
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **Natural Beauty Bio-Technology Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

Insbro Holdings Limited

保經控股有限公司

(Incorporated in Hong Kong with limited liability)



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)

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FESS AND/OR PARTIES
ACTING IN CONCERT WITH IT) BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR**

Financial Adviser to the Offeror



建銀国际
CCB International

Independent Financial Adviser to the Independent Board Committee



**Lego Corporate
Finance Limited**

力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A letter from CCB International containing, among other things, the terms of the Offer is set out on pages 8 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 29 to 50 of this Composite Document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Hong Kong Registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on Friday, 16 November 2018 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Independent Shareholders" under the paragraph headed "The Offer" in the "Letter from the Independent Financial Adviser" on pages 29 to 50 of this Composite Document and the paragraph headed "7. Overseas Independent Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Independent Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ir-cloud.com/hongkong/00157/irwebsite>) as long as the Offer remains open.

Hong Kong, 26 October 2018

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
commencement date of the Offer (*Note 1*) Friday,
26 October 2018

Latest time and date for acceptance of the Offer (*Note 2*) 4:00 p.m. on Friday,
16 November 2018

Closing Date (*Note 2*) Friday, 16 November 2018

Announcement of the results of the Offer
(or its extension or revision, if any), to be posted
on the website of the Stock Exchange and
the Company (*Note 2*) No later than 7:00 p.m. on
Friday, 16 November 2018

Latest date for posting of remittances in respect of
valid acceptances received under the Offer (*Note 3*) Tuesday, 27 November 2018

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. The latest time and date for acceptance will be at 4:00 p.m. on Friday, 16 November 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Friday, 16 November 2018 stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days after the date of receipt by the Hong Kong Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 5 headed "Right of Withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
4. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date or the date for posting of remittances and it is (i) not cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the Closing Date will be postponed to 4:00 p.m. on the next Business Day and the date for posting of remittances will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the respective event will remain the same on the scheduled date according to the expected timetable.

IMPORTANT NOTICE

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with an address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Independent Shareholders should inform themselves about the implications of the Offer in the relevant jurisdictions, observe any applicable regulatory or legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due by such person in respect of such jurisdiction. The Offeror, FESS, EMIC, the Company and the parties acting in concert with each of them, CCBI, the Independent Financial Adviser, the Hong Kong Registrar, and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed “Taxation Advice” under the paragraph headed “The Offer” set out in the “Letter from CCBI” in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the Sale Shares, representing approximately 51% of the issued share capital of the Company, by the Purchasers from the Vendors under the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Appointment Effective Date”	the earliest date as may be permitted under the Takeovers Code after the posting of this Composite Document except with the consent of the Executive
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	has the meaning ascribed thereto under the Takeovers Code
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCBI”	CCB International Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Closing Date”	16 November 2018, being the closing date of the Offer which is 21 days after the day of this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror in accordance with the Takeovers Code

DEFINITIONS

“Company”	Natural Beauty Bio-Technology Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00157)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Composite Document”	this composite offer document dated 26 October 2018 jointly issued by the Offeror and the Company in connection with the Offer and in accordance with the Takeovers Code
“Director(s)”	director(s) of the Company
“Dr. Tsai”	Dr. Tsai Yen-Yu (alias Tsai Yen-Pin)
“EMIC”	Eastern Media International Corporation, a company whose shares are listed on the Taiwan Stock Exchange (TWSE stock code: 2614). As at the Latest Practicable Date, the directors of EMIC are Mr. Liao Shang-Wen, Mr. Chiu Jaw-Shin, Mr. Tsai Kao-Ming, Mr. Paul Chen, Mr. Lee Kuen-Chang, Mr. Chen Su-Chang and Mr. Shyr Tien-Wei
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates, as defined in the Takeovers Code
“FESS”	Far Eastern Silo & Shipping (Panama) S.A., a company incorporated in the Republic of Panama with limited liability, being one of the Purchasers
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“Good Titanic”	Good Titanic Limited, a company incorporated in the BVI, the sole shareholder of the Offeror and it is wholly-owned by Mr. Chao
“Group”	the Company and its subsidiaries and the expression “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Registrar”	Hong Kong Registrars Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising all the non-executive Directors (save for Dr. Su Sh-Hsyu), namely Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang, formed for the purpose of making a recommendation to the Independent Shareholders regarding the terms of the Offer
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee regarding the Offer
“Independent Shareholder(s)”	the Shareholders, other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 5 October 2018 jointly issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer
“King’s Town Bank”	King’s Town Bank Co., Ltd. (京城商業銀行股份有限公司), a Taiwan-based bank principally engaged in financial businesses, whose shares are listed on the Taiwan Stock Exchange (TWSE stock code: 2809)
“Last Trading Day”	30 July 2018, being the last trading day for the Shares immediately prior to the commencement of the Offer Period, being the date of the MOU Announcement

DEFINITIONS

“Latest Practicable Date”	24 October 2018, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Deeds”	the two loan deeds both dated 24 August 2018 executed by the Offeror as borrower and pledgor, Mr. Wang Ling-Lin and Good Titanic as guarantors, in favour of King’s Town Bank relating to the Loan Facilities, which are secured by a pledge of 420,441,196 Shares which were owned by the Offeror upon the Completion and all of the Offer Shares to be acquired by the Offeror during the Offer
“Loan Facilities”	two committed loan facilities of up to USD55 million, in aggregate (equivalent to approximately HK\$429.62 million) granted by King’s Town Bank to the Offeror as borrower for financing, among others, the Offer Consideration
“MOU”	the memorandum of understanding dated 30 July 2018 entered into between the Vendors, the Purchasers and Dr. Tsai regarding the sale and purchase of the Sale Shares
“MOU Announcement”	the joint announcement made by the Purchasers and the Company dated 31 July 2018 in relation to, amongst others, the MOU
“Mr. Chao”	Mr. Chao Shih-Heng, the ultimate shareholder of the Offeror and the sole director of each of the Offeror and Good Titanic
“Non-Accepting Non-Controlling Shareholders”	has the meaning ascribed to it under the section headed “Mandatory Unconditional General Cash Offer – Undertaking not to accept the Offer” set out in the “Letter from CCBI” of this Composite Document
“Non-Accepting Non-Controlling Shares”	has the meaning ascribed to it under the section headed “Mandatory Unconditional General Cash Offer – Undertaking not to accept the Offer” set out in the “Letter from CCBI” of this Composite Document

DEFINITIONS

“Non-Accepting Tsai-Controlled Shareholders”	has the meaning ascribed to it under the section headed “Mandatory Unconditional General Cash Offer – Undertaking not to accept the Offer” set out in the “Letter from CCBI” of this Composite Document
“Offer”	the unconditional mandatory general cash offer being made by CCBI for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document and the accompanying Form of Acceptance
“Offer Consideration”	has the meaning ascribed to it under the section headed “Value and Total Consideration of the Offer” set out in the “Letter from CCBI” of this Composite Document
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the MOU Announcement and ending on the Closing Date
“Offer Price”	the price at which the Offer is made, being HK\$0.90 per Offer Share
“Offer Share(s)”	any and all of the issued Share(s) not already owned or agreed to be acquired by the Offeror, FESS and parties acting in concert with any of them
“Offeror”	Insbro Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned company of Mr. Chao
“Outgoing Directors”	has the meaning ascribed to it under the section headed “Resignation, Appointment and Re-Designation of Directors” in this Composite Document
“Overseas Independent Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“Purchase Consideration”	the consideration paid by the Purchasers to the Vendors for the purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Purchasers”	collectively, FESS and the Offeror

DEFINITIONS

“Relevant Entity(ies)”	has the meaning ascribed to it under the section headed “Mandatory Unconditional General Cash Offer – Undertaking not to accept the Offer” set out in “Letter from CCBI” of this Composite Document
“Relevant Period”	the period commencing on the date falling six months preceding 31 July 2018, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
“Remaining Non-Accepting Tsai-Controlled Shares”	has the meaning ascribed to it under the section headed “Mandatory Unconditional General Cash Offer – Undertaking not to accept the Offer” set out in “Letter from CCBI” of this Composite Document
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 October 2018 entered into by and amongst the Vendors and the Purchasers (after the Stock Exchange trading hours) in respect of the sale and purchase of the Sale Shares
“Sale Shares”	1,021,071,476 Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“USD”	United States Dollar, the lawful currency of United States of America
“Vendor A”	Efficient Market Investments Limited, a company incorporated in the BVI and owns 50,130 Shares (representing approximately 0.003% shareholdings interests in the issued share capital of the Company) immediately after the Completion

DEFINITIONS

“Vendor B”	Adventa Group Limited, a company incorporated in the BVI and owns 53,988,394 Shares (representing approximately 2.70% shareholding interests in the issued share capital of the Company) immediately after the Completion
“Vendors”	collectively, Vendor A and Vendor B
“%”	per cent.

LETTER FROM CCBI



CCB INTERNATIONAL CAPITAL LIMITED

To the Independent Shareholders

26 October 2018

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FESS AND/OR PARTIES
ACTING IN CONCERT WITH IT) BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR**

INTRODUCTION

Reference is made to the MOU Announcement and the Joint Announcement.

On 31 July 2018, the Offeror, FESS and the Company jointly announced that the Vendors, Dr. Tsai and the Purchasers entered into the MOU in respect of the Acquisition. On 5 October 2018, the Offeror and the Company jointly announced that on 2 October 2018 (after trading hours of the Stock Exchange), the Vendors and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which, FESS would acquire from Vendor A 600,630,280 Shares (representing approximately 30% of the total issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$540,567,252, and the Offeror would acquire from (i) Vendor A 237,849,590 Shares (representing approximately 11.88% of the issue share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$214,064,631; and (ii) Vendor B 182,591,606 Shares (representing approximately 9.12% of the issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$164,332,445.40. Completion took place on 3 October 2018. Immediately after Completion, each of the Offeror and FESS has thus acquired 420,441,196 Shares and 600,630,280 Shares respectively (representing approximately 21% and 30% respectively of the total issued share capital of the Company as at the date of the Joint Announcement) at the consideration of HK\$378,397,076.40 and HK\$540,567,252 respectively. The Sale Shares acquired by the Offeror and FESS represent approximately 51% in aggregate of the entire issued share capital of the Company as at the date of the Joint Announcement.

Immediately after Completion and as at the Latest Practicable Date, FESS, EMIC, the Offeror and parties acting in concert with each of them were interested in a total of 1,021,071,476 Shares, representing approximately 51% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, FESS is required

LETTER FROM CCBI

to make an unconditional mandatory general offer in cash for all the issued shares in the Company (other than those Shares already owned or agreed to be acquired by FESS and parties acting in concert with it). As FESS and the Offeror are parties acting in concert with each other in respect of the Acquisition of voting rights in the Company pursuant to the Sale and Purchase Agreement, and FESS currently wishes to acquire 30% of the issued share capital of the Company only and not any further shareholding as FESS's parent, EMIC, is a listed company in Taiwan, which is subject to Taiwan Stock Exchange and Taiwan Financial Supervisory Commission's supervision and scrutiny. Any major foreign investment of FESS or EMIC would require EMIC to obtain a prior approval of its board and the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "IC") and to make a public announcement. It would be practically difficult to obtain a prior approval from the IC for an open-end investment such as the Offer, as the IC would normally request a specific investment target and a concrete investment amount for its review. In order to simplify EMIC's approval application with the IC, FESS and the Offeror determined to have the Offeror, being a private company incorporated in Hong Kong, to be the offeror to make the Offer and keep FESS's investment fixed at 30% of the issued share capital in the Company, assuming there being no change in the issued share capital of the Company.

This letter sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from the Independent Financial Adviser" to the Independent Board Committee as contained in this Composite Document.

MANDATORY UNCONDITIONAL GENERAL CASH OFFER

As at the Latest Practicable Date, there were 2,002,100,932 Shares in issue, of which 1,021,071,476 Shares (representing approximately 51% of the entire issued share capital of the Company) are held by FESS, EMIC, the Offeror and parties acting in concert with each of them. The Company does not have any outstanding warrants, options, derivatives or securities convertible into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible into or which confer rights to require the issue of Shares as at the Latest Practicable Date.

Principal terms of the Offer

CCBI, for and on behalf of the Offeror, hereby makes the Offer on the following terms in compliance with the Takeovers Code on the following basis:

For every Offer Share HK\$0.90 in cash

The Offer Price of HK\$0.90 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

LETTER FROM CCBI

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

The Offer Price

Before taking into account any adjustments to the quoted prices for the interim dividend declared on 30 August 2018, the Offer Price of HK\$0.9 per Offer Share represents:

- (i) a premium of approximately 47.54% over the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 47.54% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.61 per Share;
- (iii) a premium of approximately 47.06% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.6120 per Share;
- (iv) a premium of approximately 49.25% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.6030 per Share;
- (v) a premium, of approximately 4.65% over the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on 2 October 2018 (being the last trading day immediately preceding the date of the Joint Announcement);
- (vi) a premium of approximately 176.90% over the audited consolidated net asset value attributable to shareholders per Share as at 31 December 2017 of approximately HK\$0.3250 per Share based on 2,002,100,932 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 199.34% over the unaudited consolidated net asset value attributable to shareholders per Share as at 30 June 2018 of approximately HK\$0.3007 per Share based on 2,002,100,932 Shares in issue as at the Latest Practicable Date.

LETTER FROM CCBI

After taking into account the adjustment to the quoted prices for the interim dividend declared on 30 August 2018 of HK\$0.0145 per share, the Offer Price of HK\$0.9 per Offer Share represents:

- (i) a premium of approximately 51.13% over the adjusted closing price of HK\$0.5955 per Share as quoted on the Stock Exchange on the Last Trading Day (after adjustment for the interim dividend);
- (ii) a premium of approximately 51.13% over the average of the adjusted closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5955 per Share (after adjustment for the interim dividend);
- (iii) a premium of approximately 50.63% over the average of the adjusted closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5975 per Share (after adjustment for the interim dividend);
- (iv) a premium of approximately 52.93% over the average of the adjusted closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5885 per Share (after adjustment for the interim dividend);
- (v) a premium of approximately 47.54% over the adjusted closing price of HK\$0.8455 per Share as quoted on the Stock Exchange on 2 October 2018 (being the last trading day immediately preceding the date of the Joint Announcement) (after adjustment for the interim dividend);
- (vi) a premium of approximately 189.83% over the audited consolidated net asset value attributable to shareholders per Share as at 31 December 2017 of approximately HK\$0.3105 per Share (after adjustment for the interim dividend) based on 2,002,100,932 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 214.51% over the unaudited consolidated net asset value attributable to shareholders per Share as at 30 June 2018 of approximately HK\$0.2862 per Share (after adjustment for the interim dividend) based on 2,002,100,932 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$0.92 on 11 October 2018, and the lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$0.56 on 12 and 22 February 2018.

LETTER FROM CCBI

Value and total consideration of the Offer

As at the Latest Practicable Date, there are 2,002,100,932 Shares in issue. Based on the Offer Price of HK\$0.90 per Offer Share, the entire issued share capital of the Company would be valued at HK\$1,801,890,838.80.

Assuming that there is no change in the issued share capital of the Company and taking into account the irrevocable undertakings given by the Non-Accepting Tsai-Controlling Shareholders and Non-Accepting Non-Controlling Shareholders not to accept the Offer in respect of the Remaining Non-Accepting Tsai-Controlled Shares and the Non-Accepting Non-Controlling Shares, respectively and assuming that the Offer is accepted in full (other than in respect of the Non-Accepting Tsai-Controlled Shareholders and the Non-Accepting Non-Controlling Shareholders), there are 173,344,373 Shares subject to the Offer and the total consideration payable by the Offeror for the Offer will be HK\$156,009,935.70 (the “**Offer Consideration**”).

Undertaking not to accept the Offer

Vendor A, Vendor B, Next Focus Holdings Limited, Standard Cosmos Limited and Fortune Bright Group Limited (collectively, the “**Non-Accepting Tsai-Controlled Shareholders**”), prior to Completion, together have a controlling shareholding in the Company and are directly or indirectly controlled by Dr. Tsai. Immediately after Completion, the Non-Accepting Tsai-Controlled Shareholders own, directly or indirectly 445,315,083 Shares, in aggregate (the “**Remaining Non-Accepting Tsai-Controlled Shares**”) (representing approximately 22.24% of the total issued share capital of the Company as at the Latest Practicable Date). Dr. Tsai has irrevocably undertaken to the Offeror to procure each of the Non-Accepting Tsai-Controlled Shareholders not to accept the Offer in respect of its respective Remaining Non-Accepting Tsai-Controlled Shares and, before the final closing of the Offer, not to transfer or sell or otherwise dispose of any of its respective Remaining Non-Accepting Tsai-Controlled Shares or any interests in its respective Remaining Non-Accepting Tsai-Controlled Shares.

According to information provided to the Offeror, the persons/entities listed in the table below (the “**Non-Accepting Non-Controlling Shareholders**”), whether itself or through a company or companies directly or indirectly owned or controlled by it (the “**Relevant Entity(ies)**”), are beneficially interested in 362,370,000 Shares in aggregate and in such number of Shares as set out against its name in the table below (the “**Non-Accepting Non-Controlling Shares**”), representing approximately 18.10% of the total issued share capital of the Company immediately after Completion and as at the Latest Practicable Date. Each Non-Accepting Non-Controlling Shareholder has irrevocably undertaken to the Offeror not to, and to procure each of its respective Relevant Entity(ies) (if applicable) not to, accept the Offer in respect of its respective Non-Accepting Non-Controlling Shares and, before the final closing of the Offer, not to transfer or sell or otherwise dispose of any of its respective Non-Accepting Non-Controlling Shares or any interests in its respective Non-Accepting Non-Controlling Shares.

LETTER FROM CCBI

Ultimate or beneficial owner (based on information known to the Offeror)	Name of Non-Accepting Non-Controlling Shareholders	Number of Non-Accepting Non-Controlling Shares	Approximate shareholding percentage (%) as at the Latest Practicable Date and immediately after Completion	
			As at the date of the Latest Practicable Date	Immediately after Completion
1. Ho, Chin-Yi, Ho Chiang, Hua-Mei, Ho, Meng-Chen and Ho, Meng-Yi	Wellsmart Assets Management Limited	50,400,000	2.52	2.52
2. Not applicable	蔣華美	28,390,000	1.42	1.42
3. Not applicable	蔣東濬	50,000,000	2.50	2.50
4. Tang Kwok Chun, Peter	Diligent Trading Limited	50,000,000	2.50	2.50
5. Not applicable	蔡詩豪	9,600,000	0.48	0.48
6. Not applicable	蔡詩怡	5,400,000	0.27	0.27
7. Belinda Mei-Ling Yu, Terrence Chen-Chih Tai, Maurice Song-Wei Tai, Winder Song-Wen Tai and Song-Chi Tai	Welton Capital Management Limited	94,000,000	4.69	4.69
8. Not applicable	吳國榮	1,400,000	0.07	0.07
9. Not applicable	楊娛娛	7,800,000	0.39	0.39
10. Not applicable	方乃玲	17,000,000	0.85	0.85
11. Chen Pey-Yun	DSM Capital Management Limited	48,380,000	2.41	2.41
	Total:	362,370,000	18.10%	18.10%

In the event that the Offer Price made by the Offeror is higher than the Purchase Consideration per Share, the unconditional irrevocable undertakings provided by the Non-Accepting Tsai-Controlled Shareholders and the Non-Accepting Non-Controlling Shareholders to the Offeror in respect of the above and in respect of the following matters shall cease to bind them:

- (i) not to sell, offer, transfer, charge, pledge, contract to sell, or grant any option over, warrant to sell, lend or otherwise dispose of or create any encumbrances in respect of any of the relevant Non-Accepting Non-Controlling Shares or the Remaining Non-Accepting Tsai-Controlled Shares (as the case may be) until the close of the offer period in respect of the Offer;
- (ii) not to acquire any additional shares, securities or other interests in the Company;

LETTER FROM CCBI

- (iii) not to take any action or enter into any agreement or arrangement, including through the representation of the Non-Accepting Non-Controlling Shareholder or the Remaining Non-Accepting Tsai-Controlled Shareholder (as the case may be) on the Board which (a) would or might restrict or impede Non-Accepting Non-Controlling Shareholder's or the Remaining Non-Accepting Tsai-Controlled Shareholder's (as the case may be) obligations under the undertaking; or (b) would otherwise be prejudicial to the successful outcome of the Offer; and
- (iv) except as required by the laws, rules, regulations, guidelines, directives, judgments, decrees, order, notices, rulings or decisions of any governmental or regulatory authority or stock exchange, keep confidential and shall not disclose to any person the fact that the Offeror proposed to enter into the Sale and Purchase Agreement, the existence of the terms of the irrevocable undertaking and the Sale and Purchase Agreement and the possibility of the Offer until the publication of the Joint Announcement.

Save for the above, there are no other circumstances under which the aforementioned irrevocable undertakings may cease to be binding.

Confirmation of financial resources available for the Offer

The Offer Consideration shall be payable in cash. The Offeror intends to finance the Offer Consideration by a combination of (i) its own internal resources; (ii) the Loan Facilities. In connection with the Loan Facilities, the Loan Deeds have been entered into by, among others, the Offeror, in favour of King's Town Bank.

CCBI, as the financial adviser to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer of 173,344,373 Shares (this figure excludes the Remaining Non-Accepting Tsai-Controlled Shares and the Non-Accepting Non-Controlling Shares).

The Offeror does not intend that the payment of interest on, repayment of or security for any liability contingent or otherwise in relation to the Loan Facilities to be dependent on the business of the Group.

Payment

Settlement of the consideration in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

LETTER FROM CCBI

Effect of accepting the Offer

The Offer is unconditional in all aspects.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. For the avoidance of doubt, Shareholders who tender acceptance of the Offer will still be entitled to receive the interim dividend declared by the Company on 30 August 2018 so long as the names of such Shareholders appear on the register of members of the Company as at the close of business on Thursday, 18 October 2018. For further details in respect of the interim dividend and related book closure dates, please refer to the announcement of the Company dated 8 October 2018.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, subject to the provisions of the Takeovers Code.

The Offer will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and not capable of being withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 5 headed "Right of Withdrawal" in Appendix I to this Composite Document.

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not residents in Hong Kong. The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Independent Shareholder in respect of such jurisdictions).

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

LETTER FROM CCBI

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Tax advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of FESS, EMIC, the Offeror and parties acting in concert with each of them, the Company, CCBI and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION OF THE PURCHASERS

The Offeror

The Offeror is an investment holding company incorporated in Hong Kong and is wholly-owned by Good Titanic, a company incorporated in the BVI, which is in turn owned as to 100% by Mr. Chao. Mr. Chao is the sole director of each of the Offeror and Good Titanic. Mr. Chao is also a shareholder of approximately 0.07% and a director of, Eastern Home Shopping & Leisure Company Limited, which is directly or indirectly owned as to 25.87% shareholding by EMIC. Neither Mr. Chao, Good Titanic nor the Offeror owns any shares in EMIC.

FESS

FESS is a company incorporated in the Republic of Panama which is principally engaged in investment holding and shipping business and is a wholly-owned subsidiary of EMIC. As at the Latest Practicable Date, the directors of FESS are Mr. Liao Shang-Wen, Mr. Chiu Jaw-Shin and Mr. Tsai Kao-Ming.

EMIC

EMIC is a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange (TWSE stock code: 2614). EMIC is principally engaged in portside warehousing, shipping, real estate investments, media, tv-shopping, e-commerce and new media. As at the Latest Practicable Date, the directors of EMIC are Mr. Liao Shang-Wen, Mr. Chiu Jaw-Shin, Mr. Tsai Kao-Ming, Mr. Paul Chen, Mr. Lee Kuen-Chang, Mr. Chen Su-Chang and Mr. Shyr Tien-Wei. EMIC does not have any controlling shareholder (within the meanings under the Takeovers Code and the Listing Rules) as at the Latest Practicable Date.

LETTER FROM CCBI

INFORMATION OF THE GROUP

Your attention is drawn to the details of information of the Group as set out in the following sections/appendices of this Composite Document: (i) the section headed “INFORMATION OF THE GROUP” in the “LETTER FROM THE BOARD”; (ii) Appendix II; and (iii) Appendix III.

INTENTION OF THE PURCHASERS IN RELATION TO THE GROUP

Following the close of the Offer, the Purchasers intend to continue the existing principal businesses of the Group. The existing principal businesses of the Group include (a) manufacturing and sales of a range of products, including skin care, beauty and aromatherapeutic products, health supplements and make-up products under the “Natural Beauty” brand; and (b) provision of skin treatments, beauty and spa services and skin care consulting and beauty training through self-owned spas and franchised beauty salons.

It is the intention of the Purchasers that the Group will continue with its existing principal activities after the close of the Offer and will maintain the listing status of the Company. The Purchasers will, following the close of the Offer, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group.

Save as disclosed above, as at the Latest Practicable Date, the Purchasers have no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor have the Purchasers entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the Board) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

RESIGNATION, APPOINTMENT AND RE-DESIGNATION OF DIRECTORS

The Board is currently made up of seven Directors, comprising three executive Directors, being Dr. Tsai Yen-Yu, Mr. Lee Ming-Ta and Dr. Su Chien-Cheng, one non-executive Director, being Dr. Su Sh-Hsyu and three independent non-executive Directors, being Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang. It is intended by the Offeror that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer.

LETTER FROM CCBI

Resignation

Each of Mr. Lee Ming-Ta, Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu (together, the “**Outgoing Directors**”) has given notice to resign as Directors with effect from the earliest date as may be permitted under (or pursuant to any dispensation from) the Takeovers Code or by the Executive. Such resignation also includes their respective resignation as members of the Company’s committees. Each of the Outgoing Directors has confirmed that he/she has no disagreement with the Board and there is no matter relating to their resignations that needs to be brought to the attention of the Shareholders.

Re-designation

Dr. Tsai would wish to be re-designated as a non-executive Director and step down from being the chairperson of the Board and be appointed as an honorary chairperson of the Company with effect from the Appointment Effective Date.

Appointment

The Purchasers have nominated Dr. Chien Lei AKA Chien Joanna Lei as an executive Director and chairperson of the Board, Mr. Pan Yi-Fan Ivan as an executive Director and Mr. Hsiao Wen-Chung as a non-executive Director as new directors to the Board with effect from the Appointment Effective Date. The biographies of the proposed new directors of the Company have been set out in the Joint Announcement. Further announcement(s) will be published by the Company in respect of the changes to the composition of the Board as and when appropriate in compliance with the Listing Rules and Takeovers Code.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM CCBI

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to paragraph 1 headed “General Procedures for Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Hong Kong Registrar. None of the Offeror, FESS, EMIC, the Company and parties acting in concert with each of them, CCBI, King’s Town Bank and the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” and to consult your professional advisers as you see fit.

Yours faithfully,
For and on behalf of
CCB International Capital Limited
Gilman Siu
Managing Director,
Head of Mergers & Acquisitions

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Tsai Yen-Yu (*Chairman*)
Mr. Lee Ming-Ta (*Vice Chairman*)
Dr. Su Chien-Cheng

Non-executive Director:

Dr. Su Sh-Hsyu

Independent Non-executive Directors:

Mr. Chen Ruey-Long
Mr. Lu Chi-Chant
Mr. Hsieh Pang-Chang

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1004
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

26 October 2018

To the Independent Shareholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FESS AND/OR PARTIES
ACTING IN CONCERT WITH IT) BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR**

INTRODUCTION

Reference is made to the MOU Announcement and the Joint Announcement.

On 31 July 2018, the Offeror, FESS and the Company jointly announced that the Vendors, Dr. Tsai and the Purchasers entered into the MOU in respect of the Acquisition. On 5 October 2018, the Offeror and the Company jointly announced that on 2 October 2018 (after trading hours of the Stock Exchange), the Vendors and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which, FESS would acquire from Vendor A 600,630,280 Shares (representing approximately 30% of the total issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$540,567,252, and the Offeror

LETTER FROM THE BOARD

would acquire from (i) Vendor A 237,849,590 Shares (representing approximately 11.88% of the issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$214,064,631; and (ii) Vendor B 182,591,606 Shares (representing approximately 9.12% of the issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$164,332,445.40. Completion took place on 3 October 2018. Immediately after Completion, each of the Offeror and FESS has thus acquired 420,441,196 Shares and 600,630,280 Shares respectively (representing approximately 21% and 30% respectively of the total issued share capital of the Company as at the date of the Joint Announcement) at the consideration of HK\$378,397,076.40 and HK\$540,567,252 respectively. The Sale Shares acquired by the Offeror and FESS represent approximately 51% in aggregate of the entire issued share capital of the Company as at the date of the Joint Announcement.

Immediately after Completion and as at the Latest Practicable Date, FESS, EMIC, the Offeror and parties acting in concert with each of them were interested in a total of 1,021,071,476 Shares, representing approximately 51% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, FESS is required to make an unconditional mandatory general offer in cash for all the issued shares in the Company (other than those Shares already owned or agreed to be acquired by FESS and parties acting in concert with it). As FESS and the Offeror are parties acting in concert with each other in respect of the Acquisition of voting rights in the Company pursuant to the Sale and Purchase Agreement, and FESS currently wishes to acquire 30% of the issued share capital of the Company only and not any further shareholding as FESS's parent, EMIC, is a listed company in Taiwan, which is subject to Taiwan Stock Exchange and Taiwan Financial Supervisory Commission's supervision and scrutiny. Any major foreign investment of FESS or EMIC would require EMIC to obtain a prior approval of its board and the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "IC") and to make a public announcement. It would be practically difficult to obtain a prior approval from the IC for an open-end investment such as the Offer, as the IC would normally request a specific investment target and a concrete investment amount for its review. In order to simplify EMIC's approval application with the IC, FESS and the Offeror determined to have the Offeror, being a private company incorporated in Hong Kong, to be the offeror to make the Offer and keep FESS's investment fixed at 30% of the issued share capital in the Company, assuming there being no change in the issued share capital of the Company.

The Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang, has been formed pursuant to Rule 2.1 of the Takeovers Code to advise and make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance.

LETTER FROM THE BOARD

Dr. Su Sh-Hsyu, a non-executive Director beneficially owns 30% interest in Next Focus Holdings Limited (which is the holding company of the Vendors) and is therefore considered to have a material interest in the Offer did not form part of the Independent Board Committee. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise it in respect of the Offer, and in particular as to whether the Offer is fair and reasonable and as to the acceptance.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer, and the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer.

THE OFFER

As at the Latest Practicable Date, there were 2,002,100,932 Shares in issue.

There were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offer

As mentioned in the “LETTER FROM CCBI” on pages 8 to 19 of this Composite Document, CCBI is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by FESS and/or the parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

For every Offer Share HK\$0.90 in cash

The Offer Price of HK\$0.90 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “LETTER FROM CCBI” as set out on pages 8 to 19 of, and Appendix I to, this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability as an exempted company and its Shares are listed on the Main Board of the Stock Exchange (stock code: 157). The Group is principally engaged in (a) manufacturing and sales of a range of products, including skin care, beauty and aroma-therapeutic products, health supplements and make-up products under the “Natural Beauty” brand; and (b) provision of skin treatments, beauty and spa services, skin care consulting and beauty training through self-owned spas and franchised beauty salons.

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) immediately following Completion and as at the Latest Practicable Date:

	Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of</i>	
	<i>Shares</i>	<i>Approximate %</i>
Vendor A	50,130	0.003
Vendor B	53,988,394	2.70
Fortune Bright Group Limited (<i>Note 2</i>)	236,580,000	11.82
Standard Cosmos Limited (<i>Note 2</i>)	2,340,000	0.12
Next Focus Holdings Limited (<i>Note 3</i>)	152,356,559	7.61
The Offeror and parties acting in concert with it	1,021,071,476	51.00
– FESS	600,630,280	30.00
– The Offeror	420,441,196	21.00
Other public Shareholders	535,714,373	26.75
 Total	 2,002,100,932	 100

Notes:

- (1) Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) Each of Fortune Bright Group Limited and Standard Cosmos Limited is an indirect wholly-owned subsidiary of Next Focus Holdings Limited.
- (3) The figures represents the direct shareholding held by Next Focus Holdings Limited, and does not reflect any deemed shareholding held by it in the capacity as shareholder (directly or indirectly) of Vendor A, Vendor B, Fortune Bright Group Limited and Standard Cosmos Limited.

LETTER FROM THE BOARD

The following table sets out a summary of certain financial information of the Group for the two financial years ended 31 December 2016 and 2017 and for the six months ended 30 June 2018.

	Year ended 31 December 2016	Year ended 31 December 2017	Six months ended 30 June 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Revenues	475,225	399,579	193,738
Gross profit	352,859	305,112	137,135
Profit before tax	196,217	146,738	44,806
Profit for the year/period	148,403	105,388	29,000
	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Consolidated net assets	654,673	650,746	601,959

Further details of the information of the Group are set out in Appendices II and III to this Composite Document.

INFORMATION OF THE PURCHASERS

Your attention is drawn to the section headed “INFORMATION OF THE PURCHASERS” in the “LETTER FROM CCBI” as set out on page 16 of this Composite Document.

THE PURCHASERS’ INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “INFORMATION OF THE PURCHASERS” and INTENTION OF THE PURCHASERS IN RELATION TO THE GROUP” in the “LETTER FROM CCBI” as set out on pages 16 to 17 of this Composite Document. The Board is pleased to learn that the Purchasers intend to continue the existing principal businesses of the Group and that the Purchasers have no intention to discontinue the employment of any employees of the Group (save for the proposed change of Board as detailed in the section headed “RESIGNATION, APPOINTMENT AND RE-DESIGNATION OF DIRECTORS” in the “LETTER FROM CCBI” or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Therefore, upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 27 to 28 of this Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 29 to 50 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholders are concerned, and the principal factors considered by it in arriving at its advice and recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

LETTER FROM THE BOARD

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board
Natural Beauty Bio-Technology Limited
Tsai Yen-Yu
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.



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)

26 October 2018

To the Independent Shareholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FESS AND/OR PARTIES
ACTING IN CONCERT WITH IT) BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR**

INTRODUCTION

We refer to the composite offer and response document dated 26 October 2018 issued jointly by the Offeror and the Company (“**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the Offer and to make a recommendation to you as to whether, in our opinion, the Offer is, or is not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise us in respect of the Offer. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 29 to 50 of the Composite Document.

We also wish to draw your attention to the “LETTER FROM THE BOARD”, the “LETTER FROM CCBI” and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer and the letter of advice and recommendation from the Independent Financial Adviser, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Offer.

Independent Shareholders are recommended to read the full text of the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” set out in the Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Lu Chi-Chant
Independent non-executive
Director

Mr. Chen Ruey-Long
Independent non-executive
Director

Mr. Hsieh Pang-Chang
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committees, in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



26 October 2018

To the Independent Board Committee

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FESS AND/OR PARTIES
ACTING IN CONCERT WITH IT) BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the unconditional mandatory general cash offer being made by CCBI for and on behalf of the Offeror to acquire all of the Offer Shares. Details of the Offer are set out in the composite document jointly issued by the Offeror and the Company to the Shareholders dated 26 October 2018 (the “**Composite Document**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As set out in the Letter from CCBI of the Composite Document, on 31 July 2018, the Offeror, FESS and the Company jointly announced that the Vendors, Dr. Tsai and the Purchasers entered into the MOU in respect of the Acquisition. On 5 October 2018, the Offeror and the Company jointly announced that on 2 October 2018 (after trading hours of the Stock Exchange), the Vendors and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which, FESS would acquire from Vendor A 600,630,280 Shares (representing approximately 30% of the total issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$540,567,252, and the Offeror would acquire from (i) Vendor A 237,849,590 Shares (representing approximately 11.88% of the issue share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$214,064,631; and (ii) Vendor B 182,591,606 Shares (representing approximately 9.12% of the issued share capital of the Company as at the date of the Joint Announcement) at a consideration of HK\$164,332,445.40. Completion took place on 3 October 2018. Immediately after Completion, each of the Offeror and FESS has thus acquired 420,441,196 Shares and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

600,630,280 Shares respectively (representing approximately 21% and 30% respectively of the total issued share capital of the Company as at the date of the Joint Announcement) at the consideration of HK\$378,397,076.40 and HK\$540,567,252 respectively. The Sale Shares acquired by the Offeror and FESS represent approximately 51% in aggregate of the entire issued share capital of the Company as at the date of the Joint Announcement.

Immediately after Completion and as at the Latest Practicable Date, FESS, EMIC, the Offeror and parties acting in concert with each of them were interested in a total of 1,021,071,476 Shares, representing approximately 51% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon completion, FESS is required to make an unconditional mandatory general offer in cash for all the issued shares in the Company (other than those Shares already owned or agreed to be acquired by FESS or parties acting in concert with it). As FESS and the Offeror are parties acting in concert with each other in respect of the Acquisition of voting rights in the Company pursuant to the Sale and Purchase Agreement, and FESS currently wishes to acquire 30% of the issued share capital of the Company only and not any further shareholding as FESS's parent, EMIC, is a listed company in Taiwan, which is subject to Taiwan Stock Exchange and Taiwan Financial Supervisory Commission's supervision and scrutiny. Any major foreign investment of FESS or EMIC would require EMIC to obtain a prior approval of its board and the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "IC") and to make a public announcement. It would be practically difficult to obtain a prior approval from the IC for an open-end investment such as the Offer, as the IC would normally request a specific investment target and a concrete investment amount for its review. In order to simplify EMIC's approval application with the IC, FESS and the Offeror determined to have the Offeror, being a private company incorporated in Hong Kong, to be the Offeror to make the Offer and keep FESS's investment fixed at 30% of the issued share capital in the Company, assuming there being no change in the issued share capital of the Company.

The Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang, has been formed pursuant to Rule 2.1 of the Takeovers Code to advise and make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee in such regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not associated or connected with the Company or the Purchasers or EMIC, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Lego Corporate Finance Limited and the Company or the Purchasers or EMIC. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Purchasers or EMIC or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors, for which they are solely and wholly responsible for, or contained or referred to in the Composite Document were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true at the time they were made and continue to be true as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code during the Offer Period. We have also assumed that all such statements of belief, opinions and intentions of the Directors and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and/or the advisers of the Company.

We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Composite Document and that all information or representations provided to us by the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors or the Offeror, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Offeror or FESS or any of their respective subsidiaries and associates.

PRINCIPAL TERMS OF THE OFFER

CCBI, for and on behalf of the Offeror, makes the Offer on the following terms in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.90 in cash

The Offer Price of HK\$0.90 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Value and total consideration of the Offer

As at the Latest Practicable Date, there are 2,002,100,932 Shares in issue. Based on the Offer Price of HK\$0.90 per Offer Share, the entire issued share capital of the Company would be valued at HK\$1,801,890,838.80.

Assuming that there is no change in the issued share capital of the Company and taking into account the irrevocable undertakings given by the Non-Accepting Tsai-Controlled Shareholders and Non-Accepting Non-Controlling Shareholders not to accept the Offer in respect of the Remaining Non-Accepting Tsai-Controlled Shares and the Non-Accepting Non-Controlling Shares, respectively and assuming that the Offer is accepted in full (other than in respect of the Non-Accepting Tsai-Controlled Shareholders and the Non-Accepting Non-Controlling Shareholders), there are 173,344,373 Shares subject to the Offer and the total consideration payable by the Offeror for the Offer will be HK\$156,009,935.70.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFER

In formulating our opinion and recommendations with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background information of the Group

1.1. Principal businesses and information on the Group

The Company was incorporated in the Cayman Islands with limited liability as an exempted company and its Shares are listed on the Main Board of the Stock Exchange (stock code: 157). The Group is principally engaged in (i) manufacturing and sales of a range of products, including skin care, beauty and aroma-therapeutic products, health supplements and make-up products under the “Natural Beauty” brand; and (ii) provision of skin treatments, beauty and spa services and skin care consulting and beauty training through self-owned spas and franchised beauty salons. The Group operates businesses in China, Taiwan and other regions including Hong Kong, Malaysia and Macau. The Group derives its income principally from its network of distribution channels, including spas and self-owned counters in department stores.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2. Historical financial information

The following table is an extract of the income statement of the Group for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018 as extracted from the annual report of the Company for the year ended 31 December 2017 (the “2017 Annual Report”) and the interim report of the Company for the six months ended 30 June 2018 (the “2018 Interim Report”), respectively.

	For the year ended		For the six months ended	
	31 December		30 June	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(Unaudited)	(Unaudited)
Revenue				
<i>Segment revenue:</i>				
<i>Sales of products</i>				
– PRC	383,876	316,085	143,788	148,528
– Taiwan	82,857	74,668	35,852	36,885
– Others	3,161	3,119	1,293	1,668
<i>Sub-total</i>	469,894	393,872	180,933	187,081
<i>Service income</i>				
– PRC	2,533	3,143	1,391	5,527
– Taiwan	2,798	2,564	1,289	1,130
– Others	–	–	–	–
<i>Subtotal</i>	5,331	5,707	2,680	6,657
Total Revenue	475,225	399,579	183,613	193,738
Gross profit	352,859	305,112	135,000	137,135
Profit for the year/period	148,403	105,388	38,364	29,000

(i) *Revenue*

The revenue of the Group for the year ended 31 December 2017 decreased by approximately 15.9% from approximately HK\$475.2 million for the year ended 31 December 2016 to approximately HK\$399.6 million for the year ended 31 December 2017. As stated in the 2017 Annual Report, the decline in revenue was mainly due to a decrease of approximately HK\$76.0 million in sales of products for the year ended 31 December 2017, which was the Group’s key revenue source and contributed approximately 98.6% of the Group’s total revenue for the same year. Sales of products decreased from approximately HK\$469.9 million for the year ended 31 December 2016 to approximately HK\$393.9 million for the year ended 31 December 2017 mainly driven by the decline in sales of products derived from China by approximately 17.7%, as disclosed in the 2017 Annual Report. Notwithstanding the above, China remained the primary market for the Group’s revenue, which accounted for approximately 81.3% and 79.9% for the year ended 31 December 2016 and 2017, respectively, and Taiwan was the

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second largest market which accounted for approximately 18.0% and 19.3% for the year ended 31 December 2016 and 2017, respectively. Despite the decrease in revenue from sales of products for the year ended 31 December 2017, a total of 82 new stores were opened while 73 stores were closed during 2017, which recorded a net increase of 9 in the number of stores of the Group. As disclosed in the 2017 Annual Report, the average store number (calculated based on the average of the number of stores at the beginning and end of a year) increased from 1047.0 for the year ended 31 December 2016 to 1056.5 for the year ended 31 December 2017 but the average sales per store decreased from approximately HK\$451,000 for the year ended 31 December 2016 to approximately HK\$375,000 for the year ended 31 December 2017. Apart from the sales of products, service income of the Group remained stable at approximately HK\$5.3 million and HK\$5.7 million for the year ended 31 December 2016 and 2017. Service income was derived from the self-owned spas' services, training and other services.

The revenue of the Group for the six months ended 30 June 2018 increased by approximately 5.5% from approximately HK\$183.6 million for the six months ended 30 June 2017 to approximately HK\$193.7 million for the six months ended 30 June 2018. As disclosed in the 2018 Interim Report, the increase in revenue was mainly driven by the fluctuation in exchange rate resulted in an increase in revenue of the Group for the six months ended 30 June 2018 of approximately HK\$10.1 million compared with the corresponding period in the preceding year. During the six months ended 30 June 2018, the Group had successfully launched a new series of NB-1 Bright-Crystal target products, the revenue of which achieved approximately HK\$33.2 million, accounting for approximately 17.7% of total product sales. For the six months ended 30 June 2018, revenue from China and Taiwan remained relatively constant, which accounted for approximately 79.5% and 19.6% of the Group's total revenue, respectively as compared to approximately 79.1% and 20.2% in the corresponding period in the preceding year, respectively. Sales of products amounted to approximately HK\$187.1 million for the six months ended 30 June 2018, representing an increase of approximately 3.4% from the corresponding period in the preceding year. The increase in revenue from sales of products was mainly driven by the increase in sales of products derived from China by approximately 3.3% to HK\$148.5 million for the six months ended 30 June 2018 compared with approximately HK\$143.8 million for the corresponding period in the preceding year, as disclosed in the 2018 Interim Report. The average sales per store increased from approximately HK\$173,000 for the six months ended 31 December 2017 to HK\$184,000 for the six months ended 30 June 2018 while the average store number of the Group remained relatively stable at 1054.0 and 1044.5, respectively. The service income increased from approximately HK\$2.7 million for the six months ended 30 June 2017 to approximately HK\$6.7 million for the six months ended 30 June 2018, representing an increase of approximately 148.4%. Such increase was mainly due to the introduction of a high-tech device into the spa services provided by the Group's self-owned spas.

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(ii) Gross profit and gross profit margin

The gross profit of the Group decreased from approximately HK\$352.9 million for the year ended 31 December 2016 to approximately HK\$305.1 million for the year ended 31 December 2017. The decrease in gross profit was primarily attributable to the decrease in revenue. The gross profit margin of the Group increased from approximately 74.3% for the year ended 31 December 2016 to approximately 76.3% for the year ended 31 December 2017. The increase in gross profit margin was mainly due to the launch of a new high-profit-margin product in the fourth quarter of 2017.

The gross profit of the Group for the six months ended 30 June 2018 increased by approximately 1.6% from approximately HK\$135.0 million for the six months ended 30 June 2017 to approximately HK\$137.1 million for the six months ended 30 June 2018. The increase in the gross profit was mainly attributable to the increase in revenue. The gross profit margin of the Group decreased from approximately 73.5% for the six months ended 30 June 2017 to approximately 70.8% for the six months ended 30 June 2018, which was primarily attributable to the offering of larger promotional discounts for the Group's product or service packages and new spa services during the six months ended 30 June 2018.

(iii) Net profit attributable to owners of the Company

The Group recorded a net profit attributable to the Shareholders of approximately HK\$105.4 million for the year ended 31 December 2017, representing a decrease of approximately 29.0% or HK\$43.0 million as compared to that of 2016. The decrease was primarily due to the decrease in other income and other gains by approximately HK\$23.5 million as a result of a one-off compensation fee of approximately HK\$19.1 million received by a subsidiary of the Company during the year ended 31 December 2016.

The Group recorded a net profit attributable to the Shareholders of approximately HK\$29.0 million for the six months ended 30 June 2018, representing a decrease of approximately 24.5% or HK\$9.4 million as compared to that of 2017. The decrease in net profit attributable to the Shareholders was mainly attributable to the increase in distribution and selling expenses by approximately HK\$18.3 million as a result of the increase in new products launching events and customers' training session expenses for the six months ended 30 June 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) *Financial position*

Set out below is an extract of the financial position of the Group as at 31 December 2016, 31 December 2017 and 30 June 2018 from the 2017 Annual Report and 2018 Interim Report:

	As at 31 December		As at
	2016	2017	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(Unaudited)
Non-current assets	256,250	286,029	298,480
Bank balances and cash	428,633	288,903	320,495
Current assets	565,936	491,856	487,327
Current liabilities	162,726	115,652	174,981
Net asset value	654,673	650,746	601,959

As at 30 June 2018, the total assets of the Group amounted to approximately HK\$785.8 million. Asset of the Group mainly include (i) property, plant and equipment of approximately HK\$198.9 million, representing approximately 25.3% of the total assets; (ii) inventories of approximately HK\$81.3 million, representing approximately 10.3% of the total assets; (iii) trade and other receivables of approximately HK\$80.7 million, representing approximately 10.3% of the total assets; and (iv) bank balances and cash of approximately HK\$320.5 million, representing approximately 40.8% of the total assets.

As at 30 June 2018, the total liabilities of the Group amounted to approximately HK\$183.8 million. Liabilities of the Group mainly include (i) trade and other payables of approximately HK\$72.0 million, representing approximately 39.2% of the total liabilities; and (ii) dividend payable of approximately HK\$67.1 million, representing approximately 36.5% of the total liabilities.

Net assets value amounted to approximately HK\$602.0 million as at 30 June 2018, with a net asset value per Share of approximately HK\$0.30, calculated based on the net assets of the Group of approximately HK\$602.0 million divided by the total number of issued Shares as at 30 June 2018 of 2,002,100,932. The Offer Price of HK\$0.9 per Offer Share represents a premium of approximately 199.3% over the net asset value attributable to the owners of the Company per Share as at 30 June 2018.

1.3. Market Overview

It is noted in the 2018 Interim Report that approximately 79.5% of the revenue of the Group was contributed by its operation in China. Hong Kong Trade Development Council issued a report on China's Cosmetics Market dated 23 July 2018 which cited data

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from Euromonitor and reveals that total retail sales of skincare products and make-up products in China reached RMB186.7 billion and RMB34.4 billion, respectively, in 2017, achieving year-on-year growth of 10.3% and 21.3%, respectively.

It is also noted in the report that retail sales of cosmetic products by wholesale and retail enterprises above a designated scale in China was in an increasing trend from 2012 to 2017, according to National Bureau of Statistics of China as follow:

Year	Retail sales <i>(RMB billion)</i>
2012	134.0
2013	162.5
2014	182.5
2015	204.9
2016	222.2
2017	251.4

Source: National Bureau of Statistics of China

In view of the above, we considered that the industry which the Group is operating in is generally under a positive trend. Nevertheless, given the decrease in net profit of the Group for both the year ended 31 December 2017 and the six months ended 30 June 2018 even with the successful launch of new products in the same year or period under a generally positive market condition, we consider there remains uncertainty on the Group's future prospect and its financial performance.

1.4. Prospects of the Group

As stated in the 2017 Annual Report, the Group put significant emphasis on research and development which allowed 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. Through research and planning on the beauty market, the Group has successfully launched a new series of the Dr. NB-1 target products, thereby strengthening and consolidating the position of Natural Beauty in the area of beauty and spa. As stated in the 2017 Annual report, the new products launched received good response from spa franchisees and achieved strong sales. As further disclosed in the 2018 Interim Report, during the six months ended 30 June 2018, the Group had successfully launched a new series of NB-1 Bright-Crystal target products, which accounted for approximately 17.7% of total product sales for the corresponding period.

As stated in the 2017 Annual Report, the Group intends to continue to explore and expand new marketing channels and opportunities for skin care products. The Group recorded net increase in number of stores for the year ended 31 December 2017. The

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Group also targets to combine the traditional cosmetology with the preventive medical cosmetology and integrating online and offline marketing resources with the aim to establish business model of “Online To Offline”.

Furthermore, as disclosed in the 2017 Annual Report, the Group has been collaborating with overseas skin-care companies on technological development. In particular, the Group 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 Group’s research and development team comprises a number of overseas consultants with experience and expertise in cosmetics, medicine, pharmacy and bio-chemistry. The products of the Group are constantly enhanced and modified by the application of new ingredients developed by the team.

In view of the above, in particular, the decrease in net profit for both the year ended 31 December 2017 and the six months ended 30 June 2018 even with the successful launch of new products in the same year or period, we consider there is uncertainty on the Group’s future prospect and its financial performance.

2. Background information of the Purchasers and their intention in relation to the Group

As set out in the section headed “Information of the Purchasers” in the Letter from CCBI of the Composite Document, the Offeror is an investment holding company incorporated in Hong Kong and is wholly-owned by Good Titanic, a company incorporated in the BVI, which is in turn owned as to 100% by Mr. Chao. Mr. Chao is the sole director of each of the Offeror and Good Titanic. Mr. Chao is also a shareholder of approximately 0.07% and a director of, Eastern Home Shopping & Leisure Company Limited, which is directly or indirectly owned as to 25.87% shareholding by EMIC. Neither Mr. Chao, Good Titanic nor the Offeror owns any shares in EMIC. FESS is a company incorporated in the Republic of Panama which is principally engaged in investment holding and shipping business and is a wholly-owned subsidiary of EMIC. As at the Latest Practicable Date, the directors of FESS are Mr. Liao Shang-Wen, Mr. Chiu Jaw-Shin and Mr. Tsai Kao-Ming. EMIC is a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange (TWSE stock code: 2614). EMIC is principally engaged in portside warehousing, shipping, real estate investments, media, tv-shopping, e-commerce and new media. As at the Latest Practicable Date, the directors of EMIC are Mr. Liao Shang-Wen, Mr. Chiu Jaw-Shin, Mr. Tsai Kao-Ming, Mr. Paul Chen, Mr. Lee Kuen-Chang, Mr. Chen Su-Chang and Mr. Shyr Tien-Wei. EMIC does not have any controlling shareholder (within the meanings under the Takeovers Code and the Listing Rules) as at the Latest Practicable Date. As advised by the Purchasers, save as Mr. Hsiao Wen-Chung who is currently a director of Shanghai Natural Beauty Company Limited* (上海自然美生物科技有限公司), Shanghai Natural Beauty Fuli Cosmetics Co., Ltd* (上海自然美富麗化妝品有限公司) and Shanghai Natural Beauty Bio-Med Company Limited* (上海自然美生物醫學有限公司), as at the Latest Practicable Date, both the Purchasers and the proposed new Directors did not have relevant experience in conducting business similar to that of the Group.

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Nevertheless, EMIC, the controlling shareholders of FESS, possessed experiences in media, tv-shopping, e-commerce and new media which the Purchasers believe by leveraging such experiences, the sales channel of the Group would be able to broaden and provide an additional marketing platform for promoting the products of the Group. Following the close of the Offer, the Purchasers intend to continue the existing principal businesses of the Group. The Purchasers will, following the close of the Offer, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group.

As set out in the section headed “Resignation, Appointment and Re-designation of Directors” in the Letter from CCBI of the Composite Document, the Board is currently made up of seven Directors, comprising three executive Directors, being Dr. Tsai Yen-Yu, Mr. Lee Ming-Ta and Dr. Su Chien-Cheng, one non-executive Director, being Dr. Su Sh-Hsyu and three independent non-executive Directors, being Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Hsieh Pang-Chang. It is intended by the Offeror that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer. Each of Mr. Lee Ming-Ta, Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu has given notice to resign as Directors with effect from the earliest date as may be permitted under (or pursuant to any dispensation from) the Takeovers Code or by the Executive. Such resignation also includes their respective resignation as members of the Company’s committees. As further disclosed in the section headed “Resignation, Appointment and Re-designation of Directors” in the Letter from CCBI of the Composite Document, Dr. Tsai would wish to be re-designated as a non-executive Director and step down from being the chairperson of the Board and be appointed as an honorary chairperson of the Company with effect from the Appointment Effective Date. The Purchasers have nominated Dr. Chien Lei AKA Chien Joanna Lei as an executive Director and chairperson of the Board, Mr. Pan Yi-Fan Ivan as an executive Director and Mr. Hsiao Wen-Chung as a non-executive Director as new directors to the Board with effect from the Appointment Effective Date.

As further set out in the Letter from CCBI of the Composite Document, save as disclosed therein, as at the Latest Practicable Date, the Purchasers have no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity have been identified nor have the Purchasers entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Purchasers have no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

3. Maintaining the listing status of the Company

As stated in the Letter from CCBI of the Composite Document, the Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares;

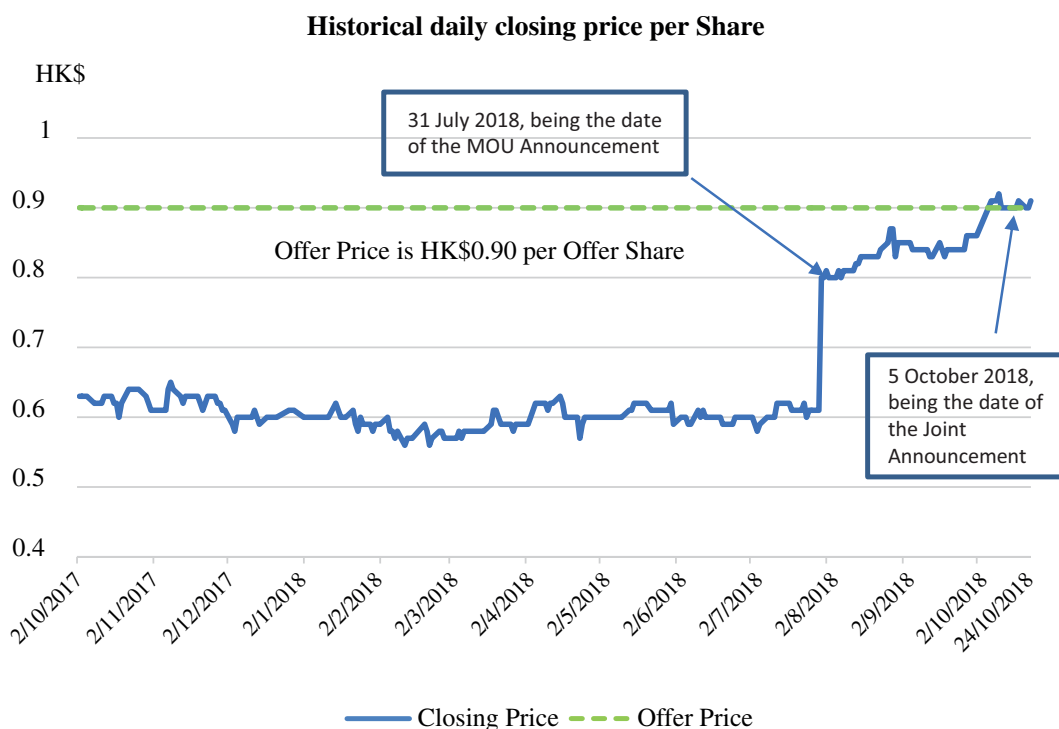
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or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares. The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

4. Analysis of the Offer Price

4.1. Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 2 October 2017 up to and including the date of the Joint Announcement (the “**Review Period**”), being approximately one year prior to the date of the Sale and Purchase Agreement. We noted that during the Review Period, there was a material closing price fluctuation on 31 July 2018, being the date of the MOU announcement, of which the closing price of the Shares increased by approximately 31.1%. Therefore, we further divided the Review Period into two periods, (i) 2 October 2017 to 30 July 2018, being the last trading day immediately preceding the date of the MOU announcement (the “**First Review Period**”); and (ii) 31 July 2018, being the date of the MOU announcement, to 2 October 2018, being the date of the Joint Announcement (the “**Second Review Period**”). The comparison of daily closing prices of the Shares and the Offer Price is illustrated as follows:



Source: the website of the Stock Exchange (www.hkex.com.hk)

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The First Review Period

During the First Review Period, the closing price of the Shares maintained a stable trend in general with (i) the lowest daily closing price per Share being HK\$0.56 on 12 February 2018 and 22 February 2018; (ii) the highest closing price per Share being HK\$0.65 on 9 November 2017; (iii) the average daily closing price per Share being approximately HK\$0.60. It is noted that the Offer Price of HK\$0.90 per Offer Shares is higher than the range of the highest closing price and the average daily closing price of the Shares as quoted on the Stock Exchange during the First Review Period and represents (i) a premium of approximately 60.7% over the lowest daily closing price per Share during the First Review Period; (ii) a premium of approximately 38.5% over the highest daily closing price per Share during the First Review Period; and (iii) a premium of approximately 49.2% over the average daily closing price per Share during the First Review Period.

The Second Review Period

During the Second Review Period, the closing prices of the Shares increased slightly from the closing price of HK\$0.80 per Share on 31 July 2018 to the closing price of HK\$0.86 per Share on 2 October 2018. During the Second Review Period, the highest closing price per Share was HK\$0.87 and the lowest closing price per Share was HK\$0.80 with the average daily closing price per Share of HK\$0.83. It is noted that the Offer Price of HK\$0.90 per Offer Share is higher than the range of the highest closing price and the average daily closing price of the Shares as quoted on the Stock Exchange during the Second Review Period and represents (i) a premium of approximately 12.5% over the lowest daily closing price per Share during the Second Review Period; (ii) a slight premium of approximately 3.4% to the highest daily closing price per Share during the Second Review Period; and (iii) a premium of approximately 8.1% to the average daily closing price per Share of HK\$0.83 during the Second Review Period.

Subsequent to the Second Review Period and up to and including the Latest Practicable Date, the closing price of the Shares fluctuated alongside the Offer Price, with the highest, the lowest and an average closing price of approximately HK\$0.92, HK\$0.90 and HK\$0.91 per Share, respectively. The Independent Shareholders who wish to realise part or all of their Shares in the Company are reminded to carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale after deducting all transaction costs exceed the net amount to be received under the Offer.

4.2. Offer Price comparisons

The Offer Price of HK\$0.90 per Offer Share represents:

- (i) a premium of approximately 47.54% over the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (ii) a premium of approximately 47.54% over the average closing price as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$0.61 per Share;
- (iii) a premium of approximately 47.06% over the average closing price as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior and including the Last Trading Day of approximately HK\$0.6120 per Share;
- (iv) a premium of approximately 49.25% over the average closing price as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$0.6030 per Share;
- (v) a discount of approximately 1.1% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of approximately 176.90% over the audited consolidated net asset value per Share of approximately HK\$0.33 as at 31 December 2017 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$650,746,000 as at 31 December 2017 and 2,002,100,932 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 199.34% over the unaudited consolidated net asset value per Share of approximately HK\$0.30 as at 30 June 2018, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$601,959,000 as at 30 June 2018 and 2,002,100,932 Shares in issue as at the Latest Practicable Date.

As set out above, it is noted that the Offer Price of HK\$0.90 per Offer Share represents premium over the historical closing prices of the Shares during the Review Period and the net asset value per Share of the Company as at 31 December 2017 and 30 June 2018.

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4.3. Trading liquidity

The following table sets out (i) the average daily trading volume of the Shares; (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares; and (iii) the percentage of the average daily trading volume of the Shares to the public float of the Company at the end of the month/period:

	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares	Percentage of the average daily trading volume to total number of issued Shares as at the end of the month/period	Percentage of the average daily trading volume to the public float of the Company
2017					
October (<i>since 2 October</i>)	2,970,000	20	148,500	0.01%	0.03%
November	2,620,000	22	119,091	0.01%	0.02%
December	2,931,000	19	154,263	0.01%	0.03%
2018					
January	5,665,000	22	257,500	0.01%	0.05%
February	2,660,000	18	147,778	0.01%	0.03%
March	4,827,000	21	229,857	0.01%	0.04%
April	5,370,000	19	282,652	0.01%	0.05%
May	4,300,000	21	204,762	0.01%	0.04%
June	4,930,500	20	246,525	0.01%	0.05%
July	27,650,000	21	1,316,667	0.07%	0.25%
August	33,070,000	23	1,437,826	0.07%	0.27%
September	9,454,900	19	497,626	0.02%	0.09%
October (<i>up to the Latest Practicable Date</i>)	23,081,626	13	1,775,510	0.09%	0.33%
Maximum			1,775,510	0.09%	0.33%
Minimum			119,091	0.01%	0.02%
Average			458,711	0.02%	0.09%

Source: the website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the above table, the average daily trading volume was low during the Review Period, with a range of approximately 119,091 Shares to approximately 1,775,510 Shares, representing (i) approximately 0.01% to 0.09% of the number of Shares

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in issue as at the end of relevant month/period; and (ii) approximately 0.02% to 0.33% of the number of Shares in the public float as at the end of relevant month/period. We consider that the trading volume of the Shares has been thin as a whole during the Review Period. Since the Shares are illiquid, the disposal of large block of Shares held by the Shareholders in the open market may impose a downward pressure on the price of the Shares. There is no guarantee that the Independent Shareholders will be able to realise their investments in the Shares (especially those who are relatively sizeable shareholders) at a price which is substantially higher than the Offer Price. As such, we consider that the Offer provides an alternative exit route for the Independent Shareholders who would like to realise their investments in the Shares.

4.4. Market comparable analysis

As part of our analysis, we have also identified from the website of the Stock Exchange, 16 companies listed on the Stock Exchange which are principally engaged in, among other things, the manufacturing or sale of cosmetics or personal care products with market capitalisation of HK\$5.0 billion or below, which is considered to be comparable to the market capitalisation of the Company as implied by the Offer Price (the “Comparable Companies”). The Comparable Companies set out in the table below represented an exhaustive list of companies comparable to the Company based on the above criteria.

We have performed an analysis of the Offer Price based on the price to earnings ratio (P/E) and price to book value ratio (P/B) of the Company and the Comparable Companies.

Comparable Companies	Stock code	Principal business	Market capitalisation as at the Latest Practicable Date (HK\$ million) (Note 1)	Historical P/E (approximately times) (Note 2)	Historical P/B (approximately times) (Note 3)
Bonjour Holdings Limited	653.HK	Principally engaged in the retail and wholesale of beauty and health-care products in Hong Kong, Macau and the PRC	685.9	N/A	1.1
Modern Beauty Salon Holdings Limited	919.HK	Principally engaged in the provision of beauty and wellness services and sales of skincare and wellness products	168.2	N/A	1.9

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Comparable Companies	Stock code	Principal business	Market capitalisation as at the Latest Practicable Date	Historical P/E	Historical P/B
			(HK\$ million) (Note 1)	(approximately times) (Note 2)	(approximately times) (Note 3)
Water Oasis Group Limited	1161.HK	Principally engaged in the provision of beauty services as well as the sales and distribution of retail skincare products in Hong Kong, Macau and PRC	665.9	9.6	2.1
Veeko International Holdings Limited	1173.HK	Principally engaged in the sale of cosmetics and manufacture and sale of ladies fashion	417.8	79.4 ^(Note 4)	0.6
China Child Care Corporation Limited	1259.HK	Principally engaged in the manufacture and sale of personal care products, money lending, operation of online platform, trading of commodities, securities investment, properties holding and investment holding	125.1	N/A	0.1
BaWang International (Group) Holding Limited	1338.HK	Principally engaged in the designing, manufacturing, trading and distribution of Chinese herbal products, including shampoo products, hair-care products, skin-care products, and household cleaning products	540.7	22.7	2.6
Perfect Shape Medical Limited	1830.HK	Principally engaged in the provision of slimming and high technology beauty services	2,155.0	11.1	4.6

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Comparable Companies	Stock code	Principal business	Market capitalisation as at the Latest Practicable Date	Historical P/E	Historical P/B
			(HK\$ million) (Note 1)	(approximately times) (Note 2)	(approximately times) (Note 3)
Evergreen Products Group Limited	1962.HK	Principally engaged in the manufacturing and trading of hair products	953.3	8.7	1.4
Green International Holdings Limited	2700.HK	Principally engaged in the provision of (i) health and medical services, (ii) beauty and wellness services, and (iii) integrated financial services comprising money-lending, securities brokerage and asset management	180.6	N/A	N/A
Hin Sang Group (International) Holding Co. Ltd	6893.HK	Principally engaged in the marketing, selling and manufacturing of healthcare products	1,181.0	2,228.3 ^(Note 4)	1.2
SuperRobotics Limited	8176.HK	Principally engaged in the sale of beauty products and provision of therapy services, as well as the provision of engineering products and related services	3,314.5	N/A	10.4 ^(Note 4)
Sau San Tong Holdings Limited	8200.HK	Principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products, sale of other health and beauty products, investments in securities and money lending business	185.8	28.8	0.2

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Comparable Companies	Stock code	Principal business	Market capitalisation as at the Latest Practicable Date	Historical P/E	Historical P/B
			(HK\$ million) (Note 1)	(approximately times) (Note 2)	(approximately times) (Note 3)
China Golden Classic Group Limited	8281.HK	Principally engaged in the manufacturing and trading of oral care, leather care and household hygiene products in China and overseas	330.0	96.8 ^(Note 4)	1.3
Miricor Enterprises Holdings Limited	8358.HK	Principally engaged in the provision of medical aesthetic services and sale of skin care products	600.0	22.6	5.1
Takbo Group Holdings Limited	8436.HK	Principally engaged in (i) the design, development, manufacture and sale of beauty products; and (ii) the design, development and sale of beauty bags	232.0	42.4	1.7
Mi Ming Mart Holdings Limited	8473.HK	Principally engaged in the retail of multi-brand beauty and health products in Hong Kong	193.8	32.1	2.0
The Company	157.HK		1,821.9	17.1 ^(Note 5)	3.0 ^(Note 6)
			Maximum	42.4	5.1
			Minimum	8.7	0.1
			Average	22.3	1.6

Source: the website of the Stock Exchange (www.hkex.com.hk)

Note 1: The market capitalisation was calculated based on the respective closing share price and number of shares in issue as at the Latest Practicable Date.

Note 2: Historical P/E was calculated based on the respective market capitalisation divided by the respective profit stated in the last audited financial statements.

Note 3: Historical P/B was calculated based on the respective market capitalisation divided by the respective net asset value stated in the last audited financial statements.

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Note 4: The historical P/E or P/B were considered to be outliers and were not included in the analysis.

Note 5: The implied P/E of the Company was calculated based on the market capitalisation of the Company implied by the Offer Price divided by the profit for the year ended 31 December 2017.

Note 6: The implied P/B of the Company was calculated based on the market capitalisation of the Company implied by the Offer Price divided by the net asset value as at 30 June 2018.

Note 7: Some of the presentation currencies of the Comparable Companies are in US\$, RMB or Euro. For illustration purpose, any amount denominated in US\$ is translated into HK\$ at the rate of US\$1 = HK\$7.8; any amount denominated in RMB is translated into HK\$ at the rate of RMB1 = HK\$1.24; and any amount denominated in Euro is translated into HK\$ at the rate of Euro 1 = HK\$9.00. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As demonstrated by the above table, the historical P/E of the Comparable Companies ranged from approximately 8.7 times to 42.4 times with an average of approximately 22.3 times and the P/B ratio of the Comparable Companies ranged from approximately 0.1 times to 5.1 times with an average of approximately 1.6 times. The implied P/E and P/B of the Offer Price of approximately 17.1 times and 3.0 times are both within the range of the historical P/E and P/B of the Comparable Companies while the implied P/B of the Offer Price is higher than the average of the historical P/B of the Comparable Companies and the implied P/E of the Offer Price was lower than the average of the historical P/E of the Comparable Companies.

Notwithstanding that the implied P/E ratio of the Offer Price is within the range but below the average of that of the Comparable Companies, having considered the above, in particular (i) the Offer Price represents a premium over the closing prices of the Shares during the Review Period and the net asset value per Share of the Company as at 31 December 2017 and 30 June 2018; (ii) the trading volume of the Shares was generally thin and the Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares; (iii) the implied P/E and P/B of the Offer Price are both within the range of the historical P/E and P/B of the Comparable Companies; and (iv) the implied P/B of the Offer Price is higher than the average of the historical P/B of the Comparable Companies, we are of the view that Offer is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons, in particular:

- (i) there is uncertainty on the Group's future prospect and its financial performance given the decreasing trend of net profit for the year ended 31 December 2017 and the six months ended 30 June 2018 even with the successful launch of new products in the same year or period;

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- (ii) the Offer Price represents a premium over the closing prices of the Shares during the Review Period as discussed in the section headed “4.2. Offer Price Comparisons” above and a premium of approximately 176.9% and 199.3% over the net asset value per Share of the Company as at 31 December 2017 and 30 June 2018, respectively;
- (iii) the implied P/E and P/B of the Offer Price of approximately 17.1 times and 3.0 times are both within the range of the historical P/E and P/B of the Comparable Companies while the implied P/B of the Offer Price is higher than the average of the historical P/B of the Comparable Companies; and
- (iv) the trading volume of the Shares was generally thin and the Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares. The Offer provides an assured opportunity to the Independent Shareholders to realise their investments in the Company should they wish to do so,

we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Independent Shareholders should note that the closing price of Shares is at a level close to the Offer Price in a range of between HK\$0.90 and 0.92 following the publication of the Joint Announcement up to the Latest Practicable Date. The Offer Price represented a slight discount of approximately 1.1% to the closing price of HK\$0.91 per Share on the Latest Practicable Date. The Independent Shareholders are reminded to carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale after deducting all transaction costs exceed the net amount to be received under the Offer.

Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as a fall back exit route for their investment in the Shares.

Those Independent Shareholders who have a positive view of the prospects of the Group after the change of control and wish to retain part or all of their investment in the Shares should note that the prospects of the Group are uncertain given that no specific committed development plans for the Group have been given by the Purchasers at this time. Accordingly, these Independent Shareholders should carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level and should also closely monitor the financial performance of the Group and the intentions of the Purchasers as and when there is more information available in this regard.

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Independent Shareholders should also be aware that, if the number of Shares held by the public, as defined in the Listing Rules, comprises less than 25% of the issued Shares of the Company at the close of the Offer, trading in the Shares may be suspended. Should this happen, the Independent Shareholders who choose not to accept the Offer will not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

Independent Shareholders are strongly recommended to read carefully the terms and procedures for accepting the Offer set out in the Letter from CCBI of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 13 years of experience in the investment banking and auditing.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER**The Offer**

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Hong Kong Registrar at Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in an envelope marked "**Natural Beauty Bio-Technology Limited – General Offer**" to be received by the Hong Kong Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Hong Kong Registrar in an envelope marked "**Natural Beauty Bio-Technology Limited – General Offer**"; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Hong Kong Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Hong Kong Registrar in an envelope marked "**Natural Beauty Bio-Technology Limited – General Offer**"; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Hong Kong Registrar in an envelope marked “**Natural Beauty Bio-Technology Limited – General Offer**” together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Hong Kong Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Hong Kong Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Hong Kong Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Hong Kong Registrar in an envelope marked “**Natural Beauty Bio-Technology Limited – General Offer**” together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CCBI and/or the Offeror or their respective agent(s) to collect from the Hong Kong Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Hong Kong Registrar as if it was/they were delivered to the Hong Kong Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Hong Kong Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code and the Hong Kong Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Hong Kong Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Hong Kong Registrar must be produced.
- (g) Seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Hong Kong Registrar arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.
- (f) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "Right of Withdrawal" below and duly do so.

3. ANNOUNCEMENT

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

Such announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Hong Kong Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.ir-cloud.com/hongkong/00157/irwebsite>).

4. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this appendix headed “Announcement” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Hong Kong Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Hong Kong Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save in respect of the payment of seller's ad valorem stamp duty, as the case may be) set out in this Composite Document (including this appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Independent Shareholder in respect of such jurisdictions).

8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of FESS, EMIC, the Offeror and parties acting in concert with each of them, the Company, CCBI, the Independent Financial Adviser, King Town Bank and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Company, CCBI, the Independent Financial Adviser, King Town Bank and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and CCBI that the Shares tendered under the Offer (together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by the Company on or after the date on which the Offer is made, i.e., the date of this Composite Document), are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of the Form of Acceptance will constitute an authority to the Offeror and/or CCBI and/or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the financial years ended 31 December 2015, 2016 and 2017, respectively, as extracted from the audited consolidated financial statements of the Group set forth in the annual reports of the Company for the relevant years, and for the six months ended 30 June 2018 as extracted from the published interim report of the Company for the six months ended 30 June 2018.

The auditors of the Company for the three years ended 31 December 2017 were Deloitte Touche Tohmatsu. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 December 2017 were unqualified.

There were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the aforesaid periods.

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	For the six months ended 30 June 2018 (unaudited) (HK\$'000)	For the year ended 31 December		
		2017 (Audited) (HK\$'000)	2016 (Audited) (HK\$'000)	2015 (Audited) (HK\$'000)
Revenue	193,738	399,579	475,225	506,913
Cost of sales	<u>(56,603)</u>	<u>(94,467)</u>	<u>(122,366)</u>	<u>(109,419)</u>
Gross profit	137,135	305,112	352,859	397,494
Other income and other gains	6,516	12,879	36,426	28,309
Distribution and selling expenses	(65,388)	(100,946)	(113,142)	(159,661)
Administrative expenses	(35,614)	(61,457)	(73,420)	(87,154)
Other expenses and other losses	<u>2,157</u>	<u>(8,850)</u>	<u>(6,506)</u>	<u>(8,596)</u>
Profit before tax	44,806	146,738	196,217	170,392
Income tax expense	<u>(15,806)</u>	<u>(41,350)</u>	<u>(47,814)</u>	<u>(33,562)</u>
Profit for the period	<u>29,000</u>	<u>105,388</u>	<u>148,403</u>	<u>136,830</u>
Other comprehensive income (expense):				
<i>Item that will not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit pension plans	–	(1,126)	715	(347)
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	<u>(10,717)</u>	<u>52,379</u>	<u>(36,473)</u>	<u>(44,786)</u>
Other comprehensive income (expense) for the period	<u>(10,717)</u>	<u>51,253</u>	<u>(35,758)</u>	<u>(45,133)</u>
Total comprehensive income for the period	<u>18,283</u>	<u>156,641</u>	<u>112,645</u>	<u>91,697</u>
Profit for the period attributable to: Owners of the Company	<u>29,000</u>	<u>105,388</u>	<u>148,403</u>	<u>136,830</u>
Total comprehensive income attributable to: Owners of the Company	<u>18,283</u>	<u>156,641</u>	<u>112,645</u>	<u>91,697</u>
Earnings per share Basic and diluted	<u>HK1.45 cents</u>	<u>HK5.3 cents</u>	<u>HK7.4 cents</u>	<u>HK6.8 cents</u>
Dividends	<u>67,070</u>	<u>112,117</u>	<u>247,660</u>	<u>136,944</u>
Dividend per Share	<u>HK\$0.0335</u>	<u>HK\$0.0684</u>	<u>HK\$0.1237</u>	<u>HK\$0.0560</u>

	As at	As at 31 December		
	30 June 2018 (unaudited) (HK\$'000)	2017 (Audited) (HK\$'000)	2016 (Audited) (HK\$'000)	2015 (Audited) (HK\$'000)
Non-current assets				
Investment properties	7,715	7,893	7,196	6,524
Property, plant and equipment	198,903	198,610	173,542	187,351
Prepaid lease payments	51,132	52,431	48,296	53,796
Intangible assets	10,670	–	–	–
Goodwill	30,060	27,095	25,510	27,046
Pledged bank deposits	–	–	1,706	3,662
Deferred tax assets	–	–	–	608
	<u>298,480</u>	<u>286,029</u>	<u>256,250</u>	<u>278,987</u>
Current assets				
Inventories	81,265	85,077	49,842	46,905
Trade and other receivables	80,714	109,289	84,628	54,046
Prepaid lease payments	1,232	1,249	1,127	447
Pledged bank deposits	3,621	7,338	1,706	5,491
Bank balances and cash	320,495	288,903	428,633	502,721
	<u>487,327</u>	<u>491,856</u>	<u>565,936</u>	<u>609,610</u>
Current liabilities				
Trade and other payables	72,022	91,282	132,198	117,484
Contract liabilities	13,402	–	–	–
Deferred income	–	5,981	6,223	6,593
Taxation payable	22,487	18,389	24,305	19,560
Dividend payable	67,070	–	–	–
	<u>174,981</u>	<u>115,652</u>	<u>162,726</u>	<u>143,637</u>
Net current assets	<u>312,346</u>	<u>376,204</u>	<u>403,210</u>	<u>465,973</u>
Total assets less current liabilities	<u>610,826</u>	<u>662,233</u>	<u>659,460</u>	<u>744,960</u>
Non-current liabilities				
Deferred tax liabilities	3,370	5,863	686	–
Retirement benefit obligations	5,497	5,624	4,101	12,332
	<u>601,959</u>	<u>650,746</u>	<u>654,673</u>	<u>732,628</u>
Capital and reserves				
Share capital	200,210	200,210	200,210	200,210
Reserves	401,749	450,536	454,463	532,418
Total equity	<u>601,959</u>	<u>650,746</u>	<u>654,673</u>	<u>732,628</u>

2. AUDITED ANNUAL FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from page 75 to page 168 in the Annual Report 2017 of the Company, which was published on 19 April 2018. The Annual Report 2017 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ir-cloud.com/hongkong/00157/irwebsite/>), and is accessible via the following hyperlinks: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0419/LTN20180419249.pdf>.

3. UNAUDITED INTERIM FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2018 (the “**2018 Interim Financial Statements**”), together with the notes to the relevant accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Interim Financial Statements are set out from page 29 to page 68 in the Interim Report 2018 of the Company, which was published on 17 September 2018. The Interim Report 2018 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ir-cloud.com/hongkong/00157/irwebsite/>), and is accessible via the following hyperlinks: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0917/LTN20180917287.pdf>.

4. INDEBTEDNESS

As at the close of business on 31 July 2018, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or material contingent liabilities.

5. MATERIAL CHANGE

Save as and except for the followings, which have been disclosed in the interim report of the Company for the six months ended 30 June 2018, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) the Group recorded an increase in distribution and selling expenses for the six months ended 30 June 2018 as compared to the corresponding period in 2017 mainly due to (i) the increase in the advertising expenses; (ii) the increase in the salaries; and (iii) the increase in expenses on new products launching events and customers' training session; and
- (ii) the Group recorded a decrease in net asset value as at 30 June 2018 as compared to that as at 31 December 2017 mainly due to the recognition of dividend payable as a result of the declaration of the final dividend for the year ended 31 December 2017.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Purchasers) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of FESS or the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY**(a) Authorised and issued share capital**

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
4,000,000,000 Shares of HK\$0.1 each	400,000,000.0
<i>Issued and fully paid:</i>	
2,002,100,932 Shares of HK\$0.1 each	200,210,093.2

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or securities carrying conversion or subscription rights that would affect the issued share capital of the Company.

No Shares have been issued since 31 December 2017, being the date to which the latest audited financial statements of the Company were made up.

(b) Listing

The Shares are listed and traded on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, the interests of the Directors in the Shares were as follows:

Name of Director	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
Dr. Tsai (<i>Note 1</i>)	Interest of controlled companies	445,315,083	22.24
Mr. Lee Ming-Ta (<i>Note 2</i>)	Interest of spouse	445,315,083	22.24

Notes:

- (1) Dr. Tsai directly owns 40% of Next Focus Holdings Limited, which directly or indirectly held in aggregate 445,315,083 Shares. As such, Dr. Tsai is deemed to be interested in the 445,315,083 Shares held by Next Focus Holdings Limited pursuant to Section 316 of the SFO.
- (2) Mr. Lee Ming-Ta is the spouse of Dr. Tsai and is deemed to be interested in the 445,315,083 Shares attributable to Dr. Tsai pursuant to Section 316 of the SFO.

(b) Interests of the Directors in the Shares or securities of the associated corporations of the Company

As at the Latest Practicable Date, the interest of the Directors in the associated corporations of the Company (within the meaning of Part XV of the SFO) are as follows:

Name of Director	Associated corporation	Nature of interest	Number of shares	Approximate percentage of shareholding interest (%)
Dr. Tsai	Next Focus Holdings Limited	Beneficial owner	20,000	40.00
Mr. Lee Ming-Ta	Next Focus Holdings Limited	Interest of Spouse	20,000	40.00
Dr. Su Chien-Cheng	Next Focus Holdings Limited	Beneficial owner	15,000	30.00
Dr. Su Sh-Hsyu	Next Focus Holdings Limited	Beneficial owner	15,000	30.00

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(c) Interests of the substantial Shareholders in the Shares or securities of the Company

Name of Substantial Shareholder	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
Far Eastern Silo & Shipping (Panama) S.A. <i>(Note 1)</i>	Beneficial owner	600,630,280	30.00
Eastern Media International Corporation <i>(Note 1)</i>	Interest of controlled corporation	600,630,280	30.00
Insbro Holdings Limited <i>(Note 2)</i>	Beneficial owner	420,441,196	21.00
Good Titanic Limited <i>(Note 2)</i>	Interest of controlled corporation	420,441,196	21.00
Mr. Chao Shih-Heng	Interest of controlled corporation	420,441,196	21.00
Fortune Bright Group Limited	Beneficial owner	236,580,000	11.82
Starsign International Limited <i>(Note 3)</i>	Interest of controlled companies	292,958,524	14.63
Next Focus Holdings Limited <i>(Note 3)</i>	Beneficial owner/ Interest of controlled companies	445,315,083	22.24

Notes:

- Far Eastern Silo & Shipping (Panama) S.A. is wholly-owned by Eastern Media International Corporation, a company listed on the Taiwan Stock Exchange (TWSE.2614).
- Insbro Holdings Limited is wholly-owned by Good Titanic Limited, which is in turn wholly-owned by Mr. Chao Shih-Heng.
- Next Focus Holdings Limited directly holds 152,356,559 Shares and directly owns 100% of Starsign International Limited. Starsign International Limited is the sole shareholder of Standard Cosmos Limited, which in turn is the sole shareholder of Vendor A, Vendor B and Fortune Bright Group Limited. As such, Next Focus Holdings Limited is deemed to be interested in the 236,580,000 Shares held by Fortune Bright Group Limited, 50,130 Shares held by Vendor A, 53,988,394 Shares held by Vendor B and 2,340,000 Shares directly held by Standard Cosmos Limited.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

- (a) During the Relevant Period and up to the Latest Practicable Date,
 - (i) save for the sale of the Sale Shares under the Sale and Purchase Agreement, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and
 - (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any securities, convertible securities, warrants, options or derivatives in respect of the shares or securities of the Offeror;
- (b) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was owned or controlled or dealt with by a subsidiary of the Company or by a pension fund of members of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) during the Offer Period and up to the Latest Practicable Date;
- (c) No person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to the Latest Practicable Date;
- (d) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis or dealt with by any fund managers (other than exempt fund managers) connected with the Company during the Offer Period and up to the Latest Practicable Date;
- (e) In respect of the intention of the Directors to accept or reject the Offer, Dr. Tsai, who hold 445,315,083 Shares as at the Latest Practicable Date, have expressed her intention that she will not accept the Offer in respect of the Shares owned by her.

Further information of Dr. Tsai's undertaking not to accept the Offer, please refer to the section headed "Undertaking Not to Accept the Offer" set out in the "Letter from CCBI" in this Composite Document; and

- (f) Neither the Company nor the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Sale and Purchase Agreement, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

6. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

- (a) the service agreement dated 27 October 2017 entered into between the Company and Dr. Tsai, pursuant to which Dr. Tsai was appointed as an executive Director for a period of three years from 1 January 2018 to 31 December 2020 and entitled to receive an initial annual remuneration of HK\$1,000,000, and a discretionary year-end bonus and other non-cash benefits as may be determined by the Board with reference to her performance and the performance of the Company;
- (b) the service agreement dated 27 October 2017 entered into between the Company and Mr. Lee Ming-Ta, pursuant to which Mr. Lee Ming-Ta was appointed as an executive Director for a period of three years from 1 January 2018 to 31 December 2020 and entitled to receive an initial nominal remuneration of HK\$1, and a discretionary year-end bonus and other non-cash benefits as may be determined by the Board with reference to his performance and the performance of the Company;
- (c) the service agreement dated 27 October 2017 entered into between the Company and Dr. Su Chien-Cheng, pursuant to which Dr. Su Chien-Cheng was appointed as an executive Director for a period of three years from 1 January 2018 to 31 December 2020 and entitled to receive an initial remuneration of HK\$1,250,000, and a discretionary year-end bonus and other non-cash benefits as may be determined by the Board with reference to his performance and the performance of the Company;

- (d) the service agreement dated 27 October 2017 entered into between the Company and Dr. Su Sh-Hsyu, pursuant to which Dr. Su Sh-Hsyu was appointed as a non-executive Director for a period of three years from 1 January 2018 to 31 December 2020 and entitled to receive an initial remuneration of HK\$1,250,000, and a discretionary year-end bonus and other non-cash benefits as may be determined by the Board with reference to her performance and the performance of the Company;
- (e) the letter of appointment dated 27 October 2017 entered into between the Company and Mr. Chen Ruey-Long, pursuant to which Mr. Chen Ruey-Long was appointed as an independent non-executive Director for a period of one year commencing from 1 February 2018 to 31 January 2019 and entitled to receive a director's fee of HK\$240,000 per annum;
- (f) the letter of appointment dated 27 October 2017 entered into between the Company and Mr. Lu Chi-Chant, pursuant to which Mr. Lu Chi-Chant was appointed as an independent non-executive Director for a period of one year commencing from 18 December 2017 to 17 December 2018 and entitled to receive a director's fee of HK\$240,000 per annum; and
- (g) the letter of appointment dated 27 October 2017 entered into between the Company and Mr. Hsieh Pang-Chang, pursuant to which Mr. Hsieh Pang-Chang was appointed as an independent non-executive Director for a period of one year commencing from 1 February 2018 to 31 January 2019 and entitled to receive a director's fee of HK\$240,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the members of the Group had not entered into any material contracts (being a contract not entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are or may be material.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company or any of its subsidiaries.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the expert(s) who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and references to its name, in the form and context in which they are included.

10. GENERAL

- (a) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The principal place of business in Hong Kong of the Company is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. HO Siu Pik, who is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, and a holder of the Practitioner's Endorsement from the Hong Kong Institute of Chartered Secretaries.
- (d) The Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The registered office of Lego Corporate Finance Limited, the Independent Financial Adviser, is at Room 1601, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (f) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.ir-cloud.com/hongkong/00157/irwebsite) during the period from the date of this Composite Document onwards for as long as the Offer remain open for acceptance:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2016;
- (c) the annual report of the Company for the financial year ended 31 December 2017;
- (d) the interim report of the Company for the six months ended 30 June 2018;
- (e) the letter from the Board, the text of which is set out on pages 20 to 26 of this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this Composite Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 29 to 50 of this Composite Document;
- (h) the letter of consent referred to in the paragraph headed "9. QUALIFICATIONS AND CONSENTS OF EXPERTS" in this Appendix; and
- (i) each of the service contracts referred to in paragraph headed "6. SERVICE CONTRACTS OF DIRECTORS" in this Appendix.

1. RESPONSIBILITY STATEMENTS

The sole director of the Offeror, the directors of FESS and the directors of EMIC jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group and the Vendors), and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; (iii) the last trading day immediately preceding the date of the Joint Announcement; and (iv) the Latest Practicable Date:

	Closing price <i>(HK\$)</i>
31 January 2018	0.59
28 February 2018	0.57
29 March 2018	0.59
30 April 2018	0.6
31 May 2018	0.62
29 June 2018	0.6
30 July 2018 (being the Last Trading Day)	0.61
31 July 2018	0.8
31 August 2018	0.85
28 September 2018	0.86
2 October 2018 (being the last trading day immediately preceding the date of the Joint Announcement)	0.86
24 October 2018 (being the Latest Practicable Date)	0.91

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.92 per Share on 11 October 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.56 per Share on 12 and 22 February 2018.

3. DISCLOSURE OF INTERESTS

Interests of the FESS, EMIC, the Offeror and parties acting in concert with each of them in the Shares

As at the Latest Practicable Date, save as disclosed below, none of FESS, EMIC, the Offeror, their respective directors and parties acting in concert with each of them held or controlled interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company:

Name of Shareholders	Capacity	Number of Shares (Long Position)	Percentage of holding (Long Position)
The Offeror ⁽¹⁾	Beneficial Owner	420,441,196	21%
Good Titanic ⁽¹⁾	Interest of controlled corporation	420,441,196	21%
Mr. Chao	Interest of controlled corporation	420,441,196	21%
FESS ⁽²⁾	Beneficial Owner	600,630,280	30%
EMIC ⁽²⁾	Interest of controlled corporation	600,630,280	30%

Notes:

1. The Offeror is wholly-owned by Good Titanic, which in turn is wholly-owned by Mr. Chao.
2. FESS is wholly-owned by EMIC, a company listed on the Taiwan Stock Exchange (TWSE.2614).

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

- (a) save for the Acquisition, none of FESS, EMIC, the Offeror, their respective directors and parties acting in concert with each of them had dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (b) save for the Sale Shares held by the Offeror and FESS upon Completion, none of FESS, EMIC, the Offeror, their respective directors or parties acting in concert with each of them owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (c) save for the unconditional irrevocable undertakings provided by the Non-Accepting Tsai-Controlled Shareholders not to accept the Offer in respect of the Remaining Non-Accepting Tsai-Controlled Shares and by the Non-Accepting Non-Controlling

Shareholders not to accept the Offer in respect of the Non-Accepting Non-Controlling Shares, none of FESS, EMIC, the Offeror or parties acting in concert with each of them has received any irrevocable commitment to accept the Offer;

- (d) save for the unconditional irrevocable undertakings provided by the Non-Accepting Tsai-Controlled Shareholders not to accept the Offer in respect of the Remaining Non-Accepting Tsai-Controlled Shares and by the Non-Accepting Non-Controlling Shareholders not to accept the Offer in respect of the Non-Accepting Non-Controlling Shares, the Loan Deeds and the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the FESS, EMIC, the Offeror or any person acting in concert with each of them and any other person;
- (e) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (f) none of FESS, EMIC, the Offeror or parties acting in concert with each of them has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (g) none of FESS, EMIC, the Offeror or parties acting in concert with each of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) save for the pledge of 420,441,196 Shares which were owned by the Offeror upon the Completion and all of the Offer Shares to be acquired by the Offeror during the Offer provided by the Offeror as pledgor in favour of King's Town Bank as security for the Loan Facilities, FESS, EMIC, the Offeror and parties acting in concert with each of them had no intention, nor had it entered into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons;
- (i) save for the Sale and Purchase Agreement, no agreement, arrangement or understanding (including any compensation arrangement) existed between the FESS, EMIC, the Offeror or parties acting in concert with each of them and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer; and
- (j) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

5. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
CCBI	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial advisers to the Offeror in respect of the Offer

CCBI has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which they appear herein.

6. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the sole director of the Offeror is Mr. Chao. The registered office of the Offeror is situated at 19/F., Seaview Commercial Building, 21-24 Connaught Road West, Hong Kong.
- (b) The registered office of CCBI is situated at 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) the Company's website (<http://www.ir-cloud.com/hongkong/00157/irwebsite>) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from CCBI as set out on pages 8 to 19 of this Composite Document;
- (c) the consent letter from CCBI referred to under the section headed "5. Consents and Qualifications" in this Appendix; and
- (d) each of the irrevocable undertakings given by each of the Non-Accepting Tsai-Controlling Shareholders and the Non-Accepting Non-Controlling Shareholders.