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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS:

- Turnover increased by 15.1% to HK$505.8 million.
- Profit before tax increased by 40.0% to HK$116.3 million.
- Net profit increased by 22.3% to HK$71.5 million.
- Final dividend for the year ended 31 December 2014 of HK$0.03188 per share (2013: HK$0.0163 per share).

RESULTS

The board of directors (the "**Board**") of Natural Beauty Bio-Technology Limited ("**Natural Beauty**" or the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014, together with the comparative figures for 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
(With comparatives for the year ended 31 December 2013)

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue	*4*	**505,761**	439,421
Cost of sales		**(116,981)**	(106,321)
Gross profit		**388,780**	333,100
Other income	*6*	**18,449**	19,930
Distribution and selling expenses		**(172,529)**	(175,605)
Administrative expenses		**(89,820)**	(91,141)
Other expenses		**(28,606)**	(3,232)
Profit before tax		**116,274**	83,052
Income tax expense	*7*	**(44,794)**	(24,593)
Profit for the year	*8*	**71,480**	58,459
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plan		**(488)**	(3,384)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(11,761)**	9,774
Total comprehensive income for the year		**59,231**	64,849
Profit (loss) for the year attributable to:			
Owners of the Company		**71,480**	58,269
Non-controlling interests		**–**	190
		71,480	58,459
Total comprehensive income attributable to:			
Owners of the Company		**59,231**	64,662
Non-controlling interests		**–**	187
		59,231	64,849
Earnings per share	*10*		
Basic and diluted		**HK3.6 cents**	HK2.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014
(With comparatives at 31 December 2013)

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**5,915**	5,963
Property, plant and equipment		**223,708**	257,218
Prepaid lease payments		**9,102**	9,453
Goodwill		**28,272**	28,375
Deposit paid for acquisition of land use right		**12,637**	12,692
Deferred tax assets		**2,009**	974
		281,643	314,675
Current assets			
Inventories		**45,036**	47,047
Trade and other receivables	*11*	**67,458**	112,624
Prepaid lease payments		**310**	312
Bank balances and cash		**583,283**	507,409
		696,087	667,392
Current liabilities			
Trade and other payables	*12*	**153,314**	154,510
Deferred income		**7,577**	7,779
Taxation payable		**30,311**	18,544
		191,202	180,833
Net current assets		**504,885**	486,559
Total assets less current liabilities		**786,528**	801,234
Non-current liability			
Retirement benefit obligations		**12,622**	12,976
		773,906	788,258
Capital and reserves			
Share capital		**200,210**	200,210
Reserves		**573,696**	588,048
Total equity		**773,906**	788,258

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 sale of a range of products including skin care, beauty and aroma-therapeutic products, health supplements and make-up 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 statements include applicable disclosures required by the Rules 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 HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment entities"

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment entities" for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 "Offsetting financial assets and financial liabilities"

The Group has applied the amendments to HKAS 32 "Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 36 "Recoverable amount disclosures for non-financial assets" for the first time in the current year. 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 applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS "13 Fair value measurements".

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 39 "Novation of derivatives and continuation of hedge accounting" for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – INT 21 "Levies"

The Group has applied HK(IFRIC) – INT 21 "Levies" for the first time in the current year. HK(IFRIC) – INT 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. 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.

HK(IFRIC) – INT 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced 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. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognized 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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 recognized 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- 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.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 27 "Equity method in separate financial statement"

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 "Financial instruments" (or HKAS 39 "Financial instruments: Recognition and measurement" for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 "Investments in associates and joint ventures'.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 "Consolidated financial statements" and to HKFRS 1 "First-time adoption of Hong Kong financial reporting standards".

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

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 recognized 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 judgements 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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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 of the Company do not anticipate that the application of these amendments 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 of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2012-2014 cycle

The "Annual improvements to HKFRSs 2012-2014 cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 "Disclosure – Offsetting financial assets and financial liabilities" issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 "Interim financial reporting".

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognized in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

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:

	2014	2013
	HK$'000	*HK$'000*
Sales of goods	**498,580**	434,220
Service income	**7,181**	5,201
	505,761	439,421

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 2014

	PRC	Taiwan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**420,337**	**80,639**	**4,785**	**505,761**
Segment profit (loss)	**105,450**	**19,992**	**(204)**	**125,238**
Expense of share based payment				**(1,095)**
Unallocated corporate expenses				**(21,547)**
Unallocated income				**13,678**
Profit before tax				**116,274**

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	74,718	5,230	439,421
Segment profit	83,804	11,590	592	95,986
Expense of share based payment				(1,040)
Unallocated corporate expenses				(21,231)
Unallocated income				9,337
Profit before tax				83,052

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*
2014				
Amounts included in the measure of segment profit (loss):				
Depreciation of property, plant and equipment	**31,081**	**7,414**	**49**	**38,544**
Release of prepaid lease payments	**311**	**–**	**–**	**311**
Loss (gain) on disposal of property, plant and equipment	**75**	**(324)**	**18**	**(231)**
Allowance (reversal of allowance) for obsolete inventories	**5,194**	**181**	**(101)**	**5,274**
Allowance (reversal of allowance) on trade receivables	**988**	**(58)**	**–**	**930**
Impairment of property, plant and equipment	**9,895**	**–**	**–**	**9,895**
Impairment of other receivables	**9,333**	**–**	**3,178**	**12,511**

	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	5,900	563	32	6,495
Allowance (reversal of allowance) on trade receivables	1,458	(46)	–	1,412

Geographical information

The Group is principally engaged in (a) manufacturing and sale of a range of products including skin care, beauty and aroma-therapeutic products, health supplements and make-up 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:

	2014	2013
	HK$'000	*HK$'000*
The PRC	**232,478**	256,568
Taiwan	**49,068**	57,344
Others	**97**	763
	281,643	314,675

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 2013 and 2014.

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest on bank deposits	**13,508**	9,337
Rental income from investment properties	**146**	150
Rental income from other properties and equipment	**2,152**	3,282
Financial refunds *(Note)*	**2,134**	6,965
Increase in fair value of investment properties	**278**	196
Others	**231**	–
	18,449	19,930

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

	2014	2013
	HK$'000	*HK$'000*
The charge comprises:		
Taxation in PRC		
Current year	**33,358**	17,091
Under (over) provision in prior years	**3,666**	(5,447)
Withholding tax on dividends	**1,442**	7,303
	38,466	18,947
Taxation in Taiwan		
Current year	**3,488**	2,216
Underprovision in prior years	**–**	172
Withholding tax on dividend	**1,226**	–
	4,714	2,388
Taxation in Hong Kong and other jurisdictions		
Current year	**2,939**	3,786
Underprovision in prior years	**–**	20
	2,939	3,806
Deferred taxation		
Current year	**(1,325)**	(548)
	44,794	24,593

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 and Taiwan, dividend withholding tax is imposed at a rate of 5% and 13% on dividends declared in respect of profits earned by PRC and Taiwan subsidiaries respectively that are received by non-local resident entities. Withholding tax on dividends of approximately HK$1,442,000 (2013: HK$7,303,000) and HK$1,226,000 (2013: Nil) for PRC and Taiwan were recognised.

The PRC tax bureau initiated a tax audit on the PRC tax affairs of a PRC subsidiary of the Group for the years 2012 and 2013.

The directors of the Group are of the opinion that the tax audit exercise is still at a negotiation stage and no conclusion has been reached. Based on various discussions with the PRC tax bureau, the PRC subsidiary is now collecting relevant information in order to defend the tax position. The directors opine that given the time involved in collecting such information, the PRC subsidiary might not be able to safeguard the filing position for the said years, and accordingly recognised an underprovision of tax amounting to HK$4,478,000 and other related expenses amounting to HK$6,222,000 (under other expenses) during the current year.

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

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**5,606**	5,578
Other staff salaries and allowances	**107,498**	103,821
Retirement benefits scheme contributions, excluding directors:		
– defined contribution plans	**16,518**	17,322
– defined benefit plan	**290**	497
Expense of share based payment	**1,095**	1,040
Total staff costs	**131,007**	128,258
Depreciation of property, plant and equipment	**38,544**	39,226
Cost of inventories recognised as an expense	**104,216**	99,900
Release of prepaid lease payments	**311**	312
Auditor's remuneration	**3,802**	3,668
(Gain) Loss on disposal of property, plant and equipment	**(231)**	1,710
Research and development costs	**3,707**	3,294
Allowance for obsolete inventories, included in cost of sales	**5,274**	6,495
Advertising and promotion expenses	**36,797**	32,066
Net exchange gain	**(1,686)**	(2,395)
Impairment of property, plant and equipment	**9,895**	–
Impairment of other receivables	**12,511**	–

9. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend, paid – HK$0.021 per share for 2014 (2013: HK$0.01 per share for 2013)	**42,044**	20,021
Final dividend, paid – HK$0.0163 per share for 2013 (2013: HK$0.0028 per share for 2012)	**32,634**	5,606
	74,678	25,627

A final dividend of HK$0.03188 per share in respect of the year ended 31 December 2014 (2013: final dividend of HK$0.0163 per share in respect of the year ended 31 December 2013), amounting to HK$63,826,978 (2013: HK$32,634,000) 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$71,480,000 (2013: HK$58,269,000) and on the number of 2,002,100,932 (2013: 2,002,100,932) ordinary shares of the Company in issue during the year.

The computation of diluted earnings per share for 2014 and 2013 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

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**53,262**	85,216
Less: allowance for doubtful debts	**(2,460)**	(1,536)
	50,802	83,680
Prepayments	**9,481**	11,208
Other receivables	**7,175**	17,736
Total trade and other receivables	**67,458**	112,624

The Group allows a credit period ranging from one to two 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.

	2014	2013
	HK$'000	*HK$'000*
Within 180 days	**50,802**	83,680
181 days to 365 days	–	–
	50,802	83,680

12. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**18,577**	21,266
Deposits from customers	**43,576**	58,176
Other tax payables	**13,442**	8,116
Accruals	**62,841**	54,935
Other payables	**14,878**	12,017
Total trade and other payables	**153,314**	154,510

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

	2014	2013
	HK$'000	*HK$'000*
Within 180 days	**16,209**	18,306
181 days to 365 days	**89**	1,087
Over 365 days	**2,279**	1,873
	18,577	21,266

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover by geographical region	2014		2013		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
PRC	**420,337**	**83.2%**	359,473	81.8%	60,864	16.9%
Taiwan	**80,639**	**15.9%**	74,718	17.0%	5,921	7.9%
Others	**4,785**	**0.9%**	5,230	1.2%	(445)	-8.5%
Total	**505,761**	**100.0%**	439,421	100.0%	66,340	15.1%

Turnover of the Group in 2014 increased by 15.1% to HK$505.8 million compared with HK$439.4 million in 2013. The rise was mainly due to an increase of HK$64.4 million in product sales, which segment contributed to 98.6% of our total turnover, as a result of higher store productivity in PRC and Taiwan.

Turnover in the PRC market increased by 16.9% from HK$359.5 million in 2013 to HK$420.3 million in 2014, and turnover in the Taiwan market also increased by 7.9% to HK$80.6 million compared with HK$74.7 million in 2013.

Sales from other regions, including Hong Kong, Malaysia and Macau, decreased by 8.5% from HK$5.2 million in 2013 to HK$4.8 million in 2014. Contribution from these regions remained at an insignificant level of just 0.9% of the Group's turnover.

The Group's overall gross profit margin improved from 75.8% in 2013 to 76.9% in 2014 due to an increase in the proportion of higher-margin products within our sales mix.

Turnover by activities	2014	2013	Changes	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Products				
PRC	**415,827**	356,892	58,935	16.5%
Taiwan	**77,969**	72,098	5,871	8.1%
Others	**4,784**	5,230	(445)	-8.5%
Total	**498,580**	434,220	64,360	14.8%
Services				
PRC	**4,511**	2,581	1,930	74.8%
Taiwan	**2,670**	2,620	50	1.9%
Total	**7,181**	5,201	1,980	38.1%

Turnover by activities	**2014**		2013		Changes	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Products	**498,580**	**98.6%**	434,220	98.8%	64,360	14.8%
Services	**7,181**	**1.4%**	5,201	1.2%	1,980	38.1%
Total	**505,761**	**100.0%**	439,421	100.0%	66,340	15.1%

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. Sales of products are the Group's key revenue source and primarily come from franchised spas, self-owned spas and concessionary counters at department stores. Sales of products in 2014 amounted to HK$498.6 million, or 98.6% of the Group's total revenue, representing an increase of HK$64.4 million or by 14.8% when compared with sales of HK$434.2 million or 98.8% of the Group's total revenue in 2013. The increase in product sales was mainly driven by the growth in such segment in the PRC market by 16.5% to HK$415.8 million in 2014 compared with HK$356.9 million in 2013.

Service income	**2014**		2013		Changes	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Training income	**368**	**5.1%**	342	6.6%	26	7.6%
SPA service income	**4,797**	**66.8%**	4,115	79.1%	682	16.6%
Others	**2,016**	**28.1%**	744	14.3%	1,272	171.0%
Total	**7,181**	**100.0%**	5,201	100.0%	1,980	38.1%

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. Currently, the Group has one 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 2014, service income increased by 38.1% to HK$7.2 million compared with HK$5.2 million in 2013.

Other income

Other income decreased by 7.5% from HK$19.9 million in 2013 to HK$18.4 million in 2014. Other income mainly comprised interest income, rental income from other properties and financial refunds of HK$13.5 million, HK$2.3 million and HK$2.1 million respectively in 2014.

Distribution and administrative expenses

Distribution and selling expenses as a percentage of the Group's turnover decreased to 34.1% in 2014 compared with 40.0% in 2013. It decreased by HK$3.1 million from HK$175.6 million in 2013 to HK$172.5 million in 2014. Advertising and promotion ("**A&P**") expenses maintained at 7.3% of the Group's total turnover in 2014 compared with 2013, while increased by HK$4.7 million from HK$32.1 million in 2013 to HK$36.8 million in 2014. Our focus in 2014 was mainly on supporting franchisees to increase sell-through activities via customer events, indoor salons or roadshows so that they could maintain a healthy inventory level. We will adjust allocations of A&P expenses according to our formulated strategies. Other key expenses include salaries of HK$62.7 million, travel and entertainment expenses of HK$8.0 million, depreciation charges of HK$14.7 million as well as rentals of offices and sales counters of HK$26.1 million in 2014.

Total administrative expenses decreased by HK$1.3 million, or 1.5%, to HK$89.8 million in 2014 compared with HK$91.1 million in 2013. Administrative expenses mainly comprised staff costs and retirement benefits (including non-cash share based payment) of HK$28.1 million, legal and professional fees of HK$15.7 million, depreciation charges of HK$12.2 million and office and utilities expenses of HK$6.9 million.

Other expenses

Other expenses increased by HK$25.4 million, from HK$3.2 million in 2013 to HK$28.6 million in 2014. Other expenses for the year mainly included accruals of HK$6.2 million for tax audit on the PRC tax affairs of a PRC subsidiary for the years 2012 and 2013, and impairment of HK$22.4 million against the other receivables and the fixed asset.

Profit before tax

Taking into account higher gross profit, and lower distribution and administrative expenses, profit before tax increased by 40.0% from HK$83.1 million in 2013 to HK$116.3 million in 2014, and the pre-tax profit margin increased to 23.0% in 2014 from 18.9% in 2013.

Taxation

Taxation expenses increased by HK$20.2 million to HK$44.8 million in 2014 compared with HK$24.6 million in 2013. The effective tax rate of the Group in 2013 and 2014 were 29.6% and 38.5% respectively. The higher effective tax rate in 2014 was mainly due to a decrease in tax credit utilized in 2014. If the same tax credit was utilized in 2014 as in 2013, the effective tax rate of the Group would have been 29.9%.

Profit for the year

Profit for the year increased by 22.3% from HK$58.5 million in 2013 to HK$71.5 million in 2014.

Liquidity and financial resources

Cash generated from operating activities in 2014 was approximately HK$165.1 million (HK$108.3 million in 2013). The increase was mainly due to changes in working capital (decrease in trade receivables). As at 31 December 2014, the Group had bank balances and cash of approximately HK$583.3 million (HK$507.4 million as at 31 December 2013) with no external bank borrowing.

In terms of gearing, as at 31 December 2013 and 31 December 2014, 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 2013 and 31 December 2014 were 3.7 times and 3.6 times respectively. As at 31 December 2014, 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 2014, approximately 87.1% (79.1% as at 31 December 2013) of the Group's bank balances and cash was denominated in Renminbi, while approximately 11.8% (15.6% as at 31 December 2013) in New Taiwan Dollars. The remaining 1.1% (5.3% as at 31 December 2013) was denominated in US Dollars, Hong Kong Dollars and Ringgit Malaysia. The Group continues to adopt a conservative approach in its foreign exchange exposure management. It reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.

BUSINESS REVIEW

Turnover by geographic region	2014	2013	Changes	
	HK$'000	*HK$'000*	*HK$'000*	*%*
PRC				
Products	**415,827**	356,892	58,935	16.5%
Services	**4,510**	2,581	1,929	74.7%
PRC Total	**420,337**	359,473	60,864	16.9%
Taiwan				
Products	**77,969**	72,098	5,871	8.1%
Services	**2,670**	2,620	50	1.9%
Taiwan Total	**80,639**	74,718	5,921	7.9%
Others				
Products	**4,785**	5,230	(445)	-8.5%
Services	**–**	–	–	–
Others Total	**4,785**	5,230	(445)	-8.5%

The PRC Market

Despite slowdown in PRC's economic growth, the Group's turnover in the PRC market increased by 16.9% in 2014 to HK$420.3 million compared with HK$359.5 million in 2013. The increase was driven by increase in sales of products, mainly due to the adoption of "direct own retail" management system to get better control over franchisees to drive higher store productivity. Gross margin increased from 76.9% in 2013 to 78.7% in 2014, as a result of more sales of higher-margin products such as NB-1, and lower promotion discount.

The Taiwan Market

The Group's turnover in the Taiwan market also increased by 7.9% from HK$74.7 million in 2013 to HK$80.6 million in 2014 due to the adoption of door-by-door management via franchisee differentiation to utilize company resources efficiently. Gross margin increased from 63.0% in 2013 to 67.7% in 2014, as a result of more sales of higher-margin products such as NB-1 and Bio, and lower promotion discount.

Distribution channels

Store Number by Ownership	Franchisee owned Spa	Self owned Spa	Total Spa	Entrusted Counter	Self owned Counter	Total Counter	Total
As at 31 December 2014							
PRC	**1,073**	**1**	**1,074**	**–**	**14**	**14**	**1,088**
Taiwan	**257**	**3**	**260**	**–**	**–**	**–**	**260**
Others	**30**	**–**	**30**	**–**	**–**	**–**	**30**
Total	**1,360**	**4**	**1,364**	**–**	**14**	**14**	**1,378**

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

Average sales per store	**2014 Average store***	2013 Average store*	**2014 Average sales *per store HK$***	2013 Average sales *per store HK$*	*Changes HK$*	*%*
PRC	**1,109.0**	1,151.5	**379,000**	312,000	67,000	21.5%
Taiwan	**266.5**	284.0	**303,000**	263,000	40,000	15.2%
Group total**	**1,375.5**	1,435.5	**364,000**	302,000	62,000	20.5%

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

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

The Group derives its income principally from its network of distribution channels, including spas and concessionary counters in department stores. As at 31 December 2014, there were 1,364 spas and 14 concessionary counters. Of these, 1,360 were franchised spas, and 4 spas and 14 concessionary counters were directly operated by the Group. No concessionary counters were entrusted to third-party operators. 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 spas, while skin care analysis is widely available at the concessionary counters in department stores.

Group-wide, a total of 35 new stores were opened and 74 stores were closed during the year ended 31 December 2014. Average sales per store increased from HK$302,000 in 2013 to HK$364,000 in 2014.

Research and Development

The Group puts significant emphasis on research and development which allows 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 development. The bio-technology 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-year-plus 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 to the specific needs of women with delicate skin. NB products accommodate the natural metabolism of skin with long-lasting effects.

NB 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

In 2014, the Group's flagship NB-1 products accounted for more than 40% of total product sales. Sales of NB-1 branded products reached HK$217 million in 2014. With effective product line rationalization plan, NB-1 Revital series was successfully re-launched as home care product line to increase product consumption and brand loyalty. The new products received good response from franchisees and achieved strong sales, especially NB-1 Revital Sleeping Mask. With effective sampling plan, NB-1 Revital Sleeping Mask received very positive feedback in product efficacy among consumers.

Human Resources

As at 31 December 2014, the Group had a total of 623 employees, of whom 513 were based in the PRC, 107 in Taiwan and 3 in other countries and regions. Total remuneration (excluding directors' emoluments) in 2014 was approximately HK$125.4 million (HK$122.7 million in 2013), including retirement benefit related costs of HK$16.8 million (HK$17.8 million in 2013) and stock option expenses of HK$1.1 million (HK$1.0 million in 2013). 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.

On 4 April 2014 and 2 December 2014, the Company granted share options to certain key employees to subscribe for a maximum of 34,536,239 shares and 7,607,983 shares, respectively (please refer to the Company's announcements dated 4 April 2014 and 2 December 2014, respectively for details).

Capital Expenditures

The Group's capital expenditure of HK$18.5 million in 2014 was mainly related to the POS system upgrades amounting to HK$4.7 million and skin test machine (Wood's machine, Iris and PC device) amounting to HK$5.1 million, production equipment amounting to HK$2.9 million and IT infrastructure amounting to HK$1.6 million.

OUTLOOK

Benefited by growing household income and rising awareness of personal appearance and well-being among Chinese consumers, beauty and personal care will maintain gradual growth in the next few years.

With the escalating rental and labor costs in China, 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 expand "direct own retail" management system to help our franchisees to increase the productivity as our major growth driver in the near future.

– We will build Natural Beauty Business School to provide systematic training to our franchisees, including professional skills and store management to provide better service to customers.

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

– We will focus our marketing and promotional efforts on enabling more sell-through by our franchisees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Accordingly, the Board has established the audit committee, the executive 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 non-executive Directors.

Audit Committee

The audit committee has adopted terms of reference (Audit Committee Charter) 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 2014 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. The audit committee is also responsible to perform corporate governance functions set out in code provision D.3.1 of the Code on Corporate Governance.

Remuneration Committee

The remuneration committee has adopted terms of reference (Remuneration Committee Charter) which are in line with the code provisions of the Code on Corporate Governance. The main duties of the remuneration committee include determining the policy and structure for the remuneration of executive Directors and approving the terms of executive Directors' service contracts, and determining or making recommendations to the Board on the Company's remuneration packages of individual executive and non-executive Directors and senior management.

Nomination Committee

The nomination committee has adopted terms of reference (Nomination Committee Charter) 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 and making recommendation to the Board on selection of candidates for directorships pursuant to the Board Diversity Policy. It also assesses the independence of independent non-executive Directors.

Executive Committee

The executive committee is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters arising between regularly scheduled Board meetings, and to review financial, marketing, retail, operation and other business performance, as well as to review and approve annual budget and key performance indicators (KPIs) and track performance.

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 ended 31 December 2014, the Company fully complied with all 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:

Code provision A.2.7

Code provision A.2.7 stipulates that the chairman should at least annually hold meetings 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, three non-executive Directors 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 the 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

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors, namely Mr. Patrick Thomas SIEWERT, Ms. NG Shieu Yeing Christina, Mr. POON Yee Man Alwin, Ms. FENG Janine Junyuan (resigned on 29 October 2014) and Mr. Gregory Michael ZELUCK (appointed on 29 October 2014) 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

Code provision E.1.2 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 16 May 2014 ("**2014 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 2014 AGM on behalf of Dr. TSAI Yen-Yu and to respond to shareholders' questions.

Two independent non-executive Directors, Mr. Francis GOUTENMACHER (member of the audit, remuneration, executive and nomination committees) and Ms. Su-Mei THOMPSON (Chairperson of the remuneration committee and member of the audit committee and nomination committee) also attended the 2014 AGM.

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 (the "**Model Code**") 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 have been complied with throughout the year ended 31 December 2014 and up to the date of this announcement.

The Company has adopted written guidelines (the "**Company's Guidelines**"), which are 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 non-compliance with the Model Code or the Company's Guidelines 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 ended 31 December 2014, 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$0.03188 per share ("**Final Dividend**") for the year ended 31 December 2014 (2013: final dividend of HK$0.0163 per share). The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 28 July 2015 to the shareholders whose names appear on the register of members of the Company on 5 June 2015.

2015 ANNUAL GENERAL MEETING ("2015 AGM")

The 2015 AGM of the Company will be held on Friday, 22 May 2015. The Company will despatch a circular containing, among other matters, further information relating to the 2015 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 the identity of shareholders who are entitled to attend and vote at the 2015 AGM, the Register of Members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015, both days inclusive. In order to be eligible for attending and voting at the 2015 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, 19 May 2015; and

(b) For the purpose of determining the identity of shareholders who qualify for the Final Dividend, the Register of Members will be closed from Thursday, 4 June 2015 to Friday, 5 June 2015, 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, 3 June 2015.

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 2014 of the Company containing all the information required by Appendix 16 of the Hong Kong Listing Rules will be despatched 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 2014 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

Hong Kong, 30 March 2015

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. Christina Shieu-Yeing Ng, Mr. Poon Yee Man Alwin, Dr. Su Sh-Hsyu and Mr. Gregory Michael Zeluck 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.