

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Natural Beauty Bio-Technology Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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:157)

**DISCLOSEABLE TRANSACTION
RELATING TO
DISPOSAL OF INVESTMENT PROPERTY IN TAIWAN**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:-

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Buyer”	Chen Kuo Shien (陳國勛), holder of Taiwan identity card number A100136391
“Company”	Natural Beauty Bio-Technology Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 157)
“Completion Date”	on or before 31 July 2007, or such earlier date as agreed by both parties in the case if the Loan is approved on an earlier date
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property pursuant to the Sale and Purchase Agreement
“Existing Leases”	All such leases in respect of the whole or any part of the Property entered or to be entered into between NBTW as landlord and other parties as lessee(s) before the Completion Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan facility to be obtained by the Buyer from financial institution(s) to finance the acquisition of the Property

DEFINITIONS

“NBTW”	Natural Beauty Cosmetic Co., Ltd (自然美化粧品股份有限公司), an indirectly wholly-owned subsidiary of the Company incorporated under the laws of Taiwan
“NTD”	New Taiwan dollars, the lawful currency of Taiwan
“Property”	One block of investment property located at 1st-10th Floors and B1-3, Nos. 186 and 188, Section 2, Chun-Hsin Road, Hsin-Tien City, Taipei, Taiwan, to be sold to the Buyer pursuant to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 April 2007 entered into between NBTW and the Buyer in relation to the Disposal
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Taiwan, Republic of China
“%”	percentage or per centum

If there is any inconsistency between the Chinese name of the entities and their English translation in this circular, the Chinese version shall prevail.

For the purpose of this circular, unless otherwise indicated, conversion of NTD into HK\$ is based on the exchange rate of NTD4.2446 = HK\$1.00. This exchange rate is for the purpose of illustration only and not constitutes a representation on that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



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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:157)

Board of Directors:

Executive directors:

Dr. Tsai Yen Yu (alias Dr. Tsai Yen Pin)

Mr. Lee Ming Ta (alias Mr. Lee Ming Tah)

Mr. Su Chien Cheng

Dr. Su Sh Hsyu

Registered Office:

P.O. Box 309 Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

Independent non-executive directors:

Mr. Yeh Liang Fei

Mrs. Chen Shieh Shu Chen

Mr. Chen Ching

Head Office and Principal place

of business in Hong Kong:

17th Floor

Chuang's Tower

30-32 Connaught Road Central

Hong Kong

Company Secretary:

Mr. Chan Yan Kwan, Andy

30 April 2007

Dear Shareholders,

DISCLOSEABLE TRANSACTION RELATING TO DISPOSAL OF INVESTMENT PROPERTY IN TAIWAN

INTRODUCTION AND BACKGROUND

On 16 April 2007, the Board announces that on 10 April 2007, NBTW, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement whereby NBTW agrees to sell the Property to the Buyer for a total consideration (tax included) of NTD677.0 million (approximately HK\$159.5 million).

The Buyer is an independent third party and is not a Connected Person of the Company. As the relevant percentage ratios (as defined in the Listing Rules) are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement as set out in the relevant provisions of Chapters 14 of the Listing Rules but the Disposal is exempted from independent shareholders' approval.

The purpose of this circular is to provide you with further details of the Disposal.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date: 10 April 2007

Parties: Chen Kuo Shien (陳國勛) as the buyer
NBTW as the seller

Address of the Property: 1st-10th Floors and B1-3, Nos. 186 and 188, Section 2, Chun-Hsin Road, Hsin-Tien City, Taipei, Taiwan

Consideration: NTD677,000,000 (Approximately HK\$159,496,772) (tax included) (including NTD472,000,000 being the price of the land and NTD205,000,000 being the construction price respectively)

Payment terms: By four instalments:

Deposit: NTD13,500,000, being part payment of the price of the land which had already paid by the Buyer on the date of signing of the Sale and Purchase Agreement

2nd payment: NTD10,000,000, being part payment of the price of the land and to be paid by the Buyer on 10 May 2007 at 10:30 a.m. (Taiwan time) when the relevant documents in respect of the Disposal will be delivered

3rd payment: NTD13,500,000, being part payment of the price of the land and to be paid by the Buyer within 10 days after the assessment of value-added tax and sales tax in respect of the Disposal is completed

Balance: NTD640,000,000, being balance of the price of the land of NTD435,000,000 and balance of the construction price of NTD205,000,000 respectively and to be paid by the Buyer upon completion of the title registration and the Loan having been advanced to the Buyer

Completion Date: on or before 31 July 2007, or such earlier date as agreed by both parties if the Buyer's Loan application is approved on an earlier date

LETTER FROM THE BOARD

Other major terms of the Sale and Purchase Agreement:

- Taxation and Utilities:
- (a) Tax and utilities payable in connection with the Property (including property tax, premium tax, water and electricity, gas and management fee and other necessary tax and utilities) accrued on or before the Completion Date shall be borne by NBTW and all such tax accrued since the day after the Completion Date shall be borne by the Buyer.
 - (b) Land value-added tax and all applicable charges and agent fees in connection with the cancellation of the mortgage or other prior registration amendments shall be borne by NBTW.
 - (c) Sales tax, stamp duty, property registration transfer charges and related agent fees shall be borne by the Buyer.
- Existing Leases:
- (a) The Property is sold subject to and with the benefit of the Existing Leases and all the Existing Leases will be continued after the Completion Date.
 - (b) NBTW is entitled to and reserves the right to claim from the lessees all rent and rental proceeds and other moneys due and owing to NBTW by the lessees under their respective Existing Leases up to and inclusive of the Completion Date.
 - (c) The Buyer is entitled to and reserves the right to claim from the lessees all rent and rental proceeds and other moneys due and owing by the lessees under their respective Existing Leases after and exclusive of the Completion Date.
- Loan:
- (a) The Buyer shall apply for the Loan from financial institutions and execute the relevant financing documents.
 - (b) Unless otherwise agreed by both parties, the Buyer shall be obliged to pay the deficit in cash if the Loan advanced to the Buyer is insufficient for the Buyer to pay the balance of the consideration in full on the Completion Date.
 - (c) Loan facility obtained by NBTW in respect of the Property shall be fully re-paid and settled before payment of the balance of the consideration by the Buyer.

LETTER FROM THE BOARD

Warranties:

- (a) NBTW warrants that the Property is not subject to any other agreement for sale or registration limitation or litigation proceedings. The Property does not infringe the rights of third parties and is free of encumbrance. NBTW shall be exclusively liable for any third party claims or other disputes in relation to the title of the Property,
- (b) Before the delivery of the Property and where radioactive steel and sea sand are found upon examination, or in the event of force majeure (such as natural disaster), the Buyer is entitled to rescind the Sale and Purchase Agreement and NBTW shall fully refund all sums received without interests within one month after confirmation of the event. In such circumstances, both parties are not entitled to any damages and NBTW shall bear applicable charges and agent fees.
- (c) Before the delivery of the Property and upon receipt of government notice of reclamation of part or whole of the Property, the Buyer is entitled to rescind the Sale and Purchase Agreement. However, if such event occurs after delivery of the Property, the Buyer is not entitled to damages nor to rescind the Sale and Purchase Agreement.
- (d) The Property shall be delivered together with fixture annexed inside or outside of the Property, as well as kitchen and bathroom on an "as is" basis at the time of the signing of the Sale and Purchase Agreement. The existing ancillary water, electricity and hygiene facility shall be kept at normal condition. NBTW shall be liable for repair if water leakage occurs before the delivery of the Property.
- (e) NBTW shall vacate all registrations using the Property as registered address (other than registrations effected by the lessee(s)) before the delivery of the Property. In this connection, NBTW shall remove all items occupied by third party (other than the lessee(s)) or items not included in the Sale and Purchase Agreement before delivery of the Property.

Warranties (b) and (c) above are usual terms in a standard sale and purchase of properties in Taiwan.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS EXPECTED TO ACCRUE TO THE COMPANY AS A RESULT OF THE DISPOSAL

The Property is a 10-storey (excluding the basement levels) industrial property with 30 parking spaces located in Taipei, Taiwan. The total gross floor area of the Property is approximately 11,854.79 square metres (excluding the area of the parking spaces of 1375.55 square metres). The Property was acquired by the Company as an investment property in 1998. About 90% of the Property is leased out to various lessees.

The profits attributable to the Property for the two financial years immediately preceding the transaction are as follows:

	2005	2006
	HK\$	HK\$
Profit before tax	5,577,497	5,950,534
Profit after tax	4,183,123	4,462,900

The Property was valued by an independent valuer at the market value of NTD661,150,000 (HK\$157,758,476) as at 31 December 2006. Rents and receivables are taken into account for the purpose of the valuation and the valuation is based on the assumption that the Property is sold in an open market subject to the Existing Lease(s). A gain of approximately NTD1,600,000 (HK\$376,950) in the book of NBTW for the year ending 31st December 2007 is expected through the Disposal.

Given that the Property is not part of the core businesses of the Group, the Directors consider that it is in the interests of the Company and its shareholders that the Property be disposed of. Part of the proceeds arising out of the Disposal will be distributed to the Shareholders and will be used in other core businesses in line with the business strategy of the Group, details of which are yet to be approved by the Board.

Upon completion of the Disposal, the Group's investment properties will decrease by approximately HK\$157,758,476 and the current assets of the Group will increase by approximately HK\$159,496,772 and the earnings will decrease by HK\$4,462,900. There is no adverse impact on the liabilities of the Group after the Disposal, and the Group can better allocate its resources to other more profitable areas.

The Directors consider the investment in the Property is not the core business of the Group and it had not generated sufficient financial returns. Proceeds from the Disposal can be better utilized in investment in core business or distribute to the Shareholders to enhance values to the Shareholders.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, the Buyer is a third party independent of the Company and is not a Connected Person of the Company.

LETTER FROM THE BOARD

The Directors, including the Independent Non-executive Directors, consider that the terms of the Sale and Purchase Agreement are normal commercial terms which are arrived at after arm's length negotiations between the parties and are fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

INFORMATION ON THE COMPANY AND NBTW

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Group is engaged in manufacturing and selling of skin care, beauty and aromatherapeutic products and provision of skin treatments, beauty and spa services and skin care consulting and beauty training.

NBTW was incorporated in Taiwan and is principally engaged in production and sales and skin care and beauty products in Taiwan.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix in this circular.

Yours faithfully,
By Order of the Board
Natural Beauty Bio-Technology Limited
Su Chien Cheng
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or which (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules, were as follows:

Directors' Interests in shares of the Company

Name of directors	Number of ordinary shares held		% of the issued share capital of the Company
	Family interests	Corporate interests	
Dr. Tsai Yen Yu	–	1,400,000,000 (Note 1)	70.00%
Mr. Su Chien Cheng	–	210,000,000 (Note 2)	10.50%
Dr. Su Sh Hsyu	–	210,000,000 (Note 2)	10.50%
Mr. Lee Ming Ta	1,400,000,000	– (Note 1)	70.00%

Notes:

- (1) The two references to 1,400,000,000 shares relate to the same block of shares. Such block of shares are held by Efficient Market Investments Limited ("Efficient Market") which is beneficially owned as to 70% by Dr. Tsai Yen Yu through Knightcote Enterprises Limited ("Knightcote").

Mr. Lee Ming Ta, the spouse of Dr. Tsai Yen Yu, is deemed to be interested in 1,400,000,000 ordinary shares of the Company.

- (2) The two references to 210,000,000 shares are included in the 1,400,000,000 shares held by Efficient Market which Mr. Su Chien Cheng and Dr. Su Sh Hysu each has 15% beneficial interest through Knightcote. Mr. Su Chien Cheng and Dr. Su Sh Hysu are the son and daughter of Dr. Tsai Yen Yu, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company, or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or which (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF INTERESTS BY SHAREHOLDERS

So far as is known to the Directors or chief executives, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:–

Shareholders' Interests in shares of the Company

Name of Shareholder	Notes	Capacity	Number of ordinary shares beneficially held	Percentage of the issued share capital of the Company
Efficient Market	1	Beneficial owner	1,400,000,000	70.00%
Knightcote	1 & 2	Beneficial owner and held by a controlled corporation	1,400,000,000	70.00%
Dr. Tsai Yen Yu	2 & 3	Beneficial owner and held by a controlled corporation	1,400,000,000	70.00%
Mr. Su Chien Cheng	4	Beneficial owner and held by a controlled corporation	210,000,000	10.50%
Dr. Su Sh Hysu	5	Beneficial owner and held by a controlled corporation	210,000,000	10.50%
Keywise Capital Management (HK) Limited		Beneficial owner	101,370,000	5.07%

Notes:

- (1) Efficient Market is beneficially owned by Knightcote.
- (2) The controlled corporation, Knightcote, is beneficially owned by Dr. Tsai Yen Yu as to 70%, Mr. Su Chien Cheng as to 15% and Dr. Su as to 15%.
- (3) These shares are attributable to Dr. Tsai Yen Yu in respect of her 70% interest in Knightcote.
- (4) These shares are attributable to Mr. Su Chien Cheng in respect of his 15% interest in Knightcote.
- (5) These shares are attributable to Dr. Su Sh Hsyu in respect of her 15% interest in Knightcote.

Save as disclosed above, as far as was known to the Directors and the chief executives, as at the Latest Practicable Date, no other person (other than a Director or chief executive) had any interest or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any member of the Group, excluding contracts which expire or may be terminated by the employer within a year without payment of any compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective associates has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. GENERAL

- (a) The company secretary of the Company is Mr. Chan Yan Kwan, Andy, CPA, FCCA.
- (b) The qualified accountant of the Company is Mr. Chan Yan Kwan, Andy, CPA, FCCA.

- (c) The registered office of the Company is situated at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (d) The head office and principal place of business of the Company is at 17th Floor, Chuang's Tower, 30-32 Connaught Road Central, Hong Kong.
- (e) The branch share registrar of the Company in Hong Kong is Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The principals share registrar of the Company is the Bank of Bermuda.
- (g) All references to times in this circular refer to Hong Kong times.
- (h) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.