 | 2,709 | - |
| Others 其他收益 | 5,817 | 3,857 |
| | 43,135 | 23,097 |

Note: Pursuant to the local practice of the finance bureau of the provinces in which certain of the PRC subsidiaries operate, the PRC subsidiaries will receive financial refunds in the form of government grants by way of negotiation with the relevant finance bureau with reference to the percentage of income and other taxes paid. These financial refunds are treated as tax exempted by such finance bureaus. However, the refunds and the tax exemption treatment thereof are subject to review annually, and could be treated differently in the future. It is therefore uncertain if these subsidiaries will continue to be eligible for such financial refunds and the tax exemption treatment thereof in the future.

附註：根據中國若干附屬公司經營所在地省分之財政部門的當地慣例，中國附屬公司將於與有關財政部門商議後，按收益及其他已繳稅款某個百分比獲得財務退款方式獲得政府補助。該等財務退款被當作為該等財政部門作出之稅項豁免。然而，有關退款及稅項豁免待遇須每年審閱，故日後可能以不同方法處理。因此不能確定該等附屬公司日後將繼續有權取得該等財務退款及稅項豁免待遇。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

10. PROFIT BEFORE TAXATION

10. 除稅前溢利

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|---|---|----------------------------------|----------------------------------|
| Profit before taxation has been arrived at after charging: | 除稅前溢利經扣除下列各項後列賬: | | |
| Staff costs: | 員工成本: | | |
| – directors' emoluments (note 11) | – 董事酬金 (附註11) | 1,089 | 818 |
| – other staff costs | – 其他員工成本 | 56,693 | 46,820 |
| Retirement benefits scheme contributions, excluding directors: | 退休福利計劃供款, 不包括董事之: | | |
| – contributions to defined contribution plan | – 定額供款計劃供款 | 5,047 | 4,470 |
| – expenses recognised in respect of defined benefit plan (note 30) | – 定額福利計劃之已確認開支 (附註30) | 944 | 1,443 |
| Total staff costs | 員工成本總額 | 63,773 | 53,551 |
| Depreciation of property, plant and equipment | 不動產、廠場及設備折舊 | 24,666 | 28,919 |
| Amortisation of goodwill, included in administrative expenses | 商譽攤銷, 包括於行政開支 | – | 6,755 |
| Amortisation of intangible assets, included in administrative expenses | 無形資產攤銷, 包括於行政開支 | 915 | 1,074 |
| Total depreciation and amortisation | 折舊及攤銷總額 | 25,581 | 36,748 |
| Release of prepaid lease payments | 撥回自用土地租賃款 | 236 | 236 |
| Impairment loss on goodwill | 商譽減值虧損 | 3,192 | – |
| Auditors' remuneration | 核數師酬金 | 2,622 | 2,639 |
| Loss on disposal of property, plant and equipment | 出售不動產、廠場及設備虧損 | 3,881 | 217 |
| Write off of intangible assets | 無形資產撇銷 | 325 | – |
| Research and development costs | 研發成本 | 1,306 | 1,994 |
| Allowance for obsolete inventories | 陳舊存貨撥備 | 8,463 | 1,783 |
| Cost of inventories recognised as expense | 已確認為開支之存貨成本 | 35,427 | 37,309 |
| Impairment loss on trade receivables | 貿易應收賬款減值虧損 | 3,311 | – |
| and after crediting: | 並計入: | | |
| Gain on acquisition of additional interest in a subsidiary | 收購一家附屬公司額外權益之收益 | 2,709 | – |
| Rental income from investment properties, net of outgoings of HK\$224,000 (2004: HK\$581,000) | 投資物業之租金收益減支銷 224,000港元 (二零零四年: 581,000港元) | 5,602 | 4,987 |
| Rental income from other properties, net of outgoings of HK\$315,000 (2004: HK\$49,000) | 其他物業之租金收益減支銷 315,000港元 (二零零四年: 49,000港元) | 1,538 | 933 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2004: 7) directors were as follows:

| | | Mr. Su | | | Mrs. Chen | | | Total | |
|---|----------|----------|----------|----------|-----------|-----------|-----------|----------|----------|
| | | Dr. Tsai | Mr. Lee | Chien | Dr. Su | Mr. Yeh | Shieh | | Mr. Chen |
| | | Yen Yu | Ming Ta | Cheng | Sh Hsyu | Liang Fei | Shu Chen | Ching | |
| | | 蔡燕玉 | 李明達 | 蘇建誠 | 蘇詩琇 | 葉良輝 | 陳謝淑珍 | 譚清 | |
| | | 博士 | 先生 | 先生 | 博士 | 先生 | 女士 | 先生 | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | |
| Fees | 袍金 | 1,000 | 700 | 600 | 600 | 20 | 20 | 48 | 2,988 |
| Other emoluments | 其他酬金 | | | | | | | | |
| Salaries and other benefits | 薪金及其他福利 | 14 | 326 | 291 | 356 | - | - | - | 987 |
| Contributions to retirement benefits scheme | 退休福利計劃供款 | - | 6 | 6 | 2 | - | - | - | 14 |
| Waiver of fees | 豁免袍金 | (1,000) | (700) | (600) | (600) | - | - | - | (2,900) |
| Total emoluments | 酬金總額 | 14 | 332 | 297 | 358 | 20 | 20 | 48 | 1,089 |
| | | | | | | | | | |
| | | | | Mr. Su | | | Mrs. Chen | | |
| | | Dr. Tsai | Mr. Lee | Chien | Dr. Su | Mr. Yeh | Shieh | Mr. Chen | Total |
| | | Yen Yu | Ming Ta | Cheng | Sh Hsyu | Liang Fei | Shu Chen | Ching | 2004 |
| | | 蔡燕玉 | 李明達 | 蘇建誠 | 蘇詩琇 | 葉良輝 | 陳謝淑珍 | 譚清 | 總計 |
| | | 博士 | 先生 | 先生 | 博士 | 先生 | 女士 | 先生 | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Fees | 袍金 | 1,000 | 700 | 600 | 528 | 20 | 20 | 13 | 2,881 |
| Other emoluments | 其他酬金 | | | | | | | | |
| Salaries and other benefits | 薪金及其他福利 | - | 294 | 262 | 195 | - | - | - | 751 |
| Contributions to retirement benefits scheme | 退休福利計劃供款 | - | 6 | 5 | 3 | - | - | - | 14 |
| Waiver of fees | 豁免袍金 | (1,000) | (700) | (600) | (528) | - | - | - | (2,828) |
| Total emoluments | 酬金總額 | - | 300 | 267 | 198 | 20 | 20 | 13 | 818 |

For the year ended 31 December 2005, each of the executive directors voluntarily agreed to waive their entitlement to certain remuneration of approximately HK\$2.9 million (2004: HK\$2.8 million).

11. 董事酬金

已付或應付予七名(二零零四年:七名)董事之酬金如下:

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約2,900,000港元(二零零四年:2,800,000港元)。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2004: two) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three (2004: three) individuals were as follows:

| | |
|---|----------|
| Salaries and other benefits | 薪金及其他福利 |
| Contributions to retirement benefits scheme | 退休福利計劃供款 |

The emoluments of each of the employees are less than HK\$1,000,000 for both years.

13. INCOME TAX EXPENSE

| | |
|---------------------------------|-------------|
| The charge comprises: | 支出包括: |
| Hong Kong Profits Tax | 香港利得稅 |
| Taxation in other jurisdictions | 於其他司法權區之稅項 |
| Current year | 本年度 |
| Underprovision in prior years | 過往年度撥備不足 |
| Deferred taxation (note 33) | 遞延稅項 (附註33) |
| Current year | 本年度 |
| Underprovision in prior years | 過往年度撥備不足 |

12. 僱員酬金

本集團五名最高薪酬人士包括兩名(二零零四年:兩名)董事,彼等之薪酬詳情已於上文附註11披露。其餘三名(二零零四年:三名)人士之薪酬如下:

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 1,395 | 1,076 |
| 28 | 20 |
| 1,423 | 1,096 |

各名僱員於該兩個年度之酬金均少於1,000,000港元。

13. 所得稅開支

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| - | - |
| 35,263 | 30,589 |
| 3,635 | 935 |
| 38,898 | 31,524 |
| (64) | 4,553 |
| - | 256 |
| (64) | 4,809 |
| 38,834 | 36,333 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

13. INCOME TAX EXPENSE (continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in Taiwan, certain of the Group's Taiwan subsidiaries are eligible to certain tax concessions.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries have no assessable profit for both years.

The tax charge for the year can be reconciled to the profit before taxation per the income statement as follows:

| | |
|--|--------------------------------|
| Profit before taxation | 除稅前溢利 |
| Tax at the average income tax rate of 32.3% (2004: 29.4%) | 按平均所得稅率32.3% (二零零四年: 29.4%) |
| Tax effect of expenses not deductible for tax purpose | 不可扣稅支出之稅務影響 |
| Tax effect of income not taxable for tax purpose | 毋須課稅收入之稅務影響 |
| Tax effect of tax losses not recognised | 未確認稅項虧損之稅務影響 |
| Tax effect of tax concession provided to a Taiwan subsidiary | 給予一家台灣附屬公司稅務 寬減之稅務影響 |
| Tax effect of share of loss of an associate | 應佔一家聯營公司虧損之 稅務影響 |
| Underprovision in prior years | 過往年度撥備不足 |
| Tax charge for the year | 年內稅項支出 |

Note: The average income tax rate for the year ended 31 December 2005 represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before taxation and the relevant statutory rates or other reasonable basis.

13. 所得稅開支(續)

其他司法權區所產生稅項乃按該等司法權區之現行稅率計算。

根據台灣有關法例及規例，本集團若干台灣附屬公司合資格享有若干稅務寬減。

由於兩個年度均無應課稅溢利，故並無就香港利得稅作出撥備。

年內支出與綜合收益表內除稅前溢利對賬如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 119,845 | 99,058 |
| 38,710 | 29,123 |
| 8,093 | 5,017 |
| (6,518) | (3,776) |
| 5,039 | 7,486 |
| (10,149) | (2,807) |
| 24 | 99 |
| 3,635 | 1,191 |
| 38,834 | 36,333 |

附註：截至二零零五年十二月三十一日止年度之平均所得稅率為有關業務於不同司法權區之加權平均稅率，按除稅前純利相對金額及相關法定稅率之基準或其他合理基準計算。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

14. DIVIDENDS

| | |
|---|---|
| Ordinary shares: | 普通股 |
| Interim dividend, paid – HK\$0.0090 per share (2004: HK\$0.0075) | 已派發中期股利 – 每股0.0090港元 (二零零四年: 0.0075港元) |
| Special dividend, paid – HK\$0.0040 per share (2004: HK\$Nil) | 已派發特別股利 – 每股0.0040港元 (二零零四年: 無) |
| Final dividend, proposed – HK\$0.020 per share (2004: HK\$0.0175 per share) | 擬派末期股利 – 每股0.020港元 (二零零四年: 0.0175港元) |

The final dividend of HK\$0.020 (2004: HK\$0.0175) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit attributable to the equity holders of the Company of HK\$81,092,000 (2004: HK\$63,262,000) and on the number of 2,000,000,000 (2004: 2,000,000,000) ordinary shares of the Company in issue during the year.

No diluted earnings per share has been presented as the Company has no dilutive potential ordinary shares in issue.

14. 股利

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 18,000 | 15,000 |
| 8,000 | – |
| 40,000 | 35,000 |
| 66,000 | 50,000 |

董事建議派付末期股利每股0.020港元 (二零零四年: 0.0175港元), 惟須待股東於股東大會批准。

15. 每股盈利

本公司股東應佔每股基本盈利乃根據本公司股東應佔溢利81,092,000港元 (二零零四年: 63,262,000港元) 及本公司年內已發行普通股數目2,000,000,000股 (二零零四年: 2,000,000,000股) 計算。

由於本公司並無已發行具潛在攤薄影響普通股, 故並無呈列每股攤薄盈利。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

16. INVESTMENT PROPERTIES

16. 投資物業

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|--|-----------------|----------------------------------|----------------------------------|
| FAIR VALUE | 公平值 | | |
| At 1 January | 於一月一日 | 160,459 | 145,673 |
| Exchange realignment | 匯兌調整 | (5,283) | 11,994 |
| Net increase in fair value recognised in the revaluation reserve | 於重估儲備確認之公平值增加淨額 | - | 2,792 |
| Net increase in fair value recognised in the income statement | 於收益表確認之公平值增加淨額 | 4,477 | - |
| At 31 December | 於十二月三十一日 | 159,653 | 160,459 |

The fair values of the Group's investment properties at 31 December 2005 have been arrived at on the basis of a valuation carried out on that date by Messrs. Vigers Landmart Taiwan Limited, independent qualified professional valuers not connected with the Group. Messrs. Vigers Landmart Taiwan Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises freehold land outside Hong Kong.

本集團之投資物業於二零零五年十二月三十一日之公平值乃按與本集團並無關連之獨立合資格專業估值師 Messrs. Vigers Landmart Taiwan Limited 進行之估值為基準得出。Messrs. Vigers Landmart Taiwan Limited 為估值師學會 (Institute of Valuers) 會員，具備合適資格，最近亦有評估相關地區類似物業之經驗。有關估值符合國際估值準則 (International Valuation Standards)，乃經參考類似物業之交易價格市場證據得出。

本集團以經營租賃持有用作賺取租金或資本升值之物業權益，均以公平值模式計量，並分類為及列作投資物業。

以上投資物業賬面值包括於香港境外之永久業權土地。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

17. PROPERTY, PLANT AND EQUIPMENT

17. 不動產、廠場及設備

| | | Freehold land 永久業權 土地 HK\$'000 千港元 | Buildings 樓宇 HK\$'000 千港元 | Leasehold improve- ments 租賃改良 HK\$'000 千港元 | Plant and machinery 廠房及機器 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---------------------------|--|------------------------------------|--|--|--|--|--------------------------------|
| COST | 成本 | | | | | | | |
| At 1 January 2004, as originally stated | 於二零零四年一月一日· 按原先呈列 | 23,818 | 124,411 | 57,436 | 15,400 | 5,317 | 57,954 | 284,336 |
| Effect of changes in accounting policies (note 2) | 會計政策變動之影響 (附註2) | - | (10,507) | - | - | - | - | (10,507) |
| At 1 January 2004, as restated | 於二零零四年一月一日· 經重列 | 23,818 | 113,904 | 57,436 | 15,400 | 5,317 | 57,954 | 273,829 |
| Exchange realignment | 匯兌調整 | - | 3,395 | 1,151 | 52 | 72 | 1,551 | 6,221 |
| Additions | 增添 | - | - | 4,912 | 2,495 | 954 | 5,801 | 14,162 |
| Reclassification | 重新分類 | - | - | 2,355 | 10,086 | - | (12,441) | - |
| Disposals | 出售 | - | (471) | (461) | (3,068) | (1,095) | (3,916) | (9,011) |
| At 1 January 2005 | 於二零零五年一月一日 | 23,818 | 116,828 | 65,393 | 24,965 | 5,248 | 48,949 | 285,201 |
| Exchange realignment | 匯兌調整 | - | 883 | 334 | 504 | 61 | (204) | 1,578 |
| Additions | 增添 | - | 12,878 | 5,259 | 2,506 | 959 | 3,295 | 24,897 |
| Disposals | 出售 | - | - | (12,360) | (1,504) | (518) | (5,085) | (19,467) |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | 23,818 | 130,589 | 58,626 | 26,471 | 5,750 | 46,955 | 292,209 |
| DEPRECIATION AND AMORTISATION | 折舊及攤銷 | | | | | | | |
| At 1 January 2004, as originally stated | 於二零零四年一月一日· 按原先呈列 | - | 15,790 | 20,562 | 8,322 | 2,884 | 29,924 | 77,482 |
| Effect of changes in accounting policies (note 2) | 會計政策變動之影響 (附註2) | - | (760) | - | - | - | - | (760) |
| At 1 January 2004, as restated | 於二零零四年一月一日· 經重列 | - | 15,030 | 20,562 | 8,322 | 2,884 | 29,924 | 76,722 |
| Exchange realignment | 匯兌調整 | - | 549 | 549 | 14 | 37 | 845 | 1,994 |
| Provided for the year | 年內撥備 | - | 2,703 | 15,389 | 2,732 | 766 | 7,329 | 28,919 |
| Reclassification | 重新分類 | - | - | 1,327 | 7,576 | 86 | (8,989) | - |
| Eliminated on disposals | 於出售時撇銷 | - | (129) | (201) | (2,656) | (859) | (2,034) | (5,879) |
| At 1 January 2005 | 於二零零五年一月一日 | - | 18,153 | 37,626 | 15,988 | 2,914 | 27,075 | 101,756 |
| Exchange realignment | 匯兌調整 | - | 17 | 247 | 384 | 56 | (144) | 560 |
| Provided for the year | 年內撥備 | - | 3,031 | 11,025 | 2,366 | 786 | 7,458 | 24,666 |
| Eliminated on disposals | 於出售時撇銷 | - | - | (9,498) | (657) | (345) | (2,998) | (13,498) |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | - | 21,201 | 39,400 | 18,081 | 3,411 | 31,391 | 113,484 |
| CARRYING VALUES | 賬面值 | | | | | | | |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | 23,818 | 109,388 | 19,226 | 8,390 | 2,339 | 15,564 | 178,725 |
| At 31 December 2004 | 於二零零四年 十二月三十一日 | 23,818 | 98,675 | 27,767 | 8,977 | 2,334 | 21,874 | 183,445 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying values of buildings are located outside Hong Kong under medium-term leases.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rate per annum:

| | |
|-----------------------------------|--|
| Freehold land | Nil |
| Buildings | 40 – 55 years |
| Leasehold improvements | The shorter of the unexpired period of the lease and estimated useful life |
| Plant and machinery | 5 – 10 years |
| Motor vehicles | 3 – 5 years |
| Furniture, fixtures and equipment | 2 – 15 years |

The Group has acquired buildings in the PRC. While the Group has paid substantially the purchase consideration, the relevant government authorities have not granted formal title to certain of the buildings to the Group. As at 31 December 2005, the carrying values of the building for which the Group had not been granted formal title amounted to approximately HK\$13.0 million (2004: approximately HK\$0.3 million). In the opinion of the directors, the absence of formal title to these buildings does not impair its value. The directors also believe that formal title to these buildings will be granted to the Group in due course.

Certain property and equipment with a total carrying values of HK\$11,016,000 (2004: HK\$19,231,000) were entrusted to the operators of the Group (note 22).

17. 不動產、廠場及設備 (續)

位於香港境外樓宇之賬面值乃以中期租約持有。

上述不動產、廠場及設備項目採用直線法按以下年率折舊：

| | |
|----------|--------------------|
| 永久業權土地 | 無 |
| 租賃土地及樓宇 | 40-55年 |
| 租賃改良 | 剩餘租賃年期及估計可使用年期之較短者 |
| 廠場及機器 | 5-10年 |
| 汽車 | 3-5年 |
| 傢具、裝置及設備 | 2-15年 |

本集團已於中國購入多幢樓宇。雖然本集團已支付大部分購買代價，有關政府部門仍未就若干樓宇批出正式業權予本集團。於二零零五年十二月三十一日，本集團未獲批出正式業權之樓宇的賬面值約為13,000,000港元（二零零四年：約300,000港元）。董事認為，該等樓宇欠缺正式業權不會損害其價值。董事相信該等樓宇之正式業權將於適當時候批出予本集團。

總賬面金額11,016,000港元（二零零四年：19,231,000港元）之若干不動產及設備已委託予本集團附屬公司經營者（附註22）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

18. PREPAID LEASE PAYMENTS

18. 自用土地租賃款

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|--|-------------------------------|----------------------------------|----------------------------------|
| The Group's prepaid lease payments comprise land use rights in the PRC under medium-term lease | 本集團之自用土地租賃款包括於中國以中期租約持有之土地使用權 | 9,275 | 9,511 |
| Analysed for reporting purposes as: | 就申報用途分析如下： | | |
| Non-current asset | 非流動資產 | 9,039 | 9,275 |
| Current asset | 流動資產 | 236 | 236 |
| | | 9,275 | 9,511 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

19. INTANGIBLE ASSETS

19. 無形資產

| | | Patents trademarks 專利權 及商標 HK\$'000 千港元 | Web site and development costs 網站開發 成本 HK\$'000 千港元 | Software costs 軟件成本 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|----------------------------|---------------------------|--|---|--|--------------------------------|
| COST | | | | | |
| | 成本 | | | | |
| At 1 January 2004 | 於二零零四年一月一日 | 1,635 | 4,551 | 677 | 6,863 |
| Exchange realignment | 匯兌調整 | 14 | (21) | (2) | (9) |
| Additions | 添置 | – | – | 21 | 21 |
| At 1 January 2005 | 於二零零五年一月一日 | 1,649 | 4,530 | 696 | 6,875 |
| Exchange realignment | 匯兌調整 | 63 | 106 | – | 169 |
| Written off | 撇銷 | – | – | (696) | (696) |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | 1,712 | 4,636 | – | 6,348 |
| AMORTISATION | | | | | |
| | 攤銷 | | | | |
| At 1 January 2004 | 於二零零四年一月一日 | 1,635 | 1,820 | 205 | 3,660 |
| Exchange realignment | 匯兌調整 | 14 | (9) | (1) | 4 |
| Charge for the year | 本年度支出 | – | 907 | 167 | 1,074 |
| At 1 January 2005 | 於二零零五年一月一日 | 1,649 | 2,718 | 371 | 4,738 |
| Exchange realignment | 匯兌調整 | 63 | 76 | – | 139 |
| Charge for the year | 本年度支出 | – | 915 | – | 915 |
| Written off | 撇銷 | – | – | (371) | (371) |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | 1,712 | 3,709 | – | 5,421 |
| CARRYING VALUES | | | | | |
| | 賬面值 | | | | |
| At 31 December 2005 | 於二零零五年 十二月三十一日 | – | 927 | – | 927 |
| At 31 December 2004 | 於二零零四年 十二月三十一日 | – | 1,812 | 325 | 2,137 |

Patents and trademarks are internally generated and the website was acquired from third parties.

專利權及商標為公司內部產生，而網站則自第三方購入。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

19. INTANGIBLE ASSETS (continued)

The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

| | | | |
|----------------------------|--------------|--------|-------|
| Patents and trademarks | 5 – 10 years | 專利權及商標 | 5-10年 |
| Web site development costs | 5 years | 網站開發成本 | 5年 |
| Software costs | 5 – 10 years | 軟件成本 | 5-10年 |

20. GOODWILL

19. 無形資產 (續)

上述無形資產均有限定使用年期。該等無形資產採用直線法按下列年期攤銷：

20. 商譽

| | | HK\$'000 千港元 |
|--|-----------------------------|-----------------|
| COST | 成本 | |
| At 1 January 2004 | 於二零零四年一月一日 | 28,228 |
| Exchange realignment | 匯兌調整 | (82) |
| | | <hr/> |
| At 31 December 2004 | 於二零零四年十二月三十一日 | 28,146 |
| Exchange realignment | 匯兌調整 | 289 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 (see note 2) | 應用香港財務報告準則第3號時對銷累計攤銷 (見附註2) | (11,345) |
| | | <hr/> |
| At 31 December 2005 | 於二零零五年十二月三十一日 | 17,090 |
| | | <hr/> |
| AMORTISATION | 攤銷 | |
| At 1 January 2004 | 於二零零四年一月一日 | 4,603 |
| Exchange realignment | 匯兌調整 | (13) |
| Charge for the year | 本年度開支 | 6,755 |
| | | <hr/> |
| At 31 December 2004 | 於二零零四年十二月三十一日 | 11,345 |
| Elimination of accumulated amortisation upon the application of HKFRS 3 (see note 2) | 應用香港財務報告準則第3號時對銷累計攤銷 (見附註2) | (11,345) |
| | | <hr/> |
| At 31 December 2005 | 於二零零五年十二月三十一日 | - |
| | | <hr/> |
| IMPAIRMENT | 減值 | |
| Impairment loss recognised for the year and at 31 December 2005 | 本年度確認之減值虧損及於二零零五年十二月三十一日 | 3,192 |
| | | <hr/> |
| CARRYING VALUES | 賬面值 | |
| At 31 December 2005 | 於二零零五年十二月三十一日 | 13,898 |
| | | <hr/> |
| At 31 December 2004 | 於二零零四年十二月三十一日 | 16,801 |
| | | <hr/> |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

20. GOODWILL (continued)

Prior to 1 January 2005, goodwill had been amortised over its estimated useful life of 5 years.

For the purposes of impairment testing, goodwill has been allocated to individual cash generating unit, namely, sale of cosmetic product (CGU). The carrying amounts of goodwill as at 31 December 2005 is allocated to this CGU.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period using a steady 5% growth rate, and discount rate of 5%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

During the year ended 31 December 2005, the Group recognised an impairment loss of approximately HK\$3,192,000 in relation to the goodwill.

21. INTEREST IN AN ASSOCIATE

| | |
|--|----------------|
| Cost of unlisted investment in associate | 於聯營公司非上市投資之成本 |
| Share of post-acquisition profits, net of dividends received | 應佔收購後溢利，扣除已收股利 |

20. 商譽 (續)

於二零零五年一月一日之前，商譽按估計可使用年期5年攤銷。

就檢測減值，商譽已分配至個別現金產生單位（即美容產品）。於二零零五年十二月三十一日之商譽賬面值乃分配至此現金產生單位。

現金產生單位的可收回金額已根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流量預測，以5%定速增長率及5%折扣率計算。此增長率乃根據相關行業增長預測，惟不可超過該相關行業平均長期增長率。使用價值計算之另一項主要假設為根據現金產生單位之過往表現及管理層對市場發展之預期釐定之預算毛利率。管理層相信任何該等假設可能出現的合理變動不會導致現金產生單位之賬面總值超逾現金產生單位之可收回總金額。

於截至二零零五年十二月三十一日止年度，本集團確認3,192,000港元有關商譽之減值虧損。

21. 於一家聯營公司之權益

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 942 | 942 |
| (397) | (337) |
| 545 | 605 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

21. INTEREST IN AN ASSOCIATE (continued)

As at 31 December 2005, the Group had interest in the following associate, which is an unlisted corporate entity:

| Name of entity 實體名稱 | Form of business structure 業務結構模式 | Place of registration and operation 登記及經營地點 | Issued and fully paid registered capital 已發行及繳足註冊資本 | Proportion of nominal value of registered capital held by the Group 本集團所持有註冊資本面值比例 | Principal activity 主要業務 |
|--|--------------------------------------|--|--|---|---|
| Shanghai Rui Mei Medical and Health-care Company Limited 上海瑞美醫療保健有限公司 | Registered 已登記 | PRC 中國 | RMB5,000,000 人民幣5,000,000元 | 20% | Provision of health care services 提供健康護理服務 |

The summarised financial information in respect of the Group' associate is set out below:

21. 於一家聯營公司之權益 (續)

於二零零五年十二月三十一日，本集團於下列屬非上市企業實體之聯營公司持有權益：

| Name of entity 實體名稱 | Form of business structure 業務結構模式 | Place of registration and operation 登記及經營地點 | Issued and fully paid registered capital 已發行及繳足註冊資本 | Proportion of nominal value of registered capital held by the Group 本集團所持有註冊資本面值比例 | Principal activity 主要業務 |
|--|--------------------------------------|--|--|---|---|
| Shanghai Rui Mei Medical and Health-care Company Limited 上海瑞美醫療保健有限公司 | Registered 已登記 | PRC 中國 | RMB5,000,000 人民幣5,000,000元 | 20% | Provision of health care services 提供健康護理服務 |

本集團聯營公司之財務資料摘要如下：

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|---|----------------|----------------------------------|----------------------------------|
| Total assets | 資產總值 | 3,707 | 4,154 |
| Total liabilities | 負債總值 | (982) | (1,129) |
| Net assets | 資產淨值 | 2,725 | 3,025 |
| Group's share of net assets of associate | 本集團應佔聯營公司資產淨值 | 545 | 605 |
| Revenue | 收益 | 6,306 | 5,027 |
| Loss for the year | 本年度虧損 | (300) | (1,685) |
| Group's share of loss of associate for the year | 本年度本集團應佔聯營公司虧損 | (60) | (337) |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

22. OTHER LONG-TERM RECEIVABLES

Since 2002, certain subsidiaries have entered into Assets Entrustment Agreements with various operators. Pursuant to these agreements, these subsidiaries appointed an operator to manage and operate its entire business (the "Entrusted Assets"), including the provision of Spa and beauty services, the sale of beauty and skin care product, the provision of beauty training courses and the provision of assistance to the subsidiary in the development of the franchise network. The appointments are effective for period ranging from one to five years and the operators are required to pay the subsidiaries an annual fee which is determined with reference to the net asset value of the respective subsidiaries at the date of the agreement. The operators are entitled to retain any profits and are obligated to bear any losses, excluding the depreciation of property, plant and equipment, arising of the Entrusted Assets under the operators' management and operation. The subsidiaries retain the title to the property, plant and equipment. As security for the operators' obligations under the agreement, the operators are required to place a security with the subsidiaries.

The impact of the assets entrustment agreements on the financial statements are summarised as follows:

| | |
|---|------------------|
| Net book value of property, plant and equipment entrusted | 已委託不動產、廠場及設備賬面淨值 |
| Entrustment fee income for the year | 年內委託費收益 |

22. 其他長期應收賬款

自二零零二年，若干附屬公司與多家經營者訂立資產委託經營協議。根據該等協議，該等附屬公司委任經營者管理及經營其全部業務（「受託管資產」），涵蓋提供 Spa 及美容服務、銷售美容及護膚產品、提供美容培訓課程及協助附屬公司加盟經營網絡。經營者任期為五年，每年須向附屬公司支付一筆參考附屬公司於協議日期資產淨值釐訂之費用。經營者有權保留其於管理及經營期間自受託管資產產生的任何溢利，並須承擔其於管理及經營期間自受託管資產產生的任何虧損，惟不包括固定資產折舊。附屬公司保留不動產、廠場及設備之擁有權。根據該協議，經營者須向附屬公司繳交一筆保證金，以保證其履行基於協議項下責任。

該等資產委託經營協議對財務報表之影響摘述如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 11,016 | 19,231 |
| 5,255 | 5,074 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

22. OTHER LONG-TERM RECEIVABLES (continued)

At the balance sheet date, the following outstanding balances arising from the assets entrustment agreements with operators are included as other receivables in the balance sheet:

| | |
|---|---------------|
| Entrustment fees receivable | 應收委託費用 |
| Consideration receivable for use of assets by the operators | 就經營者使用資產之應收代價 |
| - due within one year | - 於一年內到期 |
| - due after more than one year | - 一年後到期 |

The fair value of the Group's other long-term receivables as at the balance sheet determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date approximates to the carrying amount of the receivables.

23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31 December 2005 comprise:

| | |
|-------------------------------------|-------------|
| Unlisted equity securities, at cost | 非上市股本證券·按成本 |
|-------------------------------------|-------------|

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Taiwan. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair values cannot be reliably measured.

22. 其他長期應收賬款 (續)

於結算日·與經營者所訂立資產委託經營協議·產生下列尚未償還結餘·計入資產負債表之其他應收賬款:

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 9,020 | 6,500 |
| 5,080 | 5,330 |
| - | 5,158 |
| 14,100 | 16,988 |

於資產負債表所列之本集團其他長期應收賬款於的公平值乃按照以結算日之現行市場利率折算後之估計未來現金流量現值計算·與應收賬款之賬面值相若。

23. 可供出售投資

於二零零五年十二月三十一日之可供出售投資包括:

| 2005 二零零五年 HK\$'000 千港元 |
|----------------------------------|
| 6,786 |

上述非上市投資代表於台灣註冊成立之私人實體所發行非上股本證券的投資。由於該等非上市投資的估計合理公平值之幅度太大·董事認為不能可靠量度公平值·故此該等非上市投資於各結算日按成本扣除減值後計算。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

24. INVESTMENTS IN SECURITIES

Investments in securities as at 31 December 2004 are set out below. Upon the application of HKAS 39 on 1 January 2005, investments in securities were reclassified to appropriate categories under HKAS 39 (see note 2 for details).

| | |
|---|----------------|
| Non-current investments | 非流動投資 |
| Investment securities | 投資證券 |
| Unlisted equity securities, at cost | 非上市股本證券·按成本值 |
| Current investments | 流動投資 |
| Other investments | 其他投資 |
| Listed equity securities outside Hong Kong, at market value | 香港境外上市股本證券·按市值 |

| | | |
|----------------|------|--------|
| 非流動投資 | 投資證券 | |
| 非上市股本證券·按成本值 | | 6,786 |
| 流動投資 | 其他投資 | |
| 香港境外上市股本證券·按市值 | | 94,378 |

2004
二零零四年
HK\$'000
千港元

25. INVENTORIES

| | |
|------------------|-----|
| Raw materials | 原材料 |
| Work in progress | 在產品 |
| Finished goods | 產成品 |

Included in the above amount are inventories of approximately HK\$17,344,000 (2004: HK\$16,386,000), which are carried at net realisable value.

24. 投資證券

於二零零四年十二月三十一日之投資證券載列如下。於二零零五年一月一日應用香港會計準則第39號後，投資證券已根據香港會計準則第39號重新分類至適當類別（詳情見附註2）。

25. 存貨

| | |
|----------------------------------|----------------------------------|
| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
| 24,271 | 23,014 |
| 2,480 | 2,721 |
| 29,726 | 29,991 |
| 56,477 | 55,726 |

上述金額包括存貨約17,344,000港元（二零零四年：16,386,000港元），乃按可變現淨值列賬。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

26. TRADE AND OTHER RECEIVABLES

| | |
|-----------------------------------|-------------|
| Trade receivables | 貿易應收賬款 |
| Prepayments and deposits | 預付款項及押金 |
| Financial refunds receivable | 應收財務退款 |
| Other receivables | 其他應收賬款 |
| | |
| Total trade and other receivables | 貿易及其他應收賬款總額 |

The Group allows a credit period ranging from one to six months to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

| | |
|----------------------|-----------|
| Within 180 days | 180日內 |
| 181 days to 365 days | 181日至365日 |
| 1 to 2 years | 1至2年 |
| Over 2 years | 2年以上 |

The fair value of the Group's trade and other receivables at 31 December 2005 was approximate to the corresponding carrying amount.

26. 貿易及其他應收賬款

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 77,891 | 59,282 |
| 14,760 | 25,178 |
| 19,206 | 9,962 |
| 29,372 | 30,154 |
| <hr/> | <hr/> |
| 141,229 | 124,576 |

本集團給予其貿易客戶一至六個月之信貸期。於結算日之貿易應收賬款賬齡分析如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 71,956 | 57,971 |
| 5,022 | 288 |
| 307 | 293 |
| 606 | 730 |
| <hr/> | <hr/> |
| 77,891 | 59,282 |

本集團貿易及其他應收賬款於二零零五年十二月三十一日之公平值與其相應賬面值相若。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

27. HELD FOR TRADING INVESTMENTS

Held for trading investments as at 31 December 2005 include:

Listed equity securities outside Hong Kong

香港以外之上市股本證券

The fair values of the above held for trading investments are determined based on the quoted market bid prices available on the relevant exchange.

27. 持作買賣投資

於二零零五年十二月三十一日，持作買賣投資包括：

上述持作買賣投資之公平價值乃按有關交易所所報之市場買價計算。

| |
|--|
| 2005 二零零五年 HK\$'000 千港元 |
| 26,491 |

28. TRADE AND OTHER PAYABLES

Trade payables

貿易應付賬款

Deposits from customers

客戶押金

Other tax payables

其他應付稅項

Other payables

其他應付賬款

Total trade and other payables

貿易及其他應付賬款總額

28. 貿易及其他應付賬款

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 <i>HK\$'000</i> 千港元 |
|--|---|
| 16,593 | 10,118 |
| 16,088 | 6,499 |
| 15,785 | 7,296 |
| 33,575 | 36,247 |
| 82,041 | 60,160 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

28. TRADE AND OTHER PAYABLES (continued)

The following is an aged analysis of trade payables at the balance sheet date:

| | |
|----------------------|-----------|
| Within 180 days | 180日內 |
| 181 days to 365 days | 181日至365日 |
| 1 to 2 years | 1至2年 |
| Over 2 years | 2年以上 |

The fair value of the Group's trade and other payables at 31 December 2005 was approximate to the corresponding amount.

29. DEFERRED INCOME

| | |
|------------------------|-------|
| Prepaid treatment fees | 預付療程費 |
|------------------------|-------|

Deferred income represents the receipts via credit cards, cheques and cash from sales of beauty services to customers and recognised in the consolidated income statement upon provision of the services to the customers.

28. 貿易及其他應付賬款(續)

於結算日之貿易應付賬款賬齡分析如下:

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 15,949 | 9,971 |
| 500 | - |
| - | 147 |
| 144 | - |
| 16,593 | 10,118 |

本集團貿易及其他應付賬款於二零零五年十二月三十一日之公平值與其相應賬面值相若。

29. 遞延收入

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 8,489 | 9,172 |

遞延收入指向客戶銷售美容服務而透過信用卡、支票及現金收取之款項，並於向客戶提供服務時於綜合收益表確認。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

30. RETIREMENT BENEFITS PLANS

(a) Defined benefit plan

The Group's Taiwan subsidiaries participate in a central pension scheme providing benefits to all employees in accordance with the Labour Standards Law (as amended) in Taiwan. The Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned. The Group currently contributes at 2% of the total salaries as determined and approved by the relevant government authorities.

The Group's net obligation in respect of the pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. An actuarial valuation as at 31 December 2005 was carried out by a qualified staff member of PricewaterhouseCoopers Taiwan, who is a member of the Taiwan Enrolled Pension Actuary. The actuarial valuation indicates that the Group's obligations under this defined benefit retirement scheme are 18% (2004: 16%) covered by the deposits paid with the Central Trust of China, a government institution.

(i) The main actuarial assumptions used were as follows:

| | |
|-----------------------------------|-----------|
| Discount rate | 折讓率 |
| Expected return on plan assets | 計劃資產預期回報率 |
| Expected rate of salary increases | 預期薪酬增加幅度 |

30. 退休福利計劃

(a) 定額福利計劃

本集團台灣附屬公司根據台灣勞動基準法(經修訂)參加中央退休金計劃,向全體僱員提供福利。本集團有責任保證計劃有充裕資金支付僱員應獲得之福利。本集團現按有關政府當局釐定及批准之百分比就薪金總額作出2%供款。

本集團就退休金計劃承擔之債務淨額,乃按僱員現時及過往期間就提供服務應獲得之日後福利預計金額計算,有關福利會折算以釐訂現值,而任何計劃資產之公平值則會被扣減。有關計算由合資格精算師採用預計單位給付成本法計算。於二零零五年十二月三十一日之精算估值由資誠會計師事務所之合資格員工進行,彼為Taiwan Enrolled Pension Actuary之會員。精算估值顯示,本集團於定額福利退休計劃項下債務為18%(二零零四年:16%),由已付政府機構中央信託局之押金填補。

(i) 採用之主要精算假設如下:

| | |
|--------------|-------|
| 2005 | 2004 |
| 二零零五年 | 二零零四年 |
| 3.75% | 3.75% |
| 2.75% | 2.75% |
| 2.50% | 2.50% |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

30. RETIREMENT BENEFITS PLANS (continued)

(a) Defined benefit plan (continued)

- (ii) Amounts recognised in income in respect of the defined benefit plans are as follows:

| | |
|--|-------------|
| Current service cost | 現時服務成本 |
| Interest cost | 利息成本 |
| Actuarial expected return on plan assets | 計劃資產之預期精算回報 |

The charge for the year has been included in employee benefits costs as follows:

| | |
|-------------------------|------|
| Cost of sales | 銷售成本 |
| Distribution costs | 分銷成本 |
| Administrative expenses | 行政開支 |

The actual return on plan assets (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was HK\$24,000 (2004: HK\$30,000).

30. 退休福利計劃 (續)

(a) 定額福利計劃 (續)

- (ii) 於收益表就定額退休計劃確認之金額如下:

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 523 | 1,147 |
| 488 | 353 |
| (67) | (57) |
| 944 | 1,443 |

年內開支已計入僱員福利成本內，並載列如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 426 | 749 |
| 277 | 323 |
| 241 | 371 |
| 944 | 1,443 |

計劃資產之實際回報（經計及計劃資產公平價值之所有變動，惟不包括已付及已收供款）為24,000港元（二零零四年：30,000港元）。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

30. RETIREMENT BENEFITS PLANS (continued)

(a) Defined benefit plan (continued)

- (iii) The amounts included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans are as follows:

| | |
|---|-----------------|
| Present value of funded obligations | 資金債務現值 |
| Fair value of plan assets | 計劃資產公平價值 |
| Net unrecognised actuarial gains (losses) | 未確認精算收益 (虧損) 淨額 |

- (iv) Movements in the net liability recognised in the current year were as follows:

| | |
|------------------------------------|-----------------|
| At 1 January | 於一月一日 |
| Contributions | 供款 |
| Amount charged to income (note 10) | 於收入扣除之款項 (附註10) |
| Exchange differences | 匯兌差額 |
| At 31 December | 於十二月三十一日 |

30. 退休福利計劃 (續)

(a) 定額福利計劃 (續)

- (iii) 本集團就定額福利計劃所產生債務金額已計入資產負債表，並載列如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 12,686 | 12,363 |
| (2,366) | (1,987) |
| 570 | (211) |
| 10,890 | 10,165 |

- (iv) 於本年度確認之負債淨額變動如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 10,165 | 8,376 |
| (671) | (384) |
| 944 | 1,443 |
| 452 | 730 |
| 10,890 | 10,165 |

30. RETIREMENT BENEFITS PLANS (continued)

(b) Defined contribution plans

- (i) The Group operates a Mandatory Provident Fund Scheme (“the HK MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and Mandatory Provident Fund Scheme under the Labour Standards Law (as amended) in Taiwan (the “TW MPF Scheme”). The HK MPF scheme and TW MPF Scheme are defined contribution retirement scheme administered by independent trustees. Under the HK MPF scheme and TW MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% and 6%, respectively, of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$20,000 for HK MPF Scheme while there is no cap to monthly income under TW MPF Scheme. Contributions to the scheme vest immediately.
- (ii) The employees of the Group’s subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the PRC government. As stipulated by the regulations of the PRC, these relevant subsidiaries participate in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liabilities to these retired staff. The Group is required to make contributions to the retirement plans which are calculated based on certain prescribed rates and the salaries, bonuses and certain allowances of its PRC employees. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

30. 退休福利計劃 (續)

(b) 定額供款退休計劃

- (i) 本集團根據香港強制性公積金計劃條例為於香港僱傭條例管轄範圍內所聘用之僱員設立強制性公積金計劃（「香港強積金計劃」）及根據台灣勞動基準法（經修訂）設立強制性公積金計劃（「台灣強積金計劃」）。香港強積金計劃及台灣強積金計劃為由獨立信託人管理之定額供款退休計劃。根據香港強積金計劃及台灣強積金計劃，僱主及僱員各自須分別向計劃作出相當於僱員有關收入5%及6%之供款，香港強積金計劃之每月有關收入上限為20,000港元，而台灣強積金計劃則並無每月收入上限。計劃供款即時撥歸僱員所有。
- (ii) 本集團中國附屬公司僱員為中國政府管運之國家管理退休福利計劃成員。有關附屬公司已根據中國法規規定，為其中國僱員參加各個由有關當局統籌之定額供款退休計劃。僱員有權根據有關政府法規，按彼等於退休時之基本薪金以及服務年期收取退休金。中國政府負責向該等退休員工發放退休金，而本集團須按若干指定比率及其中國僱員之薪金、花紅與若干津貼向退休計劃供款。除上述之年度供款外，本集團並無與該等計劃有關之其他退休福利付款重大責任。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

31. SHARE CAPITAL

Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股

Authorised:

At 1 January 2004,
31 December 2004
and 31 December 2005

法定股本:

於二零零四年一月一日、
二零零四年十二月三十一日及
二零零五年十二月三十一日

| Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 |
|-----------------------------|---------------------------------|
|-----------------------------|---------------------------------|

| | |
|---------------|---------|
| 4,000,000,000 | 400,000 |
|---------------|---------|

Issued and fully paid:

At 1 January 2004,
31 December 2004
and 31 December 2005

已發行及繳足:

於二零零四年一月一日、
二零零四年十二月三十一日及
二零零五年十二月三十一日

| | |
|---------------|---------|
| 2,000,000,000 | 200,000 |
|---------------|---------|

32. SHARE OPTION SCHEME

Pursuant to the written resolution passed by the shareholders on 11 March 2002. The Company has adopted a share option scheme (The "Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Company may grant options to full-time employees (including executive or non-executive Directors) of the Company or its subsidiaries to subscribe for the shares at a consideration of HK\$1 for each lot of share options granted. Options granted must be taken up within 28 days of the date of grant. The Scheme will remain valid for a period of 10 years commencing on 11 March 2002. Options granted may be exercised during such period as would be determined by the board of directors of the Company (the "Board") and notified to each grantee upon grant of the option, but in any event not later than 10 years from the date of grant of the option. The subscription price for shares under the Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; and (b) the average of the closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

32. 購股權計劃

根據股東於二零零二年三月十一日通過之書面決議案，本公司已採納一項認股權計劃（「認股權計劃」）。根據認股權計劃，本公司可向本公司或其附屬公司之全職僱員（包括執行董事或非執行董事）授出認股權，就每批授出認股權以代價1港元認購股份。所授出認股權必須於授出日期起計28日內接納。認股權計劃將於二零零二年三月十一日起十年期間持續生效。認股權承授人可於本公司董事會（「董事會」）授出認股權時決定並知會承授人的期間行使認股權，惟在任何情況下，必須於授出認股權日期起計十年內行使。根據認股權計劃，董事會對於釐訂股份認購價有絕對酌情權，惟在任何情況下，認購價不得少於以下價格之較高者：(a) 授出認股權日期（必須為營業日），股份在聯交所每日報價單所示收市價；及(b) 於緊接授出有關認股權日期前五個營業日，股份於聯交所每日報價單所示平均收市價。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

32. SHARE OPTION SCHEME (continued)

The Company may grant share options to specified participants over and above the scheme mandate limit or the refreshed scheme mandate limit referred to above subject to shareholders' approval in general meetings and the issue of a circular.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company (or the subsidiary) must not exceed 30% of the relevant class of securities of the Company (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the Company (or the subsidiary) if this will result in the limit being exceeded.

No option had been granted by the Company under the Scheme since its adoption.

32. 購股權計劃 (續)

本公司可向指定參與者授出超過計劃授權限額或上文所述重續計劃授權限額的認股權，惟須取得股東在股東大會批准及刊發通函。

因根據認股權計劃及本公司(或附屬公司)任何其他計劃而授出發行在外但尚未行使的認股權獲行使而可予發行的股份總數，不得超過本公司(或附屬公司)不時已發行的有關類別證券的30%。如超逾限額，則不得根據本公司(或附屬公司)的任何計劃授出認股權。

本公司自採納認股權計劃以來並無授出任何認股權。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

33. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised in the balance sheet and movements thereon during the current or prior years are as follows:

| | | Allowance for bad and doubtful debts | Revaluation of properties | Tax losses | Defined benefit liability 定額福利 責任 | Unrealised profits on inventories 未變現 存貨溢利 | Other short-term temporary differences 其他暫時 短期差額 | Total |
|--|----------------------|---|---------------------------------|-------------------------|---|--|---|-----------------------|
| | | 呆壞賬撥備 HK\$'000 千港元 | 重估物業 HK\$'000 千港元 | 稅項虧損 HK\$'000 千港元 | 責任 HK\$'000 千港元 | 存貨溢利 HK\$'000 千港元 | 其他暫時 短期差額 HK\$'000 千港元 | 總計 HK\$'000 千港元 |
| At 1 January 2004 | 於二零零四年一月一日 | (746) | 1,847 | (126) | (2,094) | (7,402) | (1,304) | (9,825) |
| Charge (credit) to consolidated income statement | 於綜合收益表扣除(計入) | - | 105 | 126 | (256) | 3,522 | 1,312 | 4,809 |
| Charged to reserves | 於儲備扣除 | - | 287 | - | - | - | - | 287 |
| At 31 December 2004 | 於二零零四年十二月三十一日 | (746) | 2,239 | - | (2,350) | (3,880) | 8 | (4,729) |
| Exchange realignment | 匯兌調整 | 182 | 49 | - | (102) | (223) | 171 | 77 |
| Charge (credit) to consolidated income statement | 於綜合收益表扣除(計入) | 34 | 569 | - | (274) | (575) | 182 | (64) |
| At 31 December 2005 | 於二零零五年十二月三十一日 | (530) | 2,857 | - | (2,726) | (4,678) | 361 | (4,716) |

At the balance sheet date, the Group has unutilised tax losses of approximately HK\$71,880,000 (2004: HK\$60,382,000) available for offset against future profits. No deferred tax asset has been recognised of such tax losses due to the unpredictability of future profit streams. The Hong Kong tax losses of HK\$30,797,000 (2004: HK\$16,575,000) do not expire under the current tax legislation in Hong Kong and all other tax losses will expire in 2005 to 2009.

33. 遞延稅項

以下為本年度及過往年度於資產負債表確認之主要遞延稅項資產／負債及變動：

於結算日，本集團有未動用稅項虧損約71,880,000港元（二零零四年：60,382,000港元）用作對銷未來溢利。由於未能確定日後溢利來源，因此並無就有關稅項虧損確認遞延稅項資產。根據香港現行稅例，香港稅項虧損30,797,000港元（二零零四年：16,575,000港元）不會到期，而所有其他虧損將於二零零五年至二零零九年到期。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

34. OPERATING LEASES

The Group as lessee

During the year, the Group made rental payments for office premises under operating leases as follows:

| | |
|----------------------------|--------|
| Minimum lease payments | 最低租金付款 |
| Contingent rental payments | 或然租金付款 |

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | |
|--|---------------------|
| Within one year | 一年內 |
| In the second to fifth years inclusive | 第二年至第五年 (包括首尾兩年) |
| Over five years | 超過五年 |

Operating lease payments represent rentals payable by the Group for certain of its leased properties. Leases are negotiated and rentals are fixed for an average term of five years. In addition, the Group's PRC subsidiaries have commitments to make rental payments at a percentage of turnover for certain leased properties.

34. 經營租約

本集團作為承租人

年內，本集團根據經營租約就租用辦公室物業繳付以下租金：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 13,815 | 9,851 |
| 4,175 | 3,793 |
| 17,990 | 13,644 |

於結算日，本集團根據不可撤銷經營租約就於下列到期日繳付之最低租金承擔如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 9,489 | 9,285 |
| 16,235 | 17,679 |
| 561 | 1,966 |
| 26,285 | 28,930 |

經營租約承擔即本集團就若干租賃物業支付之款項。租期經磋商而租金按平均五年訂定。此外，本集團中國附屬公司須按若干租賃物業營業額若干百分比支付租金。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

34. OPERATING LEASES (continued)

The Group as lessee (continued)

Furthermore, there are commitments of HK\$5,705,000 (2004: HK\$8,860,000) in respect of future minimum lease payments, which fall due within one to over five years, under non-cancellable operating leases entered into by the Group. The business operations at these premises have been entrusted to operators as described in note 22 who are responsible for the payment of the rentals to the respective landlords. New lease agreements will be entered into between the landlords and operators on expiry of the current lease agreements.

The Group as lessor

Property rental income earned during the year was HK\$5,826,000 (2004: HK\$5,568,000). The properties are expected to generate rental yields of 4% (2004: 3%) on an ongoing basis. All of the properties held have committed tenants for the next one to five years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

| | |
|--|---------------------|
| Within one year | 一年內 |
| In the second to fifth years inclusive | 第二年至第五年 (包括首尾兩年) |

34. 經營租約 (續)

本集團作為承租人 (續)

此外，根據本集團所訂立於一年內至五年後到期之不可撤銷經營租約，日後最低租金承擔5,705,000港元（二零零四年：8,860,000港元）。誠如附註22所述，該等物業內之業務運作已交託經營者，該等經營者須負責向有關業主繳付租金。業主與經營者將於現時租賃協議屆滿時訂立新租賃協議。

本集團作為出租人

於年內賺取之物業租金收益為5,826,000港元（二零零四年：5,568,000港元）。物業預期將持續帶來4%（二零零四年：3%）租金回報。所有持有之物業之租客租賃年期介乎一年至五年。

於結算日，本集團與租戶所訂合約之未來最低租金付款如下：

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 5,647 | 6,065 |
| 6,346 | 7,813 |
| 11,993 | 13,878 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

35. CAPITAL COMMITMENTS

| | |
|--|--------------------------------|
| Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements | 就收購不動產、廠場及設備之已訂約但未於財務報表撥備之資本開支 |
|--|--------------------------------|

36. CONTINGENT LIABILITIES

On 10 September 2002, 8 October 2002 and 29 October 2002, Shanghai Natural Beauty Sanlian Cosmetics Company Limited ("NB Sanlian") and Chong Ming Sanlian Investment Development Company ("Chong Ming Sanlian"), an independent third party, entered into 25 Sales and Purchase Agreements ("S&P Agreements") with the respective minority shareholders ("Vendors") of the Group's subsidiaries in the PRC (the "PRC subsidiaries") to acquire the equity interests of the PRC subsidiaries owned by the Vendors and to assume all management and operation rights of the PRC subsidiaries. The acquisitions were completed during the year ended 31 December 2003.

Under the terms of the S&P Agreements, in the event that Chong Ming Sanlian fails to settle the amounts owed to the Vendors for the acquisition of the equity interests in the PRC subsidiaries, NB Sanlian has undertaken to settle the outstanding amounts on behalf of Chong Ming Sanlian. At 31 December 2005, in respect of the purchase consideration, Chong Ming Sanlian owes to the minority shareholders a total amount of approximately HK\$Nil (2004: HK\$843,000).

37. PLEDGE OF ASSETS

Certain freehold investment properties of the Group with a carrying amount of HK\$155,290,000 (2004: HK\$156,083,000) are pledged to a bank. The banking facilities granted by the bank were terminated in 2002 but the charge has not been released to facilitate application of banking facilities in the future.

35. 資本承擔

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 2,972 | 7,315 |

36. 或然負債

於二零零二年九月十日、二零零二年十月八日及二零零二年十月二十九日，上海自然美三聯化粧品有限公司（「自然美三聯」）及獨立第三方崇明縣三聯投資發展公司（「崇明三聯」）與本集團旗下中國附屬公司（「中國附屬公司」）各自之少數股東（「賣方」）訂立25項買賣協議（「買賣協議」），以收購賣方擁有之中國大陸附屬公司股本權益，並承擔中國附屬公司全部管理及經營權。收購已於截至二零零三年十二月三十一日止年度內完成。

根據買賣協議條款，倘崇明三聯未能就收購中國附屬公司股本權益向賣方清付有關款項，自然美三聯承諾，代表崇明三聯清付未償還款項。於二零零五年十二月三十一日，崇明三聯就購買代價結欠少數股東合共約零港元（二零零四年：843,000港元）。

37. 資產抵押

本集團已向一家銀行抵押若干賬面金額為155,290,000港元（二零零四年：156,083,000港元）之永久業權投資物業。該銀行授出之銀行融資已於二零零二年終止，惟尚未解除有關抵押以便日後申請銀行融資。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

38. CONNECTED AND RELATED PARTY DISCLOSURES 38. 關連及有關連人士交易

During the year, the Group had significant transactions with related parties, some of which are also deemed to be connected parties pursuant to the Rules Governing the Listing of Securities on the Stock Exchange. The significant transactions with these parties during the year are as follows:

年內，本集團與有關連人士進行重大交易，其中部分根據聯交所證券上市規則被視作關連人士。與該等人士年內進行之重大交易詳情如下：

| (A) TRANSACTIONS | (A) 交易 | | |
|--|--|----------------------------------|----------------------------------|
| (i) CONNECTED PARTIES | (i) 關連人士 | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
| Name of company 公司名稱 | Nature of transactions 交易性質 | | |
| <i>Companies controlled by the substantial shareholders:</i> 主要股東所控制公司： | | | |
| 自然美雜誌社 | Rental income 租金收益 | 17 | 17 |
| 財團法人台北市蔡燕萍文教事業基金會 | Rental income 租金收益 | 3 | 3 |
| 中華民國儀容美協會 | Rental income 租金收益 | 3 | 3 |
| 自然美出版社 | Rental income 租金收益 | 14 | 14 |
| 中澳義國際股份有限公司 | Rental income 租金收益 | 14 | 3 |
| 自然美美容補習班 | Rental income 租金收益 | 55 | 14 |
| 台北市美容技術協會 | Rental income 租金收益 | 3 | - |
| 上海自然美生物醫學有限公司 (附註a) | Purchase of natural health food 採購天然健康產品 | 2,166 | 585 |
| 上海自然美製衣有限公司 (附註b) | Purchase of lingerie 採購內衣 | 198 | 408 |
| | Balance due to at 31 December - trade payables 於十二月三十一日 到期之餘額 - 貿易應付賬款 | 714 | 28 |
| <i>Director of the Company:</i> 本公司董事： | | | |
| Su Chien Cheng 蘇建誠 | Rental expenses 租金支出 | 203 | 98 |

38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

(A) TRANSACTIONS (continued)

(i) CONNECTED PARTIES (continued)

Notes:

- (a) 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% 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 Yen Yu (“Dr. Tsai”), for the period from 28 July 2005 to 31 December 2007, with an annual cap amount of HK\$3.0 million, HK\$4.0 million and HK\$5.0 million for the financial year ended/ending 31 December 2005, 2006 and 2007 respectively.
- (b) In addition, on 28 July 2005, NB Sanlian entered into a lingerie purchase agreement (“Lingerie Purchase Agreement”) with 上海自然美製衣有限公司 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 an annual cap amount of HK\$1.0 million, HK\$1.8 million and HK\$3.0 million for the financial year ended/ending 31 December 2005, 2006 and 2007 respectively.

38. 關連及有關連人士交易 (續)

(A) 交易 (續)

(i) 關連人士 (續)

附註:

- (a) 於二零零五年七月二十八日，本公司擁有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」)與蔡燕玉博士(「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」)，年期由二零零五年七月二十八日至二零零七年十二月三十一日止，而截至二零零五年、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。
- (b) 此外，於二零零五年七月二十八日，自然美三聯與蔡博士擁有51.72%權益之公司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」)，年期由二零零五年七月二十八日至二零零七年十二月三十一日止，而截至二零零五年、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。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

(A) TRANSACTIONS (continued)

(II) RELATED PARTIES, OTHER THAN CONNECTED PARTIES

| Name of company 公司名稱 | Nature of transactions 交易性質 |
|-------------------------|--------------------------------|
|-------------------------|--------------------------------|

Associate:
聯繫人士:

| | |
|--------------|-----------------------|
| 上海瑞美醫療保健有限公司 | Rental income 租金收益 |
|--------------|-----------------------|

(III) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year was as follows:

| | |
|--------------------------|------|
| Short-term benefits | 短期福利 |
| Post-employment benefits | 退休福利 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(A) 交易 (續)

(II) 關連人士以外有關連人士

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 853 | 846 |

(III) 主要管理人員之賠償

董事及主要管理層其他成員於年內之酬金如下:

| 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 3,898 | 3,120 |
| 102 | 66 |
| 4,000 | 3,186 |

董事及主要行政人員之薪酬乃參考個別表現及市場趨勢後經薪酬委員會釐定。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

(B) OTHER ARRANGEMENTS

- (i) The Group has entered into agreements with the minority shareholders of NB Sanlian, Shanghai Natural Beauty Qingbo Cosmetics Company Limited ("NB Qingbo"), Shanghai Natural Beauty Fansi Jewellery Company Limited ("NB Fansi") and 上海自然美富儂化粧品有限公司 to the effect that each of these minority shareholders receive a fixed amount per annum and the Group is entitled to or responsible for the entire profits/losses of the relevant subsidiaries for the whole duration of the operating periods of the subsidiaries. The fixed amounts paid/payable to these minority shareholders of the subsidiaries as set out below are recognised as minority interests in the consolidated income statements.

| Name of company 公司名稱 | Nature of transactions 交易性質 | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|--------------------------|--------------------------------|----------------------------------|----------------------------------|
| NB Sanlian 自然美三聯 | Annual fixed payment 定額年費 | 189 | 189 |
| NB Qingbo 自然美清波 | Annual fixed payment 定額年費 | 118 | 118 |
| NB Fansi 自然美梵斯 珠寶有限公司 | Annual fixed payment 定額年費 | 5 | — |
| 上海自然美富儂化粧品 有限公司 | Annual fixed payment 定額年費 | 5 | — |
| | | <hr/> | <hr/> |

(B) 其他安排

- (i) 本集團與自然美三聯、自然美清波化粧品有限公司（「自然美清波」）、上海自然美梵斯珠寶有限公司（「自然美梵斯」）及上海自然美富儂化粧品有限公司之少數股東訂立協議，根據該等協議，該等少數股東每年收取定額款項，而於有關附屬公司整個營業期間，本集團有權或負責有關附屬公司全部溢利／虧損。下列已付予／應付予該等附屬公司少數股東定額款項於綜合收益表確認為少數股東權益。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

38. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

(B) OTHER ARRANGEMENTS (continued)

- (ii) Under a licensing agreement, a director of the Company granted to Natural Beauty Cosmetics Company Limited ("NB Taiwan"), a subsidiary incorporated and operated in Taiwan, a license to use a skin test software from 1 January 1997 to 31 December 2011 for a nominal consideration of NT\$1.
- (iii) On 5 October 2001, NB Taiwan entered into two separate licensing agreements with two directors of the Company. Under the agreements, the directors agreed to license a number of trademarks to NB Taiwan, on an exclusive basis, for a nominal consideration of NT\$1. The licensing agreements will be effective till the expiry of the registration of the respective trademarks.

38. 關連及有關連人士交易 (續)

(B) 其他安排 (續)

- (ii) 根據許可權協議，本公司董事以象徵式代價新台幣1元，向於台灣註冊成立及經營之自然美化粧品股份有限公司（「自然美台灣」）授出可自一九九七年一月一日至二零一一年十二月三十一日期間使用皮膚測試軟件之許可權。
- (iii) 於二零零一年十月五日，自然美台灣與本公司兩名董事訂立兩份許可權協議。根據協議，董事同意以象徵式代價新台幣1元，按獨家基準向自然美台灣授出若干商標之許可權。許可權協議於各商標之註冊屆滿前仍然有效。

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

39. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company, as at 31 December 2005, is as follows:

39. 本公司之資產負債表

於二零零五年十二月三十一日，本公司之資產負債表如下：

| | | 2005 二零零五年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 |
|---------------------------------------|-----------|----------------------------------|----------------------------------|
| Non-current assets | 非流動資產 | | |
| Interests in subsidiaries | 於附屬公司之權益 | 551,748 | 554,352 |
| Available-for-sale investments | 可供出售投資 | 6,786 | - |
| Investments in securities | 證券投資 | - | 6,786 |
| | | <u>558,534</u> | <u>561,138</u> |
| Current assets | 流動資產 | | |
| Other receivables | 其他應收款項 | 5,534 | 299 |
| Bank balances and cash | 銀行結餘及現金 | 30,737 | 20,248 |
| | | <u>36,271</u> | <u>20,547</u> |
| Current liabilities | 流動負債 | | |
| Other payables | 其他應付款項 | 2,972 | 2,876 |
| Net current assets | 流動資產淨值 | <u>33,299</u> | <u>17,671</u> |
| Total assets less current liabilities | 資產總值減流動負債 | <u>591,833</u> | <u>578,809</u> |
| Capital and reserves | 資本及儲備 | | |
| Share capital | 股本 | 200,000 | 200,000 |
| Reserves (note) | 儲備(附註) | 391,833 | 378,809 |
| | | <u>591,833</u> | <u>578,809</u> |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

39. BALANCE SHEET OF THE COMPANY (continued) 39. 本公司之資產負債表 (續)

Note:

附註:

| | | Share premium 股份溢價 HK\$'000 千港元 | Accumulated profits 累計溢利 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|----------------------------|----------------------|---|---|--------------------------------|
| At 1 January 2004 | 於二零零四年一月一日 | 336,758 | 24,153 | 360,911 |
| Dividend paid | 已派股息 | - | (45,000) | (45,000) |
| Profit for the year | 年內溢利 | - | 62,898 | 62,898 |
| At 31 December 2004 | 於二零零四年十二月三十一日 | 336,758 | 42,051 | 378,809 |
| Dividend paid | 已派股息 | - | (61,000) | (61,000) |
| Profit for the year | 年內溢利 | - | 74,024 | 74,024 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | 336,758 | 55,075 | 391,833 |

40. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2005 are as follows:

40. 附屬公司詳情

於二零零五年十二月三十一日，本公司附屬公司詳情如下：

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | | Principal activity 主要業務 |
|---|--|--|--|---|------|---|
| | | | | Attributable to the Group 本集團應佔 | | |
| Shanghai Natural Beauty Cosmetics Company Limited 上海自然美化妝品 有限公司 | PRC 中國大陸 | Foreign investment enterprise with limited liability 有限責任外資企業 | US\$29,980,000 美金29,980,000元 | 100% | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及 美容產品 |
| Shanghai Natural Beauty Sanlian Cosmetics Company Limited 上海自然美三聯化妝品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB8,000,000 人民幣8,000,000元 | 90% | 90% | Wholesale and retail of skin care and beauty products; provision of beauty treatments 批發及零售護膚及 美容產品；提供 美容護理服務 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|--|--|--|--|---|---------------------------------------|---|
| Shanghai Natural Beauty Qingbo Cosmetics Company Limited 上海自然美清波化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB5,000,000 人民幣5,000,000元 | 90% | 90% | Wholesale and retail of skin care and beauty products 批發及零售護膚及 美容產品 |
| Shanghai Natural Beauty Fansi Jewellery Company Limited 上海自然美梵斯珠寶 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB500,000 人民幣500,000元 | 90% | 90% | Sale of jewellery, craftwork, adornment, leather and horologe 銷售珠寶、工藝品、 裝飾品、皮革及 鐘錶 |
| Xi An Natural Beauty Mingyu Cosmetics Company Limited 西安自然美明宇化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB3,000,000 人民幣3,000,000元 | 90% | 81% | Sale of skin care and beauty products and related instruments; provision of skin care and beauty consulting 銷售護膚及美容產品 及美容器材等； 提供皮膚護 理及美容諮詢 |
| Qingdao Natural Beauty Ornaments Company Limited 青島自然美飾品有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB4,000,000 人民幣4,000,000元 | 90% | 81% | Sale of skin care and beauty products and adornment 銷售護膚及美容 產品及裝飾品 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|--|--|--|--|---|---------------------------------------|---|
| Nanjing Natural Beauty Cosmetics Company Limited 南京自然美化粧品有限 責任公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,000,000 人民幣2,000,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Chengdu Natural Beauty Cosmetics Company Limited 成都自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,500,000 人民幣2,500,000元 | 90% | 81% | Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting and training 銷售護膚及美容產 品; 提供美容護理 和護膚以及美容 諮詢及培訓 |
| Hainan Natural Beauty Cosmetics Company Limited 海南自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,500,000 人民幣2,500,000元 | 90% | 81% | Sale of skin care and beauty products; provision of beauty treatments and beauty consulting and training 銷售護膚及美容 產品; 提供美容 護理和美容諮詢 及培訓 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情(續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|---|--|--|--|---|---------------------------------------|---|
| Shenzhen Natural Beauty Cosmetics Company Limited 深圳市自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB4,000,000 人民幣4,000,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Haerbin Sanlian Natural Beauty Cosmetics Company Limited 哈爾濱三聯自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,000,000 人民幣1,000,000元 | 80% | 72% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Ningbo Hai Shu Natural Beauty Cosmetics Company Limited 寧波海曙自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB3,500,000 人民幣3,500,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Wuhan Natural Beauty Cultural Development Company Limited 武漢自然美容文化發展 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,500,000 人民幣2,500,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Tianjin Natural Beauty Cosmetics Company Limited 天津自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,000,000 人民幣2,000,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|--|--|--|--|---|---------------------------------------|---|
| Wenzhou Natural Beauty Cosmetics Company Limited 溫州市自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB2,000,000 人民幣2,000,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Beijing Natural Beauty Cosmetics Company Limited 北京自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB20,000,000 人民幣20,000,000元 | 80% | 72% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Kunshan Natural Beauty Sanlian Cosmetics Company Limited 昆山自然美三聯化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,500,000 人民幣1,500,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Changchun Natural Beauty Cosmetics Company Limited 長春自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,500,000 人民幣1,500,000元 | 90% | 81% | Sale of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 銷售護膚及美容 產品; 提供美容 護理服務和護膚 及美容諮詢 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|---|--|--|--|---|---------------------------------------|--|
| Mudanjiang Natural Beauty Cosmetics Company Limited 牡丹江市自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB800,000 人民幣800,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Lanzhou Natural Beauty Cosmetics Company Limited 蘭州自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,000,000 人民幣1,000,000元 | 90% | 81% | Sale of cosmetic products and provision of beauty treatments 銷售彩粧產品及 提供美容護理 |
| Anshan Natural Beauty Cosmetics Company Limited 鞍山市自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,000,000 人民幣1,000,000元 | 90% | 81% | Sale of skin care and beauty products and related instruments; provision of skin care and beauty consulting 銷售護膚及美容 產品及美容器材; 提供護膚及美容 諮詢 |
| Suzhou Natural Beauty Cosmetics Company Limited 蘇州自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,200,000 人民幣1,200,000元 | 90% | 81% | Sale of skin care and beauty products and related instruments 銷售護膚及美容 產品及美容器材 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|--|--|--|--|---|---------------------------------------|--|
| Kunming Natural Beauty Cosmetics Company Limited 昆明自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,000,000 人民幣1,000,000元 | 90% | 81% | Wholesale and retail of skin care and beauty products; provision of beauty treatments and skin care and beauty consulting 批發及零售護膚及 美容產品; 提供 美容護理和護膚 及美容諮詢 |
| Fuzhou Natural Beauty Cosmetics Company Limited 福州自然美化粧品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB1,500,000 人民幣1,500,000元 | 90% | 81% | Wholesale and retail of skin care and beauty products and related instruments; provision of skin care and beauty consulting 批發及零售護膚及 美容產品及美容 器材; 提供護膚及 美容諮詢 |
| 上海自然美富儂化妝品 有限公司 | PRC 中國大陸 | Limited liability joint venture enterprise 有限責任合營企業 | RMB500,000 人民幣500,000元 | 90% | 81% | Wholesale and retail of skin care and beauty products 批發及零售護膚及 美容產品 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|---|--|--|--|---|---------------------------------------|--|
| Shanghai Full-Beauty Cosmetics Company Limited 上海富麗化粧品有限公司 | PRC 中國大陸 | Foreign investment enterprise with limited liability 有限責任外資企業 | US\$1,408,000 美金1,408,000元 | 100% | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及 美容產品 |
| Tsai Yen Ping Natural Beauty Cosmetics (Shanghai) Company Limited 蔡燕萍自然美化化粧品 (上海)有限公司 | PRC 中國大陸 | Foreign investment enterprise with limited liability 有限責任外資企業 | US\$180,000 美金180,000元 | 100% | 100% | Investment holding 投資控股 |
| Natural Beauty Cosmetics Company Limited 自然美化化粧品股份 有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$670,000,000 新台幣670,000,000元 | 100% | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及 美容產品 |
| Tian Ran Mei Bio- Technology Company Limited 天然美生物科技股份 有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$32,000,000 新台幣32,000,000元 | 100% | 100% | Production and sale of skin care and beauty products 生產及銷售護膚及 美容產品 |
| Da Shun Development Company Limited 達順開發股份有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$90,000,000 新台幣90,000,000元 | 100% | 100% | Investment holding 投資控股 |
| Jiun Yuh Investment Company Limited 駿鈺投資股份有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$174,681,140 新台幣174,681,140元 | 100% | 100% | Investment holding 投資控股 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|--|--|--------------------------------------|--|---|---------------------------------------|--|
| | | | | 本公司及 其附屬公司 所持已發行 股本面值比例 | | |
| Huei Yao Investment Company Limited 輝耀投資股份有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$234,681,140 新台幣234,681,140元 | 100% | 100% | Investment holding 投資控股 |
| Wan Fang Investment Company Limited 萬方投資股份有限公司 | Taiwan 台灣 | Limited liability company 有限公司 | NT\$242,681,140 新台幣242,681,140元 | 100% | 100% | Investment holding 投資控股 |
| Belem Holdings Sdn. Bhd. company | Malaysia 馬來西亞 | Limited liability company 有限公司 | MYR123,235,408 Class B shares MYR10,000 Class A shares B股馬來西亞幣 123,235,408元 A股馬來西亞幣 10,000元 | 100% | 100% | Investment holding 投資控股 |
| Billion Synergy Sdn. Bhd. | Malaysia 馬來西亞 | Limited liability company 有限公司 | MYR2 馬來西亞幣2元 | 100% | 100% | Wholesale of skin care and beauty products 批發護膚及美容產品 |
| Ice Crystal Management Limited 水晶管理有限公司 | British Virgin Islands ("BVI") 英屬維爾京群島 (「英屬維爾京 群島」) | Limited liability company 有限公司 | US\$52,000 美金52,000元 | 100% | 100% | Investment holding 投資控股 |
| Great Glamour Company Limited | BVI 英屬維爾京群島 | Limited liability company 有限公司 | US\$50,000 美金50,000元 | 100% | 100% | Investment holding 投資控股 |

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元為單位)

40. PARTICULARS OF SUBSIDIARIES (continued)

40. 附屬公司詳情 (續)

| Name of company 公司名稱 | Place of incorporation and operations 註冊成立及 經營地點 | Kind of legal status 法定身分 | Registered capital/ issued and fully paid ordinary share capital 註冊資本/ 已發行及繳足 普通股本 | Proportion of nominal value of issued capital held by the Company and its subsidiaries 本公司及 其附屬公司 所持已發行 股本面值比例 | Attributable to the Group 本集團應佔 | Principal activity 主要業務 |
|---|--|--------------------------------------|--|---|---------------------------------------|--|
| Next Success International Limited | BVI 英屬維爾京群島 | Limited liability company 有限公司 | US\$100 美金100元 | 100% | 100% | Investment holding 投資控股 |
| Fortune Investment Global Limited | BVI 英屬維爾京群島 | Limited liability company 有限公司 | US\$50,000 美金50,000元 | 100% | 100% | Investment holding 投資控股 |
| Natural Beauty Bio-Technology (Hong Kong) Company Limited 自然美生物科技(香港) 有限公司 | Hong Kong 香港 | Limited liability company 有限公司 | HK\$10,000 10,000港元 | 100% | 100% | Sale of cosmetic products and provision of beauty treatments 銷售化粧品及 提供美容護理 |

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

於年終或年內任何時間，概無附屬公司有任何尚未償還債務證券。