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natural beauty

Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

**(1) GRANT OF OPTIONS**  
**(2) PROPOSED AMENDMENTS TO THE EXISTING SHARE OPTION SCHEME**  
**(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND**  
**(4) PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME**

The Board announces that on 4 April 2011, the Company granted options to the Grantees pursuant to the Existing Share Option Scheme to subscribe for up to an aggregate maximum of 90,895,381 Shares, amongst which, an option to subscribe for up to an aggregate maximum of 40,042,019 Shares was granted to Mr. Tseng, the chief executive of the Company. The grant of Options to Mr. Tseng is subject to the approval by the Independent Shareholders at the AGM.

The Board also proposes to amend certain terms of the Existing Share Option Scheme at the AGM.

The Board further proposes to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme.

## I. INTRODUCTION

This announcement is made pursuant to Rule 17.06A of the Listing Rules on the Stock Exchange.

The Board proposes to seek the Independent Shareholders' approval at the AGM on the grant of the Options to Mr. Tseng to subscribe for an aggregate of up to a maximum of 40,042,019 Option Shares pursuant to the Existing Share Option Scheme (representing approximately 2.00% of the issued share capital of the Company as at the date of this announcement and approximately 1.91% of the issued capital of the Company on a fully diluted basis).

The Board also proposes to seek Shareholders' approval at the AGM to amend certain terms of the Existing Share Option Scheme.

The Board further proposes to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme.

## II. PROPOSED GRANT OF OPTIONS TO MR. TSENG

The Board announces that on 4 April 2011, the Company granted options to the Grantees pursuant to the Existing Share Option Scheme to subscribe for up to an aggregate maximum of 90,895,381 Shares, amongst which, an option to subscribe for up to an aggregate maximum of 40,042,019 Shares was granted to Mr. Tseng, the chief executive of the Company. The grant of Options to Mr. Tseng is subject to the approval by the Independent Shareholders at the AGM. Details of the options are set out below:

Date of grant	:	4 April 2011 (the “ <b>Date of Grant</b> ”)
Subscription price of options granted	:	HK\$1.90 per Share
Total number of Shares which may be issued upon full exercise of the options and the approximate percentage in the issued share capital of the Company	:	90,895,381 Shares representing 4.540% of the issued share capital of the Company as at the date of this announcement
Closing price of the Shares on the Date of Grant	:	HK\$1.90 per Share
Validity period of the options	:	10 years from Date of Grant

Vesting Period of the options : The options will vest over 4 years (the “**Vesting Period**”) commencing from the date falling on the publication of the audited financial results of the Group for the financial year 2011 at the rate of up to a maximum of 40% for the first year and up to a maximum of 20% for each of the following three years, subject to (i) the achievement of the performance targets for each financial year as determined by the Board at its sole discretion, and (ii) the relevant Grantee remaining as an Eligible Person at the time of each vesting of the options as follows:

- a maximum of 40% of the options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2011, subject to achieving all performance as stipulated by the Board for that year;
- an additional maximum of 20% of the options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2012, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 60% of the options will then be vested and become exercisable, which includes up to the maximum of 40% of the options vested for the financial year 2011;
- an additional maximum of 20% of the options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2013, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 80% of the options will then be vested and become exercisable, which includes the aggregate up to the maximum of 60% of the options vested for the financial years 2011 and 2012; and

- the remaining maximum of 20% of the options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2014, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 100% of the options will then be vested and become exercisable, which includes the aggregate up to the maximum of 80% of the options vested for the financial years 2011, 2012 and 2013

Performance targets : To be notified by the Company in writing separately

For the purpose of calculating the proportion of the option vested in any financial year, if the actual performances of the Company for that year (the “**First Year**”) is lower than the performance targets of the First Year, but the cumulative actual performances of the Company for the First Year and the following year meets or exceeds the cumulative performance targets of such two consecutive years, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) will be vested for each such year. If the cumulative actual performances of the Company for the First Year and the following year does not meet the cumulative performance targets of such two consecutive years, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) with respect to the First Year will not be vested and will lapse, and the option entitlement of the Grantees will be reduced by that percentage accordingly and in such circumstances, if the actual performances of the Company in the following year alone meets or exceeds the performance targets of such year, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) for the following year will be vested, otherwise if the actual performances of the Company in the following year alone also does not meet the performance targets of such year, the performances in such year (except the last year) will be taken into account and treated as the First Year to be considered together with the performances in the next following year, and the processes shall be repeated accordingly in the coming years.

A total of 90,895,381 options were granted to the chief executive of the Company and seventeen other employees and senior management of the Group, details of which are set out below:

<b>Grantees</b>	<b>Position held with the Company</b>	<b>Number of options granted</b>
Mr. Tseng	Chief executive officer	40,042,019
Others (total 17 Grantees other than Mr. Tseng)	Employees or senior management of the Group	<u>50,853,362</u>
<b>Total</b>		<b><u>90,895,381</u></b>

Save as disclosed above, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective Associate(s).

Under Rule 17.04(1) of the Listing Rules and the Existing Share Option Scheme, each grant of options to a Director, chief executive or substantial shareholder of the Company, or any of their respective Associates, must be approved by the independent non-executive Directors.

All independent non-executive Directors attending the Board meeting held on 4 April 2011 voted in favour of the resolutions approving the grant of the Options to Mr. Tseng, subject to the approval of the grant of the Options at the AGM.

As the Option Shares to be issued to Mr. Tseng upon exercise in full of the Options by him are in excess of the Maximum Limit, according to Rule 17.03(4) of the Listing Rules, approval of the Independent Shareholders is required for the grant of the Options to Mr. Tseng. As at the date of this announcement, neither Mr. Tseng nor his Associates holds any Share and as a result, they are not entitled to vote on the resolution approving the proposed grant of Options to Mr. Tseng at the AGM.

### **III. AMENDMENT TO THE TERMS OF THE EXISTING SHARE OPTION SCHEME**

The Existing Share Option Scheme was adopted on 11 March 2002 and will expire on 10 March 2012. The Directors propose to amend the Existing Share Option Scheme in relation to, inter alia, the circumstances giving rise to the rights of grantees to exercise the options and the circumstances whereby the options granted shall lapse. As the proposed amendments are considered to be material in nature and to the advantages of the Grantees, according to Notes (1) and (2) to Rule 17.03(18) of the Listing Rules, any such amendments shall be approved by Shareholders at a general meeting. The Directors therefore propose to seek Shareholders' approval of the proposed amendments to the Existing Share Option Scheme at the AGM.

According to the Existing Share Option Scheme, if any proposed amendment to the Existing Share Option Scheme is to the advantage of grantees or prospective grantees, to the extent that they are also Shareholders and eligible to vote in the proposed amendments, such grantees or prospective grantees and their Associates shall abstain from voting in the resolutions proposed for the amendments. Save and except Mr. Chan Yan Kwan Andy, Mr. Wang Kuang-Jui, Ms. Chu Pin-Chan and Ms. Yuan Mei Ying who are Shareholders and shall, together with their Associates (in aggregate holding 739,437 Shares representing 0.037% of the issue share capital of the Company as at the date of this announcement), abstain from voting in the relevant resolution, no Shareholder will be required to abstain from voting for the resolution to approve the same.

If the Shareholders approve the amendments to the terms of the Existing Share Option Scheme at the AGM, all options granted pursuant to the Existing Share Option Scheme will be subject to the Existing Share Option Scheme as amended and varied. Alternatively if the Shareholders do not approve the amendments to the Existing Share Option Scheme at the AGM, all options granted will be subject to the terms of the Existing Share Option Scheme as they are at the date of this announcement.

#### **IV. ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

The Directors proposed to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme. As the Existing Share Option Scheme will expire in 2012, the adoption of the New Share Option Scheme with a validity period of 10 years gives the Company more flexibility in its long term planning of rewarding employees or senior management of the Group by way of grant of share options to Eligible Persons. As at the date of this announcement, save as those options granted at the Board meeting held on 4 April 2011, there are no outstanding options granted under the Existing Share Option Scheme.

Notwithstanding the termination of the Existing Share Option Scheme, the provisions of the Existing Share Option Scheme (as amended and varied subject to the approval by the Shareholders of the amendments to the Existing Share Option Scheme) shall remain full force and effect to the extent necessary to give effect to the exercise of any option granted pursuant thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme (as amended and varied) and the options granted prior to the termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme (as amended and varied).

Adoption of the New Share Option Scheme is conditional upon (i) the approval by the Shareholders to adopt the New Share Option Scheme at the AGM, and (ii) the Stock Exchange granting approval to the listing of and permission to deal in the Shares which may be issued upon the exercise of the options granted under the New Share Option Scheme. Save and except the termination of the Existing Share Option Scheme is conditional on the adoption of the New Share Option Scheme by the Shareholders at the AGM, the grant of options, amendment of the Existing Share Option Scheme, adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are not inter-conditional upon one another.

The Company will make application to the Stock Exchange to seek for approval of the listing of, and permission to deal in, Shares which may be issued pursuant to the exercise of the options which may be granted under the New Share Option Scheme.

No Shareholder has a material interest in the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme that will be required to abstain from voting for the resolution to approve the same.

## V. GENERAL

The Circular containing, amongst other things, (i) the letter from the Board containing further details of the grant of Options to Mr. Tseng; (ii) details of the proposed amendments to the terms of the Existing Share Option Scheme; (iii) the summary of the principal terms of the New Share Option Scheme; and (iv) the notice of AGM, will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

## VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“AGM”	the annual general meeting of the Company to be held at 3:00 p.m. on 13 May 2011 (Friday) at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and if thought fit, approving, inter alia, the resolutions proposed in the Circular
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“chief executive”	has the meaning ascribed to it under the Listing Rules
“Circular”	the circular of the Company in relation to the AGM to be despatched to Shareholders containing, amongst others, further details as to the grant of Options to Mr. Tseng, proposed amendments to the terms of the Existing Share Option Scheme and the terms of the New Share Option Scheme
“Company”	Natural Beauty Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange

“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any full-time employee of the Group and any executive or non-executive director of the Group at the time when an Option is granted to such person as determined by the Board at its absolute discretion, and shall include the Chief Executive upon the Shareholders approving the proposed amendments to the terms of the Existing Share Option Scheme at the AGM
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 11 March 2002
“Grantees”	Mr. Tseng and 17 other employees and senior management of the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Tseng and his Associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Limit”	the maximum limit of Shares issued and to be issued upon the exercise of the share options granted to any grantee (including both exercised and outstanding share options) in any 12-month period under the Existing Share Option Scheme, representing 1% of the Shares in issue
“Mr. Tseng”	Mr. John Hsin Sheng TSENG, the chief executive officer of the Company
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM
“Options”	the options proposed to be granted to Mr. Tseng under the Existing Share Option Scheme to subscribe for up to 40,042,019 Shares, subject to approval by the Independent Shareholders at the AGM
“Option Share(s)”	the Shares which Mr. Tseng are entitled to subscribe for upon the exercise of the Options, subject to the terms of the grant of the Options



“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By order of the Board  
**Natural Beauty Bio-Technology Limited**

Hong Kong, 4 April 2011

*As at the date of this announcement, the Board comprises Dr. Tsai Yen-Yu and Mr. Lee Ming-Ta as executive Directors, Dr. Su Chien-Cheng, Dr. Su Sh-Hsyu, Mr. Patrick Thomas Siewert, Mr. Gregory Michael Zeluck, Ms. Feng Janine Junyuan and Ms. Ng Shieu-Yeing Christina as non-executive Directors and Mr. Francis Goutenmacher, Ms. Su-Mei Thompson, Mr. Chen Ruey-Long and Mr. Yang Tze-Kaing as independent non-executive Directors.*