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自然美
natural beauty

Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 157)

CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the manufacture and distribution of beauty and spa products and operates a spa franchise network in the Greater China region. NB Sanlian is a 100% indirectly-owned subsidiary of the Company. Bio-Med is a wholly foreign owned enterprise established with limited liability in the PRC which is beneficially owned by Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu as to 20%, 40% and 40% respectively. Dr. Tsai Yen Yu is the Chairperson and an executive director and both Dr. Su Chien Cheng and Dr. Su Sh Hsyu are executive directors of the Company. Thus Bio-Med is an associate (as defined in the Listing Rules) of a connected person of the Company.

On 28 July 2005, NB Sanlian entered into a Natural Health Food Purchase Agreement with Bio-Med, pursuant to which Bio-Med supplied natural health food to NB Sanlian. The purchase transactions under the Natural Health Food Purchase Agreement between NB Sanlian and Bio-Med constituted continuing connected transactions for the Company and had been disclosed in an announcement dated 2 August 2005. The Natural Health Food Purchase Agreement expired on 31 December 2007.

On 16 January 2008, NB Sanlian and Bio-Med entered into the Renewed Natural Health Food Purchase Agreement. The purchase transactions under the Renewed Natural Health Food Purchase Agreement constitute continuing connected transactions under the Listing Rules for the Company.

On the basis that the Cap for the Renewed Natural Health Food Purchase Agreement is less than 2.5% of the applicable percentage ratios (as defined in the Listing Rules), the purchase transaction under the Renewed Natural Health Food Purchase Agreement is subject to the annual review, reporting and announcement requirements, but are exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

INTRODUCTION

NB Sanlian had entered into Natural Health Food Purchase Agreement with Bio-Med on 28 July 2005 for a period from 28 July 2005 to 31 December 2007. The Natural Health Food Purchase Agreement has expired on 31 December 2007. In order to continue the Company's business, NB Sanlian and Bio-Med entered into the Renewed Natural Health Food Purchase Agreement on 16 January 2008.

TRANSACTIONS UNDER THE RENEWED NATURAL HEALTH FOOD PURCHASE AGREEMENT

Date: 16 January 2008

Parties: Bio-Med and NB Sanlian

Term: 1 January 2008 to 31 December 2008

Goods purchased: Natural health food

Payment terms: Cash on delivery

Annual Cap: The annual Cap in respect of the purchase transactions pursuant to the Renewed Natural Health Food Purchase Agreement for the financial year ending 31 December 2008 is HK\$9,000,000.

The annual Cap is determined with reference to the historic purchase of health food by the Group of HK\$2.1 million for year 2005, HK\$2.5 million for year 2006 and HK\$5.0 million for year 2007, with a growth rate of 100% in 2007, and the fact that there is increasing health consciousness of the general public in the PRC, as well as the Group's plan to actively promote the health food business. As a result, the purchase forecast of health food for 2008 is HK\$9.0 million

The anticipated growth in the natural health food business was made by the directors based on their experience of distribution of products through our spa channel and their best knowledge of the natural health food market in the PRC. The aggregate amount of natural health food purchased from Bio-Med from 1 January 2008 to 15 January 2008 was approximately HK\$600,000.

The anticipated growth of the natural health food business is at an annual rate of approximately 80%.

REASON FOR THE TRANSACTIONS

Bio-Med has been providing natural health food to NB Sanlian since March 2003. The natural health food is for general health and wellness improvement. The Company considers that the natural health food products enrich the product line of the Group and compliment the "natural & beauty" concept of the Group. Total purchases from Bio-Med for the years ended 31 December 2005, 2006 and 2007 were HK\$2.1 million, HK\$2.5 million and HK\$5.0 million respectively.

With a view of continuing the business with Bio-Med, NB Sanlian has entered the Renewed Natural Health Food Purchase Agreement with Bio-Med. Although similar natural health food as those purchased from Bio-Med may also be purchased from independent third parties, NB Sanlian considers the formulation of Bio-Med's natural health food is unique. The purchase price of the natural health food from Bio-Med is no less favourable than that of independent third parties.

The directors (including the independent non-executive directors) of the Company consider that the terms of the Renewed Natural Health Food Purchase Agreement was entered into in the usual and ordinary course of business of the Group. They also consider that the terms of the continuing connected

transactions under the Renewed Natural Health Food Purchase Agreement was negotiated and conducted by the Group on an arm's length basis and on normal commercial terms with Bio-Med and such terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

RELATIONSHIPS OF THE PARTIES

NB Sanlian is a 100% indirectly wholly-owned subsidiary of the Company. Bio-Med is a wholly foreign owned enterprise with limited liability established in the PRC which is beneficially owned by Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu as to 20%, 40% and 40% respectively. Dr. Tsai Yen Yu is the Chairperson and an executive director and both Dr. Su Chien Cheng and Dr. Su Sh Hsyu are executive directors of the Company. Thus Bio-Med is an associate (as defined in the Listing Rules) of a connected person of the Company.

CONTINUING CONNECTED TRANSACTIONS

On the basis that the Cap for the Renewed Natural Health Food Purchase Agreement is greater than 0.1% but less than 2.5% of the each of the percentage ratios (other than the profits ratio), as defined in the Listing Rules, the entering into of the Renewed Natural Health Food Purchase Agreement is subject to the reporting and announcement requirements only, and are exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules. The Group will comply with the annual review, reporting and announcement requirements in relation to the transaction made under the Renewed Natural Health Food Purchase Agreement by making relevant disclosure in the annual report and accounts of the Company in compliance with Rules 14A.37 to 14A.40, 14A.45 and 14A.46 of the Listing Rule. In the event that the above mentioned Cap in respect of the Renewed Natural Food Purchase Agreement is exceeded or the Renewed Natural Food Purchase Agreement is renewed or there is a material change to their respective terms, the Company will re-comply with all applicable connected transaction requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT BIO-MED

The principal activity of Bio-Med is the research and development, manufacturing and distribution of various natural health food products.

INFORMATION ABOUT THE COMPANY AND NB SANLIAN

The Company

The Company is listed on the main board of the Stock Exchange and the business of the Group is principally engaged in the manufacture and distribution of beauty and spa products and operate a spa franchise network in the Greater China region.

NB Sanlian

NB Sanlian is a company incorporated in the PRC with limited liability and is a 100% indirectly-owned subsidiary of the Company. It is engaged in the distribution of beauty and spa products to its subsidiaries and franchise stores in the PRC.

DEFINITIONS

“Bio-Med”	上海自然美生物醫學有限公司 (Shanghai Natural Beauty Bio-Med Company Limited), a wholly foreign-owned enterprise established in the PRC
“Company”	Natural Beauty Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Cap”	The maximum aggregate annual consideration of the purchase under the Renewed Natural Health Food Purchase Agreement
“Greater China Region”	PRC, Hong Kong and Taiwan
“Group”	Company and its direct and indirect subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Natural Health Food Purchase Agreement”	Natural Health Food Purchase Agreement entered into between Bio-Med and NB Sanlian dated 28 July 2005
“Renewed Natural Health Food Purchase Agreement”	Renewed Natural Health Food Purchase Agreement entered into between Bio-Med and NB Sanlian dated 16 January 2008
“NB Sanlian”	Shanghai Natural Beauty Sanlian Cosmetics Company Limited, a company established in the People’s Republic of China with limited liability and is a 100% indirectly wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

As of the date hereof, the Executive Directors of the Company are Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu. The Independent Non-executive Directors of the Company are Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching.

Hong Kong, 16 January 2008

Please also refer to this announcement at the Company’s website at <http://www.nblife.com/ir/>