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 2015

HIGHLIGHTS:

- Turnover increased by 0.2% to HK$506.9 million.
- Profit before tax increased by 46.5% to HK$170.4 million.
- Net profit increased by 91.4% to HK$136.8 million.
- Final dividend for the year ended 31 December 2015 of HK$0.0292 per share (2014: HK$0.03188 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 2015, together with the comparative figures for 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015
(With comparatives for the year ended 31 December 2014)

	Notes	2015 HK$'000	2014 HK$'000
Revenue	4	**506,913**	505,761
Cost of sales		**(109,419)**	(116,981)
Gross profit		**397,494**	388,780
Other income	6	**28,309**	18,449
Distribution and selling expenses		**(159,661)**	(172,529)
Administrative expenses		**(87,154)**	(89,820)
Other expenses		**(8,596)**	(28,606)
Profit before tax		**170,392**	116,274
Income tax expense	7	**(33,562)**	(44,794)
Profit for the year	8	**136,830**	71,480
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plan		**(347)**	(488)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(44,786)**	(11,761)
Total comprehensive income for the year		**91,697**	59,231
Profit for the year attributable to:			
Owners of the Company		**136,830**	71,480
Total comprehensive income for the year attributable to:			
Owners of the Company		**91,697**	59,231
Earnings per share	10		
Basic and diluted		**HK6.8 cents**	HK3.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015
(With comparatives at 31 December 2014)

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Non-current assets			
Investment properties		**6,524**	5,915
Property, plant and equipment		**187,351**	223,708
Prepaid lease payments		**53,796**	9,102
Goodwill		**27,046**	28,272
Deposit paid for acquisition of land use right		**–**	12,637
Pledged bank deposits		**3,662**	–
Deferred tax assets		**608**	2,009
		278,987	281,643
Current assets			
Inventories		**46,905**	45,036
Trade and other receivables	*11*	**54,046**	67,458
Prepaid lease payments		**447**	310
Pledged bank deposits		**5,491**	–
Bank balances and cash		**502,721**	583,283
		609,610	696,087
Current liabilities			
Trade and other payables	*12*	**117,484**	153,314
Deferred income		**6,593**	7,577
Taxation payable		**19,560**	30,311
		143,637	191,202
Net current assets		**465,973**	504,885
Total assets less current liabilities		**744,960**	786,528
Non-current liability			
Retirement benefit obligations		**12,332**	12,622
		732,628	773,906
Capital and reserves			
Share capital		**200,210**	200,210
Reserves		**532,418**	573,696
Total equity		**732,628**	773,906

Notes:

1. GENERAL

The Company is incorporated in the Cayman Islands on 29 June 2001 as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 March 2002. Its parent and ultimate holding company are Standard Cosmos Limited and Next Focus Holdings Limited, respectively, and both were incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to this 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 aroma-therapeutic 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 ("HK$"), which is the same as 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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 and services.

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

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010 – 2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011 – 2013 Cycle*

Amendments to HKAS 19 *"Defined Benefit Plans: Employee Contributions"*

The Group has applied the amendments for the first time in the current year. Prior to the amendments, the Group accounted for discretionary employee contributions to defined benefit plans as a reduction of the service cost when contributions were paid to the plans, and accounted for employee contributions specified in the defined benefit plans as a reduction of the service cost when services are rendered. The amendments require the Group to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.

- Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Group recognises the reduction in the service cost in the period in which the related services are rendered.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

The Group has applied the amendments to HKFRSs included in the *Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle* for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of HKFRS 8 *Operating Segments*. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[3]
Amendments to HKAS 1	*Disclosure Initiative*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*[3]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[3]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after a date to be determined

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 general 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:

- All recognised financial assets that are within the scope of HKAS 39 *Financial instruments: Recognition and Measurement* are required to be 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. 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 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 attributable to a 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 is 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 recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. 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"

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.

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:

	2015	2014
	HK$'000	*HK$'000*
Sales of goods	**500,480**	498,580
Service income	**6,433**	7,181
	506,913	505,761

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 and Malaysia)

Segment revenues and results

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

For the year ended 31 December 2015

	PRC	Taiwan	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**418,524**	**84,987**	**3,402**	**506,913**
Segment profit	**157,231**	**25,607**	**4,585**	**187,423**
Expense of share based payment				**(9,334)**
Unallocated corporate expenses				**(19,418)**
Unallocated income				**11,721**
Profit before tax				**170,392**

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

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	Taiwan	Others	Segment and consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2015				
Amounts included in the measure of segment profit:				
Depreciation of property, plant and equipment	**28,107**	**5,697**	**28**	**33,832**
Release of prepaid lease payments	**461**	**–**	**–**	**461**
Loss on disposal of property, plant and equipment	**7,343**	**–**	**–**	**7,343**
Allowance for obsolete inventories	**3,395**	**973**	**49**	**4,417**
Allowance on trade receivables	**4,582**	**–**	**–**	**4,582**

	PRC	Taiwan	Others	Segment and consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

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:

	2015	2014
	HK$'000	*HK$'000*
The PRC	**232,020**	232,478
Taiwan	**46,904**	49,068
Others	**63**	97
	278,987	281,643

Information about major customers

The Group has a very wide customer base, no single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest on bank deposits	**11,721**	13,508
Rental income from investment properties	**23**	146
Rental income from other properties and equipment	**2,550**	2,152
Financial refunds *(Note)*	**8,527**	2,134
Increase in fair value of investment properties	**843**	278
Reversal on tax audit accrual *(Note 7)*	**2,668**	–
Gain on disposal of property, plant and equipment	**–**	231
Others	**1,977**	–
	28,309	18,449

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.

The financial refunds represent unconditional tax refunds received from the local government in compensation for taxes incurred and paid by the PRC operating entities of the Group.

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
The charge comprises:		
Taxation in PRC		
Current year	**32,024**	33,358
(Over)underprovision in prior years	**(6,499)**	3,666
Withholding tax on dividends	**8,510**	1,442
	34,035	38,466
Taxation in Taiwan		
Current year	**4,900**	3,488
Overprovision in prior years	**(1,697)**	–
Withholding tax on dividends	**2,120**	1,226
Underprovision of withholding tax on dividends	**4,936**	–
	10,259	4,714
Taxation in Hong Kong and other jurisdictions		
Current year	**4,518**	2,939
Overprovision in prior years	**(2,144)**	–
Tax refund of changing tax rate	**(14,368)**	–
	(11,994)	2,939
Deferred taxation		
Current year	**1,262**	(1,325)
	33,562	44,794

Under the Law of the People's Republic of China 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. The statutory withholding tax rate for non-PRC resident is 10%. As the Company has obtained tax benefit approval from the tax bureau in 2014, which stipulate that the withholding tax rate for Natural Beauty China Holding Limited could be reduced to 5% for the dividend income from July 2011 to June 2017 and 7% for royalty fee from January 2012 to December 2014. Thus, in the current year the tax authority returned the prior years' over-paid taxes accordingly and disclosed as tax refund of changing tax rate.

Pursuant to the relevant laws and regulations in Taiwan and applicable tax treaty, dividend withholding tax is imposed at a rate of 13% under Taiwan-Malaysia tax treaty, and 20% on dividends declared in respect of profits earned by Taiwan subsidiaries that are received by non-local resident entities. In year 2015, the Taiwan tax bureau initiated a tax audit on the Taiwan withholding tax affairs of a Taiwan subsidiary of the Group for the years 2012, 2013, 2014 and 2015, and decided that dividend withholding tax rate applies to the Group should be 20%, as the Group is not applicable to Taiwan-Malaysia tax treaty. Accordingly, the Group recognised an underprovision of withholding tax on dividends amounting to HK$4,936,000 and other related expense amounting to HK$3,159,000 (under other expense).

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.

As at 31 December 2014, the directors of the Group are of the opinion that the tax audit exercise is still at a negotiation stage and no conclusion was reached. Based on various discussion with the PRC tax bureau, the PRC subsidiary is in the process of 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 expense amounting to RMB4,932,000 (equivalent to approximately HK$5,934,000) (under other expense).

In the current year, the PRC subsidiary continued its various discussions with the tax bureau and provided relevant information, and the tax bureau has reviewed such relevant information and concluded on the tax audit for the said years. Accordingly, the PRC subsidiary paid relevant expenses amounting to RMB2,716,000 (equivalent to approximately HK$3,266,000) (under other expense) and reversed overprovision of tax amounting to HK$4,478,000 and other related expense RMB2,216,000 (equivalent to approximately HK$2,668,000) (under other income).

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

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**5,620**	5,606
Other staff salaries and allowances	**96,751**	107,498
Retirement benefits scheme contributions, excluding directors:		
– defined contribution plans	**15,836**	16,518
– defined benefit plan	**355**	290
Expense of share based payment	**9,334**	1,095
Total staff costs	**127,896**	131,007
Depreciation of property, plant and equipment	**33,832**	38,544
Cost of inventories recognised as an expense	**95,861**	104,216
Release of prepaid lease payments	**461**	311
Auditor's remuneration	**3,381**	3,802
Loss (gain) on disposal of property, plant and equipment	**7,343**	(231)
Research and development costs	**3,679**	3,707
Allowance for obsolete inventories, included in cost of sales	**4,417**	5,274
Advertising and promotion expenses	**33,809**	36,797
Net exchange gain	**(3,477)**	(1,686)
Impairment of property, plant and equipment	**–**	9,895
Impairment of other receivables	**–**	12,511

9. DIVIDENDS

	2015 *HK$'000*	2014 *HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend, paid – HK$0.0392 per share for 2015 (2014: HK$0.021 per share for 2014)	**78,482**	42,044
Final dividend, paid – HK$0.03188 per share for 2014 (2014: HK$0.0163 per share for 2013)	**63,827**	32,634
	142,309	74,678

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of HK$0.0292 per share (2014: final dividend of HK$0.03188 per share in respect of the year ended 31 December 2014), amounting to HK$58,461,347 (2014: HK$63,826,978) 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$136,830,000 (2014: HK$71,480,000) and on the number of 2,002,100,932 (2014: 2,002,100,932) ordinary shares of the Company in issue during the year.

The computation of diluted earnings per share for 2015 and 2014 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

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables	**47,963**	53,262
Less: allowance for doubtful debts	**(6,753)**	(2,460)
	41,210	50,802
Prepayments	**7,016**	9,481
Other receivables	**5,820**	7,175
Total trade and other receivables	**54,046**	67,458

The Group allows a credit period for 45 days to its trade customers. The aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period as follow:

	2015	2014
	HK$'000	*HK$'000*
Aged:		
Within 45 days	**31,943**	35,510
46 – 180 days	**9,267**	15,292
	41,210	50,802

Including in the Group's receivable balances are debtors with aggregate carrying amount of HK$9,267,000 (2014: HK$15,292,000) which are past due but not impaired at the end of the reporting period.

Aging of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Aged:		
46 – 180 days	**9,267**	15,292

The directors of the Company assessed the credit quality of those debtors that the balances are past due by reviewing their financial position, the past repayment record and the experience on any recent history of default. The amounts are considered recoverable. The Group does not hold any collateral over these balances.

Before accepting any new customer, the Group uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Movement in the allowance for doubtful debts

	2015	2014
	HK$'000	*HK$'000*
Balance at the beginning of the year	**2,460**	1,536
Amounts recovered during the year	**(324)**	(229)
Allowance on receivables	**4,906**	1,159
Exchange realignment	**(289)**	(6)
Balance at the end of the year	**6,753**	2,460

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$6,753,000 (2014: HK$2,460,000), which have been identified with financial difficulties. The Group does not hold any collateral over these balances.

For the year ended 31 December 2014, the directors conducted an impairment assessment on prepayment and other receivables in relation to a spa-resort project and determined that an impairment loss of HK$12,511,000 was recognised.

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**14,942**	18,577
Deposits from customers	**36,798**	43,576
Other tax payables	**8,476**	13,442
Accruals	**47,499**	62,841
Other payables	**9,769**	14,878
Total trade and other payables	**117,484**	153,314

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

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**13,239**	16,075
91 days to 365 days	**54**	223
Over 365 days	**1,649**	2,279
	14,942	18,577

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	2015		2014		Changes	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%
PRC	**418,524**	**82.5%**	420,338	83.2%	(1,814)	-0.4%
Taiwan	**84,987**	**16.8%**	80,639	15.9%	4,348	5.4%
Others	**3,402**	**0.7%**	4,784	0.9%	(1,382)	-28.9%
Total	**506,913**	**100.0%**	505,761	100.0%	1,152	0.2%

Turnover of the Group in 2015 increased by 0.2% to HK$506.9 million compared with HK$505.8 million in 2014. The rise was mainly due to an increase of HK$1.9 million in product sales, which segment contributed to 98.7% of our total turnover.

Turnover in the PRC market decreased by 0.4% from HK$420.3 million in 2014 to HK$418.5 million in 2015, while turnover in the Taiwan increased by 5.4% to HK$85.0 million compared with HK$80.6 million in 2014.

Sales from other regions, including Hong Kong, Malaysia and Macau, decreased by 28.9% from HK$4.8 million in 2014 to HK$3.4 million in 2015. Contribution from these regions remained at an insignificant level of just 0.7% of the Group's turnover.

The Group's overall gross profit margin improved from 76.9% in 2014 to 78.4% in 2015 due to an increase in the proportion of higher-margin products within our sales mix.

Turnover by activities	2015	2014	Changes	
	HK$'000	*HK$'000*	*HK$'000*	%
Products				
PRC	**414,933**	415,827	(894)	-0.2%
Taiwan	**82,145**	77,969	4,176	5.4%
Others	**3,402**	4,784	(1,382)	-28.9%
Total	**500,480**	498,580	1,900	0.4%
Services				
PRC	**3,591**	4,511	(920)	-20.4%
Taiwan	**2,842**	2,670	172	6.4%
Total	**6,433**	7,181	(748)	-10.4%

Turnover by activities	**2015**		2014		Changes	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Products	**500,480**	**98.7%**	498,580	98.6%	1,900	0.4%
Services	**6,433**	**1.3%**	7,181	1.4%	(748)	-10.4%
Total	**506,913**	**100.0%**	505,761	100.0%	1,152	0.2%

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 2015 amounted to HK$500.5 million, or 98.7% of the Group's total revenue, representing an increase of HK$1.9 million or by 0.4% when compared with sales of HK$498.6 million, or 98.6% of the Group's total revenue in 2014. The increase in product sales was mainly driven by the growth in such segment in the Taiwan market by 5.4% to HK$82.1 million in 2015 compared with HK$78.0 million in 2014.

Service income	**2015**		2014		Changes	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Training income	**438**	**6.8%**	368	5.1%	70	19.0%
SPA service income	**5,347**	**83.1%**	4,797	66.8%	550	11.5%
Others	**648**	**10.1%**	2,016	28.1%	(1,368)	-67.9%
Total	**6,433**	**100.0%**	7,181	100.0%	(748)	-10.4%

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 2015, service income decreased by 10.4% to HK$6.4 million compared with approximately HK$7.2 million in 2014.

Other income

Other income increased by 53.4% from HK$18.5 million in 2014 to HK$28.3 million, which mainly comprised interest income, rental income from other properties, financial refunds and overprovision of tax audit of HK$11.7 million, HK$2.6 million, HK$8.5 million and HK$2.7 million respectively in 2015.

Distribution and administrative expenses

Distribution and selling expenses as a percentage of the Group's turnover decreased to 31.5% in 2015 compared with 34.1% in 2014. It decreased by HK$12.8 million from HK$172.5 million in 2014 to HK$159.7 million in 2015. Advertising and promotion ("**A&P**") expenses decreased to 6.7% of the Group's total turnover in 2015 as compared with 7.3% in 2014, and decreased by HK$3.0 million from HK$36.8 million in 2014 to HK$33.8 million in 2015. Our focus in 2015 was mainly on supporting franchisees to increase sell-through activities via customer events, indoor salons and roadshows so that they can 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$54.9 million, travel and entertainment expenses of HK$7.5 million, depreciation charges of HK$13.4 million as well as rentals of offices and sales counters of HK$28.0 million in 2015.

Total administrative expenses decreased by HK$2.7 million, or 3.0%, to HK$87.2 million in 2015 compared with HK$89.8 million in 2014. Administrative expenses mainly comprised staff costs and retirement benefits (including non-cash share based payment) of HK$33.2 million, legal and professional fees of HK$9.1 million, depreciation charges of HK$11.0 million and office and utilities expenses of HK$7.5 million.

Other expenses

Other expenses decreased by HK$20.0 million, from HK$28.6 million in 2014 to HK$8.6 million in 2015. The decrease was mainly due to the impairment of HK$22.4 million against the other receivables and the fixed asset in 2014 and loss of disposal of property, plant and equipment due to equipment renewal and franchise store closure of HK$7.3 million in 2015.

Profit before tax

Taking into account the higher gross profit, and lower distribution and administrative expenses, profit before tax increased by 46.5% from HK$116.3 million in 2014 to HK$170.4 million in 2015, and the pre-tax profit margin increased to 33.6% in 2015 from 23.0% in 2014.

Taxation

Taxation expenses decreased by HK$11.2 million to HK$33.6 million in 2015 compared with HK$44.8 million in 2014. The effective tax rate of the Group in 2014 and 2015 was 38.5% and 19.7% respectively. The lower effective tax rate in 2015 was mainly due to the HK$14.4 million tax refund received for 2009/2010/2012 dividend income and 2011 royalty fee which were paid in 2011 and 2012 due to lower withholding tax rate approved by PRC tax bureau in 2014.

Profit for the year

Profit for the year increased by 91.4% from HK$71.5 million in 2014 to HK$136.8 million in 2015.

Liquidity and financial resources

Cash generated from operating activities in 2015 was approximately HK$140.1 million (HK$165.1 million in 2014). The decrease was mainly due to changes in working capital (decrease in other payables). As at 31 December 2015, the Group had bank balances and cash of approximately HK$502.7 million (HK$583.3 million as at 31 December 2014) with no external bank borrowing.

In terms of gearing, as at 31 December 2014 and 31 December 2015, 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 2014 and 31 December 2015 were 3.6 times and 4.2 times respectively. As at 31 December 2015, 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 2015, approximately 80.9% (87.1% as at 31 December 2014) of the Group's bank balances and cash was denominated in Renminbi, while approximately 16.6% (11.8% as at 31 December 2014) in New Taiwan Dollars. The remaining 2.5% (1.1% as at 31 December 2014) 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 derivatives to hedge against such risks when necessary.

BUSINESS REVIEW

Turnover by geographic region	2015	2014	Changes	
	HK$'000	*HK$'000*	*HK$'000*	%
PRC				
Products	**414,933**	415,827	(894)	-0.2%
Services	**3,591**	4,511	(920)	-20.4%
PRC Total	**418,524**	420,338	(1,814)	-0.4%
Taiwan				
Products	**82,145**	77,969	4,176	5.4%
Services	**2,842**	2,670	172	6.4%
Taiwan Total	**84,987**	80,639	4,348	5.4%
Others				
Products	**3,402**	4,784	(1,382)	-28.9%
Services	**–**	–	–	–
Others Total	**3,402**	4,784	(1,382)	-28.9%

The PRC Market

Due to slowdown in PRC's economic growth, the Group's turnover in the PRC market decreased by 0.4% in 2015 to HK$418.5 million compared with HK$420.3 million in 2014. The decrease was driven by decrease in sales of products. Gross margin on product sales increased from 80.5% in 2014 to 82.0% in 2015, 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 increased by 5.4% from HK$80.6 million in 2014 to HK$85.0 million in 2015 due to door-by-door management via franchisee differentiation to utilize company resources efficiently. Gross margin decreased from 80.2% in 2014 to 79.7% in 2015, as a result of higher promotion discount on product sale during the period under review.

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 2015							
PRC	**778**	**1**	**779**	**0**	**14**	**14**	**793**
Taiwan	**246**	**3**	**249**	**0**	**0**	**0**	**249**
Others	**30**	**0**	**30**	**0**	**0**	**0**	**30**
Total	**1,054**	**4**	**1,058**	**0**	**14**	**14**	**1,072**

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	0	14	14	1,088
Taiwan	257	3	260	0	0	0	260
Others	30	0	30	0	0	0	30
Total	1,360	4	1,364	0	14	14	1,378

Average sales per store	**2015 Average store***	2014 Average store*	**2015 Average sales *per store* *HK$***	2014 Average sales *per store* *HK$*	*Changes* *HK$*	*%*
PRC	**940.5**	1,109.0	**445,000**	379,000	66,000	17.4%
Taiwan	**254.5**	266.5	**334,000**	303,000	31,000	10.2%
Group total**	**1,195.0**	1,375.5	**421,000**	364,000	57,000	15.7%

* 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 2015, there were 1,058 spas and 14 concessionary counters. Of these, 1,054 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 25 new stores were opened and 331 stores were closed during the year ended 31 December 2015. Average sales per store increased from HK$364,000 in 2014 to HK$421,000 in 2015.

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 Yen-Yu'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 2015, the Group's flagship NB-1 products accounted for more than 45% of total product sales. Sales of NB-1 branded products reached HK$229 million in 2015. With effective product line rationalization plan, NB-1 series was successfully launched several new products, among them, spa care product strengthened and consolidated the status of Natural Beauty in beauty and spa, meanwhile, increased product consumption and brand loyalty. The new products received good response from franchisees and achieved strong sales, especially NB-1 Plus Firm Lift Extract. Once listed, the market responded enthusiastically, causing consumers competing's pursuit race, sales of which achieved HK$45 million.

Human Resources

As at 31 December 2015, the Group had a total of 607 employees, of whom 494 were based in the PRC, 110 in Taiwan and 3 in other countries and regions. Total remuneration (excluding directors' emoluments) in 2015 was approximately HK$122.3 million (HK$125.4 million in 2014), including retirement benefit related costs of HK$16.2 million (HK$16.8 million in 2014) and stock option expenses of HK$9.3 million (HK$1.1 million in 2014). 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 31 March 2015, the Company granted share options to certain key employees to subscribe for a maximum of 3,500,000 shares (please refer to the Company's announcement dated 31 March 2015 for details).

Capital Expenditures

The Group's capital expenditure of HK$60.8 million in 2015 was mainly related to the land purchase in Fengxian amounting to HK$46.4 million, the POS system upgrades amounting to HK$1.6 million and skin test machine (Wood's machine, Iris and PC device) amounting to HK$3.2 million, production equipment amounting to HK$4.5 million and IT infrastructure amounting to HK$1.7 million.

OUTLOOK

The PRC government's continued plan for urbanization and incentive for individual entrepreneurship should fuel the continuous growth in the beauty and personal care market.

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 encourage people to start their own business at NB and focus on adding more stores in tier 3 and tier 4 cities in the PRC.

– We will speed up the upgrading of current products and launching of high-tech products to satisfy the needs of the consumers.

– We will introduce to the PRC market a new skin care brand "Stremark" for plastic surgery recovery, which was well developed in Taiwan for years.

– We will leverage the rising awareness of personal well-being among PRC consumers and drive the growth of health supplement through the current channels.

– We will make more commitments to the environment, corporate social responsibility and governance.

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 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**") contained 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.

The Company adopted a revised Audit Committee Charter on 27 August 2015 in compliance with and to address the new provisions in the Code on Corporate Governance dealing with risk management and internal control systems and effective for the accounting period beginning on 1 January 2016.

Audit Committee and Review of Annual Financial Statements

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 consolidated financial statements of the Company for the year ended 31 December 2015 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 recommendations 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 the Company has fully complied with all the code provisions set out in the Code on Corporate Governance throughout the year ended 31 December 2015, 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 and nomination committee and, one existing non-executive Director is, and two former non-executive Directors and two former independent non-executive Directors were 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 (resigned on 18 December 2015), Ms. NG Shieu Yeing Christina (resigned on 11 August 2015), Mr. POON Yee Man Alwin (resigned on 11 August 2015), Mr. Gregory Michael ZELUCK (resigned on 18 December 2015), Ms. GONG Zhizhi (resigned on 18 December 2015) and Mr. CHANG Hsiuguo (resigned on 18 December 2015) 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 22 May 2015 ("**2015 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 until 18 December 2015, who was well versed in all business activities and operations of the Group, to attend and chair the 2015 AGM on behalf of Dr. TSAI Yen-Yu and to respond to shareholders' questions.

Two former independent non-executive Directors, Mr. Francis GOUTENMACHER (who was a member of the audit, remuneration, executive and nomination committees until 18 December 2015) and Ms. Su-Mei THOMPSON (who was the Chairperson of the remuneration committee and member of the audit committee and nomination committee until 18 December 2015) also attended the 2015 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 2015 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 relevant 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 2015, 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$0.0292 per share for the year ended 31 December 2015 ("**Final Dividend**") (2014: final dividend of HK$0.03188 per share). The proposed Final Dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 26 July 2016 to the shareholders whose names appear on the register of members of the Company on 3 June 2016.

2016 ANNUAL GENERAL MEETING ("2016 AGM")

The 2016 AGM of the Company will be held on Wednesday, 25 May 2016. The Company will despatch a circular containing, among other matters, further information relating to the 2016 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 2016 AGM, the Register of Members of the Company will be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016, both days inclusive. In order to be eligible for attending and voting at the 2016 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 Monday, 23 May 2016; 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, 2 June 2016 to Friday, 3 June 2016, 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, 1 June 2016.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S AND THE COMPANY'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 2015 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 2015 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, 29 March 2016

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, Dr. Su Sh-Hsyu as non-executive director and Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang as independent non-executive directors.