自然美
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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS:

- Turnover decreased by 9.1% to HK$439.4 million.
- Net profit decreased by 34.7% if all stock option expenses and reversal were excluded in both years.
- Final dividend for the year ended 31 December 2013 of HK$0.0163 per share (2012: HK$0.0028 per share).

RESULTS

The directors of Natural Beauty Bio-Technology Limited ("**Natural Beauty**" or the "**Company**") are pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 together with the comparative figures for 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*4*	**439,421**	483,438
Cost of sales		**(106,321)**	(103,592)
Gross profit		**333,100**	379,846
Other income	*6*	**19,930**	20,641
Distribution and selling expenses		**(175,605)**	(189,581)
Administrative expenses			
– (Expense) reversal of share based payment		**(1,040)**	28,031
– Other administrative expenses		**(90,101)**	(73,083)
Other expenses		**(3,232)**	(10,603)
Profit before tax		**83,052**	155,251
Income tax expense	*7*	**(24,593)**	(36,143)
Profit for the year	*8*	**58,459**	119,108
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plan		**(3,384)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**9,774**	9,094
Total comprehensive income for the year		**64,849**	128,202
Profit (loss) for the year attributable to:			
Owners of the Company		**58,269**	119,268
Non-controlling interests		**190**	(160)
		58,459	119,108
Total comprehensive income (expense) attributable to:			
Owners of the Company		**64,662**	128,357
Non-controlling interests		**187**	(155)
		64,849	128,202
Earnings per share	*10*		
Basic and diluted		**HK2.9 cents**	HK6.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investment properties		**5,963**	5,962
Property, plant and equipment		**257,218**	272,762
Prepaid lease payments		**9,453**	9,465
Goodwill		**28,375**	27,643
Deposit paid for acquisition of land use right		**12,692**	12,303
Deferred tax assets		**974**	684
		314,675	328,819
Current assets			
Inventories		**47,047**	67,427
Trade and other receivables	*11*	**112,624**	55,071
Prepaid lease payments		**312**	302
Bank balances and cash		**507,409**	432,441
		667,392	555,241
Current liabilities			
Trade and other payables	*12*	**154,510**	115,327
Deferred income		**7,779**	5,927
Taxation payable		**18,544**	4,704
		180,833	125,958
Net current assets		**486,559**	429,283
Total assets less current liabilities		**801,234**	758,102
Non-current liability			
Retirement benefit obligations		**12,976**	10,106
		788,258	747,996
Capital and reserves			
Share capital		**200,210**	200,210
Reserves		**588,048**	547,973
Equity attributable to owners of the Company		**788,258**	748,183
Non-controlling interests		**–**	(187)
Total equity		**788,258**	747,996

Notes:

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands on 29 June 2001 as an exempted company with limited liability. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 March 2002. Its parent and ultimate parent are Standard Cosmos Limited and Starsign International Limited, respectively, and both were incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business in Hong Kong of the Company will be disclosed in the Corporate Information 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 consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKAS 19 Employee benefits (as revised in 2011)

In the current year, the Group has applied HKAS 19 "Employee benefits" (as revised in 2011) and the related consequential amendments for the first time. HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had no material impact on the amounts recognised in profit or loss and other comprehensive income in prior years. Accordingly, the Group has not restated the comparative amounts on retrospective basis.

New and revised HKFRSs in issue but not yet effective

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 14	Regulatory deferral accounts[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for annual periods beginning on or after 1 January 2016.

Annual improvements to HKFRSs 2010-2012 cycle

The annual improvements to HKFRSs 2010-2012 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the annual improvements to HKFRSs 2010-2012 cycle will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2011-2013 cycle

The annual improvements to HKFRSs 2011-2013 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and
(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the annual improvements to HKFRSs 2011-2013 cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the consolidated statement of financial position of the Group as at 31 December 2013, the directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities, however it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK (IFRIC) – INT 21 Levies

HK (IFRIC) – INT 21 “Levies” addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – INT 21 will have no effect on the Group’s consolidated financial statements as the Group does not have any levy arrangements.

4. REVENUE

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

	2013	2012
	HK$’000	*HK$’000*
Sales of goods	**434,220**	479,592
Service income	**5,201**	3,846
	439,421	483,438

5. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Chief Executive Officer of the Company, in order to allocate resources to the segment and to assess its performance. The Chief Executive Officer of the Company reviews internal reports which focus on geographical segments by location of customers for the purposes of resource allocation and assessment of segment performance. This is the basis upon which the Group is organised.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

1. The People’s Republic of China (“PRC”)

2. Taiwan

3. Others (Hong Kong, Malaysia and Macau)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2013

	PRC	**Taiwan**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**359,473**	**74,654**	**5,294**	**439,421**
Segment profit (loss)	**80,666**	**22,774**	**(7,454)**	**95,986**
Expense of share based payment				**(1,040)**
Unallocated corporate expenses				**(21,231)**
Unallocated income				**9,337**
Profit before tax				**83,052**

For the year ended 31 December 2012

	PRC	Taiwan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	379,582	97,516	6,340	483,438
Segment profit (loss)	114,099	31,487	(4,173)	141,413
Reversal of share based payment				28,031
Unallocated corporate expenses				(21,241)
Unallocated income				7,048
Profit before tax				155,251

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of equity-settled share based payments, central administration costs, directors' salaries and interest income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Other segment information

	PRC *HK$'000*	Taiwan *HK$'000*	Others *HK$'000*	Segment and consolidated total *HK$'000*
2013				
Amounts included in the measure of segment profit (loss):				
Depreciation of property, plant and equipment	**31,685**	**7,466**	**75**	**39,226**
Release of prepaid lease payments	**312**	**–**	**–**	**312**
Loss (gain) on disposal of property, plant and equipment	**1,736**	**(26)**	**–**	**1,710**
Allowance for obsolete inventories	**6,272**	**67**	**156**	**6,495**
Allowance (reversal of allowance) on trade receivables	**644**	**–**	**–**	**644**

	PRC *HK$'000*	Taiwan *HK$'000*	Others *HK$'000*	Segment and consolidated total *HK$'000*
2012				
Amounts included in the measure of segment profit (loss):				
Depreciation of property, plant and equipment	26,877	6,293	45	33,215
Release of prepaid lease payments	302	–	–	302
Loss on disposal of property, plant and equipment	2,468	1,571	–	4,039
Allowance (reversal of allowance) for obsolete inventories	8,440	363	(115)	8,688
Reversal of allowance on trade receivables	–	(228)	–	(228)

Geographical information

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 analysis of the Group's revenue by type of business for the year are set out in note 4.

The Group's non-current assets are presented based on the geographical location of the assets as detailed below:

	2013	2012
	HK$'000	*HK$'000*
The PRC	**256,568**	268,146
Taiwan	**57,344**	59,752
Others	**763**	921
	314,675	328,819

The Group has a very wide customer base, no single customer contributed more than 10% of the Group's revenue for each of the years ended 31 December 2012 and 2013.

6. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest on bank deposits	**9,337**	7,048
Rental income from investment properties	**150**	150
Rental income from other properties and equipment	**3,282**	2,946
Financial refunds *(Note)*	**6,965**	6,892
Increase in fair value of investment properties	**196**	653
Others	**–**	2,952
	19,930	20,641

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 from other taxes paid in the form of government grants by way of negotiation with the relevant finance bureau. However, the refunds are subject to review annually. It is therefore uncertain if these subsidiaries will continue to be eligible for such financial refunds in the future.

7. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
The charge comprises:		
Taxation in PRC		
Current year	**17,091**	18,209
(Over) underprovision in prior years	**(5,447)**	3,179
Withholding tax on dividends	**7,303**	12,918
	18,947	34,306
Taxation in Taiwan		
Current year	**2,216**	6,132
Under (over) provision in prior years	**172**	(1,578)
	2,388	4,554
Taxation in Hong Kong and other jurisdictions		
Current year	**3,786**	3,586
Under (over) provision in prior years	**20**	(451)
	3,806	3,135
Deferred taxation		
Current year	**(548)**	(5,852)
	24,593	36,143

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, dividend withholding tax is imposed at a rate of 10% on dividends declared in respect of profits earned by PRC subsidiaries that are received by non-PRC resident entities from 1 January 2008 onwards. Withholding tax on dividends of approximately HK$7,303,000 (2012: HK$17,703,000) was recognised.

Corporate Income Tax in Taiwan is charged at 17% in both years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

8. PROFIT FOR THE YEAR

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**5,578**	5,589
Other staff salaries and allowances	**100,618**	98,588
Retirement benefits scheme contributions, excluding directors:		
– defined contribution plans	**17,322**	18,092
– defined benefit plan	**497**	506
Expense (reversal) of share based payment	**1,040**	(28,031)
Total staff costs	**125,055**	94,744
Depreciation of property, plant and equipment	**39,226**	33,215
Cost of inventories recognised as an expense	**99,900**	94,904
Release of prepaid lease payments	**312**	302
Auditor's remuneration	**3,668**	3,365
Loss on disposal of property, plant and equipment	**1,710**	4,039
Research and development costs	**3,294**	3,469
Allowance for obsolete inventories, included in cost of sales	**6,495**	8,688
Bad debts recovered	**(446)**	(198)
Advertising and promotion expenses	**32,066**	48,069
Net exchange (gain) loss	**(2,395)**	3,074
Allowance (reversal of allowance) on trade receivables	**644**	(228)

9. DIVIDENDS

	2013 *HK$'000*	2012 *HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend, paid – HK$0.01 per share for 2013 (2012: HK$0.02 per share for 2012)	**20,021**	40,042
Final dividend, paid – HK$0.0028 per share for 2012 (2012: HK$0.05 per share for 2011)	**5,606**	100,105
	25,627	140,147

A final dividend of HK$0.0163 per share in respect of the year ended 31 December 2013 (2012: final dividend of HK$0.0028 per share in respect of the year ended 31 December 2012), amounting to HK$32,634,000 (2012: HK$5,606,000) in aggregate has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit attributable to the owners of the Company of approximately HK$58,269,000 (2012: HK$119,268,000) and on the number of 2,002,100,932 (2012: 2,002,100,932) ordinary shares of the Company in issue during the year.

The computation of diluted earnings per share for 2013 and 2012 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price in both years.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**85,216**	24,661
Less: allowance for doubtful debts	**(1,536)**	(1,338)
	83,680	23,323
Prepayments	**11,208**	12,135
Other receivables	**17,736**	19,613
Total trade and other receivables	**112,624**	55,071

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 net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition dates, at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 180 days	**83,680**	23,319
181 days to 365 days	**–**	4
	83,680	23,323

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**21,266**	18,005
Deposits from customers	**58,176**	30,815
Other tax payables	**8,116**	8,009
Accruals	**54,935**	49,037
Other payables	**12,017**	9,461
Total trade and other payables	**154,510**	115,327

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 180 days	**18,306**	14,000
181 days to 365 days	**1,087**	4,005
Over 365 days	**1,873**	–
	21,266	18,005

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover by geographical region	2013		2012		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
PRC	**359,473**	**81.81%**	379,582	78.5%	(20,109)	-5.3%
Taiwan	**74,654**	**16.99%**	97,516	20.2%	(22,862)	-23.4%
Others	**5,294**	**1.20%**	6,340	1.3%	(1,046)	-16.5%
Total	**439,421**	**100.0%**	483,438	100.0%	(44,017)	-9.1%

Turnover of the Group in 2013 decreased by 9.1% to HK$439.4 million compared with HK$483.4 million in 2012. The decline was mainly due to decline in product sales of HK$45.4 million, largely influenced by the weak consumer market in Taiwan, and rationalization of the franchised spas in China.

Turnover in the PRC market decreased by 5.3% from HK$379.6 million in 2012 to HK$359.5 million in 2013, whereas turnover in the Taiwan market declined from HK$97.5 million in 2012 to HK$74.7 million in 2013.

Sales in other regions, including Hong Kong, Malaysia and Macau, decreased by 16.5% from HK$6.3 million in 2012 to HK$5.3 million in 2013. Contributions of these regions to the Group's turnover remained insignificant, which accounted for 1.2% only.

The Group's overall gross profit margin declined from 78.6% in 2012 to 75.8% in 2013. This is because of various reasons, such as the inventory write-off for collagen drinks, lower counter mix for high-margin products, increasing product cost due to new packaging, and increased depreciation from the renovated self-owned spa.

Turnover by activities	2013	2012	Changes	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Products				
PRC	**356,892**	378,145	(21,253)	-5.6%
Taiwan	**72,034**	95,107	(23,073)	-24.3%
Others	**5,294**	6,340	(1,046)	-16.5%
Total	**434,220**	479,592	(45,372)	-9.5%
Services				
PRC	**2,581**	1,437	1,144	79.6%
Taiwan	**2,620**	2,409	211	8.8%
Others	**–**	–	–	N/A
Total	**5,201**	3,846	1,355	35.2%

Turnover by activities	2013		2012		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Products	**434,220**	**98.8%**	479,592	99.2%	(45,372)	-9.5%
Services	**5,201**	**1.2%**	3,846	0.8%	1,355	35.2%
Total	**439,421**	**100%**	483,438	100.0%	(44,017)	-9.1%

Products

The Group is principally engaged in manufacturing and sales of a range of products, including skin care, beauty, aroma-therapeutic products, health supplements and make-up products under the "Natural Beauty" brand. Product sales are the Group's key revenue source and primarily come from franchised spas, self-owned spas and concessionary counters at department stores. Product sales in 2013 amounted to HK$434.2 million, or 98.8% of the Group's total revenue, representing a decrease of HK$45.4 million when compared with sales of HK$479.6 million or 99.2% of the Group's total revenue in 2012. The decrease in product sales was mainly attributable to the decline of HK$21.3 million and HK$23.1 million in sales in the PRC and Taiwan market respectively.

Service income	**2013**		2012		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Training income	**342**	**6.6%**	222	5.8%	120	54.1%
SPA service income	**4,115**	**79.1%**	2,682	69.7%	1,433	53.4%
Others	**744**	**14.3%**	942	24.5%	(198)	-21.0%
Total	**5,201**	**100%**	3,846	100.0%	1,355	35.2%

Services

Service income is derived from the self-owned spas' services, training and other services.

The Group provides skin treatment, beauty and spa services through its self-owned spas. As at 31 December 2013, the Group has 1 self-owned spa in China and 3 self-owned spas in Taiwan.

Service income is solely derived from the Group's self-owned spas. The Group does not share any service income generated from spas run by franchisees under its current franchise arrangements. In 2013, service income increased by 35.2% to HK$5.2 million compared with HK$3.8 million in 2012. The increase was mainly due to the re-opening of a newly renovated self-owned spa in the fourth quarter in 2012 in China.

Other income

Other income decreased by 3.4%, or HK$0.7 million, from HK$20.6 million in 2012 to HK$19.9 million in 2013. Other income mainly comprised rental income from other properties, interest income and financial refunds, amounting to HK$3.3 million, HK$9.3 million and HK$7.0 million respectively in 2013.

Distribution and administrative expenses

Distribution and selling expenses as a percentage of the Group's turnover slightly increased to 40.0% in 2013 compared with 39.2% in 2012 due to higher depreciation and staff cost. Total expenses decreased by HK$14.0 million from HK$189.6 million in 2012 to HK$175.6 million in 2013. During 2013, the Group's strategy is to maintain a healthy inventory level of franchisees by assisting its franchises with sell through activities rather than brand building activities. Therefore, the Group decreased its advertising and promotion expenses by HK$16.0 million from HK$48.1 million in 2012 to HK$32.1 million in 2013. The Group intends to resume its brand building activities in 2014 and onwards to increase brand awareness.

Administrative expenses as a percentage of the Group's turnover increased to 20.7% in 2013 from 9.3% in 2012. Total administrative expenses increased by HK$46.1 million to HK$91.1 million in 2013. The increase in total administrative expenses in 2013 was mainly because of a reversal of non-cash management option expenses charged in previous year which amounted to HK$29.2 million. Other administrative expenses comprised increased severance pay due to organizational restructuring for operational efficiency which amounted to HK$2.7 million, product registration fee of HK$2.7 million, bad debt provision of HK$2.3 million and tax consultancy fee of HK$1.7 million.

Other expenses

Other expenses decreased from HK$10.6 million in 2012 to HK$3.2 million in 2013 by HK$7.4 million. The decrease was primarily attributable to lower exchange loss of HK$5.4 million and lower loss on disposal of property, plant and equipment which amounted to HK$2.3 million.

Profit before tax

Taking into account the decrease in gross profit, lower distribution and selling expenses, other income and other expenses, and increased administrative expenses, profit before tax decreased by 46.5% from HK$155.3 million in 2012 to HK$83.1 million in 2013. Our pre-tax profit margin decreased to 18.9% in 2013 from 32.1% in 2012 mainly due to lower gross profit margin and higher administrative expenses.

Taxation

Taxation expenses decreased by 31.9% from HK$36.1 million in 2012 to HK$24.6 million in 2013 due to lower profit before tax. The effective tax rates of the Group in 2012 and 2013 were 23.3% and 29.6% respectively. If all non-cash stock option expense and reversal were excluded in both years, the effective tax rates of the Group will be 28.4% and 29.2% in 2012 and 2013 respectively.

Profit for the year

Profit for the year decreased by 50.9% from HK$119.1 million in 2012 to HK$58.5 million in 2013. Profit for the year would have dropped by 34.7% if all non-cash stock option expenses and reversal were excluded in both years, from HK$91.1 million in 2012 to HK$59.5 million in 2013.

Liquidity and financial resources

Cash generated from operating activities in 2013 was approximately HK$108.3 million (HK$59.5 million in 2012). The increase was mainly due to the increase in working capital (decrease in inventory). As at 31 December 2013, the Group had bank balances and cash of approximately HK$507.4 million (HK$432.4 million as at 31 December 2012) with no external bank borrowing.

In terms of gearing, as at 31 December 2012 and 31 December 2013, the Group's gearing ratios were zero (defined as net debt divided by shareholders' equity) as the Group was in a net cash position on both year-end dates. Current ratios of the Group (defined as current assets divided by current liabilities) as at 31 December 2012 and 31 December 2013 were 4.4 times and 3.7 times respectively. As at 31 December 2013, the Group had no material contingent liabilities, other than those disclosed in its financial statements and notes thereto. With the cash and bank balances in hand, the Group's liquidity position remains strong and it has sufficient financial resources to finance its commitments and to meet its working capital requirements.

Treasury policies and exposure to fluctuations in exchange rates

Most of the Group's revenues are denominated in Renminbi and New Taiwan Dollars as its operations are mainly located in the PRC and Taiwan. As at 31 December 2013, approximately 79.1% (70.9% as at 31 December 2012) of the Group's bank balances and cash was denominated in Renminbi, while approximately 15.6% (21.3% as at 31 December 2012) in New Taiwan Dollars. The remaining 5.3% (7.8% as at 31 December 2012) was denominated in US Dollars, Hong Kong Dollars and Ringgit Malaysia. The Group continues to adopt a conservative approach in the management of foreign exchange risks. It reviews its foreign exchange risks periodically and uses derivatives to hedge against such risks whenever necessary.

BUSINESS REVIEW

Turnover by geographic region	**2013**	2012	Changes	
	HK$'000	*HK$'000*	*HK$'000*	*%*
PRC				
Products	**356,892**	378,145	(21,253)	-5.6%
Services	**2,581**	1,437	1,144	79.6%
PRC Total	**359,473**	379,582	(20,109)	-5.3%
Taiwan				
Products	**72,034**	95,107	(23,073)	-24.3%
Services	**2,620**	2,409	211	8.8%
Taiwan Total	**74,654**	97,516	(22,862)	-23.4%
Others				
Products	**5,294**	6,340	(1,046)	-16.5%
Services	**–**	–	–	N/A
Others Total	**5,294**	6,340	(1,046)	-16.5%

The PRC Market

Turnover in the market decreased by 5.3% in 2013 to HK$359.5 million compared with HK$379.6 million in 2012. The decline was mainly due to rationalizing the franchised spas (including slowing down new store opening) to ensure quality and increase their door productivity with measures such as maintaining healthy inventory level and assisting in sell through activities. Gross margin on product sales decreased from 80.7% in 2012 to 76.9% in 2013, as a result of (1) inventory write-off due to a collagen crisis and the introduction of stringent regulations related to food supplements, which amounted to HK$5.9 million; (2) lower channel mix of counter with higher margins; and (3) significant cost inflation, especially higher depreciation for newly renovated self-owned spa during 2013.

The Taiwan Market

Turnover for the Taiwan market also declined by 23.4% from HK$97.5 million in 2012 to HK$74.7 million in 2013 amid a slowdown in retail sales and economic growth. Gross margin on product sales decreased from 80.9% in 2012 to 63.0% in 2013 due to lower plant productivities which increased the product cost and inflated costs during the year.

Distribution channels

Store Number by Ownership	Franchisee owned Spa	Self owned Spa	Total Spa	Entrusted Counter	Self owned Counter	Total Counter	Grand Total
As at 31 December 2013							
Taiwan	270	3	273	–	–	–	273
PRC	1,099	1	1,100	12	18	30	1,130
Others	30	–	30	–	–	–	30
Total	1,399	4	1,403	12	18	30	1,433

Store Number by Ownership	Franchisee owned Spa	Self owned Spa	Total Spa	Entrusted Counter	Self owned Counter	Total Counter	Grand Total
As at 31 December 2012							
Taiwan	292	3	295	–	–	–	295
PRC	1,128	1	1,129	19	25	44	1,173
Others	30	–	30	–	–	–	30
Total	1,450	4	1,454	19	25	44	1,498

Average sales per store	**2013 Average store***	2012 Average store*	**2013 Average sales per store**	2012 Average sales per store	Changes	
			HK$	*HK$*	*HK$*	%
PRC	**1,151.5**	1,182.5	**312,000**	321,000	(9,000)	-2.8%
Taiwan	**284.0**	304.0	**263,000**	321,000	(58,000)	-18.1%
Group total**	**1,435.5**	1,486.5	**302,000**	321,000	(19,000)	-5.9%

* Average store number is calculated by (opening period total + closing period total)/2

** Group total does not include Hong Kong and Malaysia turnover and store count.

The Group derives its income principally from its network of distribution channels, including spas and concessionary counters at department stores. As at 31 December 2013, there were 1,403 spas and 30 concessionary counters, of these, 1,399 were franchised spas, 4 spas and 18 concessionary counters were directly operated by the Group. Franchised spas are owned by the franchisees who are responsible for the capital investment in these spas. They are obliged to use only Natural Beauty or "NB" products in their spas. A wide array of services, including hydrotherapy, facial treatment, body care and skin care analysis, are provided in all the spas, while skin care analysis is widely available at the concessionary counters at department stores.

Group-wide, a total of 46 new stores were opened and 111 stores were closed during 2013. Average sales per store decreased from HK$321,000 in 2012 to HK$302,000 in 2013.

Research and Development

The Group puts significant emphasis on research and development, which enables it to maintain its competitive edge, to continuously improve the quality of its existing products and develop new products. The Group has been collaborating with overseas skin-care companies on technological advancement. The biotechnology materials the Group uses for its NB products are imported from Europe, Japan and Australia. The Group's research and development team comprises a number of overseas consultants with experience and expertise in cosmetics, medicine, pharmacy and bio-chemistry. NB's products are constantly enhanced and modified by the application of new ingredients developed by the team. The Group draws on its collaboration of experts with different expertise and experiences, together with Dr. Tsai's 40-plus-year industry experience and knowledge to continue to create high-quality beauty and skin care products. NB principally uses natural ingredients to manufacture products and adopts special formulae to cater for the specific needs of women with delicate skin. NB products accommodate the natural metabolism of skin with long-lasting effects.

Natural Beauty has collaborated with a leading researcher in the field of human genome and stem cell technology for the development of an anti-aging NB-1 product family and other products for spot removal, whitening, allergy-resistance and slimming. The stem cell technology is patented in the United States to protect the uniqueness of the NB-1 products.

Products

The Group's flagship NB-1 product family includes the anti-aging NB-1 series, NB-1 Whitening series, NB-1 anti-allergy and NB-1 pore refining series. During 2013, over 409,000 sets/bottles (422,000 sets/bottles in 2012) of NB-1 family products were sold with turnover amounting to HK$177.4 million (HK$171.8 million in 2012) and accounting for more than 40% of the Group's total product sales recorded in 2013.

During 2013, the Group continued to enrich this product portfolio and launched 7 new skin care product sets, including eye care, facials, and body slim chest and lip kits in the PRC, to effectively support sales in the franchisees.

Human Resources

As at 31 December 2013, the Group employed a total of 682 employees, of whom 562 were based in the PRC, 116 in Taiwan and 4 in other countries and regions. Total remuneration (excluding directors' emoluments) during 2013 was approximately HK$119.5 million (HK$89.2 million in 2012), including retirement benefit related costs of HK$17.8 million (HK$18.6 million in 2012), and share option expenses of HK$1.1 million. Competitive remuneration packages are maintained to attract, retain and motivate capable staff members and are reviewed on a regular basis.

The Group maintains good relations with its employees and is committed to their training and development. Professional training courses are offered to beauticians employed by the Group and to franchisees on a regular basis.

In addition, the Group granted stock options to the Chief Executive Officer and other key employees on 10 May 2013 and 19 April 2013 respectively to subscribe for a maximum of 73,276,890 shares, which once vested, may be exercised by the holder prior to the expiry of 10 years from the date of grant of the options and at the earlier of, (a) the 9-year anniversary of the date of grant of the options and (b) the occurrence of a change in control of the Company. The options will vest over 4 years commencing from the date falling on the publication of the audited financial results of the Group for the financial year 2014 subject to the grantees achieving certain performance targets. During 2013, the Group adjusted HK$0.4 million of the old scheme and lapsed options for the employees who resigned in 2013. Share option expenses for the remaining grantees charged in 2013 amounted to HK$0.7 million (HK$1.2 million in 2012).

Capital Expenditures

The Group's major capital expenditure during 2013 related to its refurbishment work for its offices, IT infrastructure and machinery in its factories. Fixed assets investment decreased to HK$22.6 million in 2013 (HK$48.9 million in 2012), mainly representing the furniture, signage and IRIS system provided to new stores amounting to HK$5.8 million, equipment upgrade for franchise amounting to HK$7.0 million, upgrades to its PRC and Taiwan IT system amounting to approximately HK$4.6 million and the renovation to branches amounting to approximately HK$2.3 million.

OUTLOOK

The PRC government's continued plan for urbanization and household income growth should continue to fuel the long-term growth of China's domestic consumption which will be positive for the consumer market. However, results in short term are expected to remain volatile.

As such, we will continue to pursue a prudent growth strategy and implement the following strategies so as to proactively strengthen our position as a leading skin care brand and spa operator in the Greater China Region.

– We will focus on increasing the productivity of our existing franchisees by (a) building up direct management model, and (b) franchisee's background image and service to enhance our overall brand image.

– We will enhance our operational efficiency by streamlining our organisational structure, implementing a more integrated go-to-market process and improving our cost-controls measures.

– We will focus our marketing and promotional efforts on (a) empowering celebrity influence, (b) attracting young customer via E-commerce, and (c) execution of trade marketing events to enhance sell-through sales.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

Accordingly, the Board has established the audit committee, the remuneration committee and the nomination committee with defined terms of reference which are of no less exacting terms than those set out in the Corporate Governance Code and Corporate Governance Report (the "**Code on Corporate Governance**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). These committees are chaired by independent non-executive directors.

Audit Committee

The audit committee has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The audited financial statements of the Company for the year ended 31 December 2013 have been reviewed by the audit committee which is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Hong Kong Listing Rules, and that adequate disclosures have been made. The audit committee is authorised by the Board to investigate any activity within its terms of reference and to obtain outside legal or other independent professional advice.

Remuneration Committee

The remuneration committee has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The main duties of the remuneration committee include making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration, determining or making recommendations to the Board on the remuneration packages of individual executive directors and senior management.

Nomination Committee

The nomination committee has adopted terms of reference which are in line with the code provisions of the Code on Corporate Governance. The nomination committee is responsible for, including but not limited to, determining the policy for the nomination of directors, reviewing the structure, size, composition and diversity of the Board annually and making recommendation to the Board on the selection of candidates for directorships pursuant to the Board Diversity Policy. It also assesses the independence of independent non-executive directors.

Compliance with the Code on Corporate Governance Practices

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that, throughout the year 2013, the Company complied with the code provisions set out in the Code on Corporate Governance contained in Appendix 14 of the Hong Kong Listing Rules, except for the following deviations. The Company has also adopted the Board Diversity Policy pursuant to code provision A.5.6 of the Code on Corporate Governance as amended on 1 September 2013.

Code provision A.2.7

This code provision stipulates that the chairman should at least annually hold meeting with non-executive directors (including independent non-executive directors) without the executive directors present. Since the Chairperson is also an executive director of the Company, respective independent non-executive directors are members of audit committee, remuneration committee, nomination committee and two independent non-executive directors are also members of the executive committee, it was considered there were ample opportunities for the Chairperson to communicate with non-executive directors (including independent non-executive directors), therefore no separate meetings were held between the Chairperson and the non-executive directors.

Code provision A.4.1

This code provision stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Patrick Thomas SIEWERT, Ms. NG Shieu Yeing Christina, Ms. FENG Janine Junyuan, Mr. POON Yee Man Alwin (all are non-executive director) did not enter into service contracts with the Company as they are employees of Carlyle Asia Investment Advisors Limited, an entity established in Hong Kong. Carlyle Asia Investment Advisors Limited has offices in Hong Kong, Mumbai, Seoul, Beijing, Shanghai, Singapore and Sydney. Carlyle Asia Investment Advisors Limited acts as the Asian investment advisor to various Asian focused investment funds managed by The Carlyle Group.

Code provision E.1.2

This code provision stipulates that the chairman of the board of a listed issuer should attend the annual general meeting. Dr. TSAI Yen-Yu, the Chairperson of the Board, was unable to attend the Company's annual general meeting held on 10 May 2013 ("**2013 AGM**") due to other overseas commitments. The Board had arranged for Mr. Patrick Thomas SIEWERT, the Vice-Chairman of the Company and the Chairman of the executive committee of the Group, who is well versed in all business activities and operations of the Group, to attend and chair the 2013 AGM on behalf of Dr. TSAI Yen-Yu and to respond to shareholders' questions.

Code provision A.6.7

This code provision stipulates the independent non-executive directors and non-executive directors should attend general meetings of the Company. Two independent non-executive directors, Mr. Francis GOUTENMACHER (Members of the audit, remuneration, executive and nomination committees) and Ms. Su-Mei THOMPSON (Chairperson of remuneration committee and members of audit committee and nomination committee) attended the 2013 AGM. The remaining directors were absent from that AGM due to other business commitments.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules. Having made specific enquiry with all Directors, all Directors have confirmed that the required standards of the Model Code has been complied with throughout the review period.

Arrangements will be made for adoption of written guidelines equally stringent as the Model Code in respect of securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company pursuant to code provision A.6.4. No incident of noncompliance against the Model Code by the Company's relevant employees has been noted after making reasonable enquiry.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board of the Company has proposed the payment of a final dividend of HK$0.0163 per share ("**Final Dividend**") for the year ended 31 December 2013 (2012: final dividend of HK$0.0028 per share). The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on or before 31 July 2014 to the shareholders whose names appear on the register of members of the Company on 30 May 2014.

2014 ANNUAL GENERAL MEETING ("2014 AGM")

The 2014 AGM of the Company will be held on Friday, 16 May 2014. The Company will dispatch a circular containing, among other matters, further information relating to the AGM to Shareholders of the Company as soon as practicable.

CLOSURES OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the 2014 AGM, the Register of Members of the Company will be closed from Wednesday, 14 May 2014 to Friday, 16 May 2014, both days inclusive. In order to qualify for attending and voting at the 2014 AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 May 2014.

(b) For the purpose of determining shareholders who qualify for the Final Dividend, the Register of Members will be closed on Thursday, 29 May 2014 to Friday, 30 May 2014, both days inclusive. In order to qualify for the Final Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 28 May 2014.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

This annual results announcement is also published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.nblife.com/ir). The Annual Report for the year ended 31 December 2013 of the Company containing all the information required by Appendix 16 of the Hong Kong Listing Rules will be dispatched to the shareholders and will be published on the website of the Company and that of the Stock Exchange in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
Natural Beauty Bio-Technology Limited
Tsai Yen-Yu
Chairperson

As at the date of this announcement, the Board comprises Dr. Tsai Yen-Yu, Mr. Lee Ming-Ta and Dr. Su Chien-Cheng as executive directors, Mr. Patrick Thomas Siewert, Ms. Janine Junyuan Feng, Ms. Christina Shieu-Yeing Ng, Mr. Poon Yee Man Alwin and Dr. Su Sh-Hsyu 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, 26 March 2014