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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)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TENANCY AGREEMENTS

The Board announces that on 29 October 2012, (a) the Renewed Taipei Tenancy Agreement was entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord; and (b) the Renewed Pa-Der Tenancy Agreement was entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord.

Each of Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng, executive directors of the Company, is a party to an agreement to which section 317 of the SFO applies in relation to 65.63% interest in the entire issued share capital of the Company as at the date such agreement was entered into. As such, both Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng are connected persons of the Group and the transactions contemplated under the Renewed Tenancy Agreements constitute continuing connected transactions of the Company.

Since the relevant percentage ratios (other than profits ratio) calculated on an annual basis by reference to the maximum aggregate sum of rentals payable by the Group under the Renewed Tenancy Agreements and the Existing Tenancy Agreements (where applicable) is greater than 0.1% but less than 5.0%, in accordance with Rule 14A.34 of the Listing Rules, these tenancy agreements are only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and are exempted from the independent shareholders' approval requirement.

INTRODUCTION

Reference is made to the Announcement. The lease under the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement will expire on 31 October 2012 and 31 December 2012 respectively. With a view to renew the respective term of such leases, the parties to the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement entered into the Renewed Taipei Tenancy Agreement and the Renewed Pa-Der Tenancy Agreement respectively. The details of the Renewed Tenancy Agreements are set out below:

THE PRINCIPAL TERMS OF THE RENEWED TENANCY AGREEMENTS

(1) The Renewed Taipei Tenancy Agreement:

Date : 29 October 2012

Landlord : Dr. Tsai Yen-Yu

Tenant : Taiwan NB

Premises : The Taipei Premises

Area : A total gross floor area of approximately 2,677.84 square metres

Term : Two years commencing on 1 November 2012 and expiring on 31 October 2014, both dates inclusive

Rental : TWD2,250,000 (equivalent to approximately HK\$596,026) per calendar month inclusive of government taxes but exclusive of gas, electricity and water charges, and all other outgoings

Deposit : Nil

(2) The Renewed Pa-Der Tenancy Agreement:

Date : 29 October 2012

Landlord : Dr. Su Chien-Cheng

Tenant : Taiwan NB

Premises : The Pa-Der Premises

Area : A total gross floor area of approximately 229.32 square metres

Term : Two years commencing on 1 January 2013 and expiring on 31 December 2014, both dates inclusive

Rental : TWD75,000 (equivalent to approximately HK\$19,868) per calendar month inclusive of government taxes but exclusive of gas, electricity and water charges, and all other outgoings

Deposit : Nil

THE IMPLICATIONS UNDER THE LISTING RULES

Each of Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng, executive directors of the Company, is a party to an agreement to which section 317 of the SFO applies in relation to 65.63% interest in the entire issued share capital of the Company as at the date such agreement was entered into. As such, both Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng are connected persons of the Group and the transactions contemplated under the Renewed Tenancy Agreements constitute continuing connected transactions of the Company.

Since the Existing Tenancy Agreements, details of which are set out in the Announcement, and the Renewed Tenancy Agreements were entered into between (i) a Group company as tenants; and (ii) landlords who are associated with each other, the tenancies under the Existing Tenancy Agreements and the Renewed Tenancy Agreements may be regarded as a series of transactions under Rules 14A.25 of the Listing Rules. Accordingly, the annual cap for the rentals payable by the Group under these tenancies shall be aggregated for the purpose of calculating the applicable percentage ratios under the Listing Rules. Based on the rents payable per month as set out in the Existing Tenancy Agreements and the Renewed Tenancy Agreements, the breakdown of the annual cap payable by the Group thereunder is as follows:

	Year ending 31 December 2012 <i>HK\$</i>	Year ending 31 December 2013 <i>HK\$</i>	Year ending 31 December 2014 <i>HK\$</i>
Taipei Tenancy Agreement (expiring on 31 October 2012)	5,960,260	-	-
Pa-Der Tenancy Agreement (expiring on 31 December 2012)	238,416	-	-
Renewed Taipei Tenancy Agreement	1,192,052	7,152,312	5,960,260
Renewed Pa-Der Tenancy Agreement	-	238,416	238,416
Total:	<u>7,390,728</u>	<u>7,390,728</u>	<u>6,198,676</u>

Other than the Existing Tenancy Agreements, the Group has not entered into any other continuing connected transactions that are still subsisting with the landlords of the Renewed Tenancy Agreements and/or their respective associates within the 12-months period preceding the execution date of the Renewed Tenancy Agreements.

Since the relevant percentage ratios (other than profits ratio) calculated on an annual basis by reference to the maximum aggregate sum of rentals payable by the Group under the Renewed Tenancy Agreements and the Existing Tenancy Agreements (where applicable) is greater than 0.1% but less than 5.0%, in accordance with Rule 14A.34 of the Listing Rules, these tenancy agreements are only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and are exempted from the independent shareholders' approval requirement.

REASON FOR THE TRANSACTIONS

The Taipei Premises has been used as the headquarters and a training and spa centre of the Group in Taipei, Taiwan, providing a one-stop location for administration, training of franchisees as well as operation of the flagship store in Taiwan.

The terms of the Renewed Taipei Tenancy Agreement were negotiated on an arm's length basis between the parties thereto with reference to the prevailing market value of the monthly rental of the Taipei Premises ranging from TWD2,250,968 to TWD2,391,526 (equivalent to approximately HK\$596,283 to HK\$633,517), as assessed by Euro-Asia.

The Pa-Der Premises has been used as a spa centre of the Group in Taipei, Taiwan.

The terms of the Renewed Pa-Der Tenancy Agreement were negotiated on an arm's length basis between the parties thereto with reference to the prevailing market value of the monthly rental of the Pa-Der Premises ranging from TWD70,983 to TWD77,436 (equivalent to approximately HK\$18,803 to HK\$20,513), as assessed by Euro-Asia.

The directors of the Company (excluding Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng, Mr. Lee Ming-Ta (husband of Dr. Tsai Yen-Yu) and Dr. Su Sh-Hsyu (daughter of Dr. Tsai Yen-Yu and sister of Dr. Su Chieng-Cheng), who abstained from participating in the approval of the Renewed Tenancy Agreements due to conflict of interest), including the independent non-executive directors of the Company consider that the terms of the Renewed Tenancy Agreements were entered into in the usual and ordinary course of business of the Group, were negotiated and conducted by the Group on an arm's length basis and on normal commercial terms, and such terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FUNDING OF THE RENTALS

The rentals payable under the Renewed Tenancy Agreements will be satisfied by the internal resources of the Group.

INFORMATION ABOUT THE COMPANY AND TAIWAN NB

The Company

The Company is listed on the Main Board of the Stock Exchange and is principally engaged in manufacture and distribution of beauty and spa products, and operation of a spa franchise network in the Greater China Region.

Taiwan NB

Taiwan NB is a company incorporated in Taiwan with limited liability and is an indirect wholly-owned subsidiary of the Company. It is engaged in the distribution of beauty and spa products to its subsidiaries and franchise stores in Taiwan.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Announcement”	the announcement of the Company dated 29 October 2010 in relation to the Existing Tenancy Agreements
“Board”	the board of directors of the Company

“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 (Stock Code : 00157)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Euro-Asia”	Euro-Asia Real Estate Appraiser Firm, a licensed independent real estate appraiser in Taiwan
“Existing Tenancy Agreements”	collectively, the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement
“Greater China Region”	PRC, Hong Kong and Taiwan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pa-Der Premises”	the premises at 7/F, No. 439, Section 2, Pa-Der Road, Taipei, Taiwan
“Pa-Der Tenancy Agreement”	the tenancy agreement dated 29 October 2010 entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Renewed Pa-Der Tenancy Agreement”	the tenancy agreement dated 29 October 2012 entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord on terms similar to the Pa-Der Tenancy Agreement
“Renewed Taipei Tenancy Agreement”	the tenancy agreement dated 29 October 2012 entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord on terms similar to the Taipei Tenancy Agreement
“Renewed Tenancy Agreements”	collectively, the Renewed Taipei Tenancy Agreement and the Renewed Pa-Der Tenancy Agreement
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipei Premises”	the premises at No. 8 of Jhuangjing Road and 2/F, 2/F-1, 3/F & 4/F of No. 9 Songqin Street, Sinyi District, Taipei, Taiwan

“Taipei Tenancy Agreement”	the tenancy agreement dated 29 October 2010 entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord
“Taiwan”	Republic of China (Taiwan)
“Taiwan NB”	自然美生物科技股份有限公司 (Natural Beauty Bio-Technology Company Limited), a company with limited liability incorporated in Taiwan and is an indirect wholly-owned subsidiary of the Company
“TWD”	Taiwan Dollar, the lawful currency of Taiwan

Unless otherwise stated, for illustration purpose, the exchange rate used in this announcement is HK\$1.00 to TWD3.7750.

By Order of the Board
Natural Beauty Bio-Technology Limited

As at the date of this announcement, the Board comprises Dr. Tsai Yen-Yu, Mr. Lee Ming-Ta, Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu as executive directors, Mr. Patrick Thomas Siewert, Ms. Janine Junyuan Feng, Ms. Christina Shieu-Yeing Ng and Mr. Poon Yee Man Alwin 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.

Hong Kong, 29 October 2012