

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular, you should obtain independent professional advice.

If you have sold or transferred all your shares in **Natural Beauty Bio-Technology Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

CONNECTED TRANSACTION
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
SHANGHAI NATURAL BEAUTY BIO-MED CO. LTD.

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders

VINCO  城高

Grand Vinco Capital Limited

(Wholly owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 23 of this circular.

A notice convening the SGM to be held on Thursday, 16 October 2008 at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Hong Kong at 3:00 p.m. is set out on pages 30 to 31 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Hong Kong, or at the Company's Registrar, Hong Kong Registrars Limited at Shops 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

10 September 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate”	has the meaning ascribed thereto under the Listing Rules
“Bio-Med”	上海自然美生物醫學有限公司 (Shanghai Natural Beauty Bio-Med Co. Ltd.), a wholly foreign-owned company established under the laws of the PRC and a wholly-owned subsidiary of the Vendor prior Completion
“Board”	the board of Directors of the Company
“Business Day(s)”	a day other than a Saturday and Sunday and public holidays in Hong Kong
“Company”	Natural Beauty Bio-Technology Limited (自然生物科技有限公司), a company incorporated in Cayman Islands with limited liability whose shares are listed and traded on the Stock Exchange (Stock Code: 00157)
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	USD3,313,966 (equivalent to approximately HK\$25,848,936), being the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Regions of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

DEFINITIONS

“Independent Board Committee”	the committee of independent non-executive Directors comprising Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching
“Independent Financial Advisor” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, an independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders other than Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu
“Latest Practicable Date”	5 September 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining and collation of relevant information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Natural Beauty China” or “Purchaser”	Natural Beauty China Holding Limited (自然美中國控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“PRC GAAP”	the PRC General Accepted Accounting Practices
“RMB”	Renminbi, being the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 20 August 2008
“Sale Interest”	the entire equity interest in Bio-Med, free from any encumbrance but with all rights new and hereafter attaching thereto including the rights to all dividends, interest and allotment paid, made or declared in respect thereof
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be held on Thursday, 16 October 2008 at Unit 3512, 35/F, The Center, 99 Queen’s Road Central, Hong Kong at 3:00 p.m. for approving the terms and conditions of the Sale and Purchase Agreement and the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Uni Way” or “Vendor”	Uni Way Associates Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is beneficially owned as to 20% by Dr. Tsai Yen Yu, 40% by Dr. Su Chien Cheng and 40% by Dr. Su Sh Hsyu
“USD”	the lawful currency of United States
“%”	per cent.

Unless otherwise states, for illustration purpose, the exchange rate used in this announcement is USD1.00 to HK\$7.80 and RMB1.00 to HK\$0.8766.

LETTER FROM THE BOARD



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Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

Executive Directors:

Dr. TSAI Yen Yu
Mr. LEE Ming Ta
Dr. SU Chien Cheng
Dr. SU Sh Hsyu

Registered office:

P.O. Box 309
Ugland House, South Church Street
George Town, Grand Cayman
Cayman Islands

Independent Non-Executive Directors:

Mr. YEH Liang Fei
Mrs. CHEN Shieh Shu Chen
Mr. CHEN Ching

Principal place of business in Hong Kong:

Unit 3512, 35/F
The Center
99 Queen's Road Central
Central, Hong Kong

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
SHANGHAI NATURAL BEAUTY BIO-MED CO. LTD.**

INTRODUCTION

On 20 August 2008, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the Sale Interest in Bio-Med at a consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936).

The main purpose of this circular is to provide you with, among other things: (a) further information as is necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the SGM relating to the Acquisition; (b) the recommendation from the Independent Board Committee relating to the Acquisition; (c) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Acquisition; and (d) the notice convening SGM.

LETTER FROM THE BOARD

A. THE SALE AND PURCHASE AGREEMENT

1. **Date:** 20 August 2008

2. **Parties:**

Purchaser: Natural Beauty China, an indirect wholly-owned subsidiary of the Company.

Vendor: Uni Way, a company beneficially owned as to 20% by Dr. Tsai Yen Yu, 40% by Dr. Su Chien Cheng and 40% by Dr. Su Sh Hsyu, who are the Directors and the substantial shareholders of the Company by holding 41.91%, 11.83 % and 11.83% interest in the entire issued share capital of the Company respectively. The directors of Uni Way, namely Dr Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu, are also the Directors of the Company. Hence, the Vendor is an associate of connected persons of the Company.

Sale Interest to be Acquired

The entire equity interest in Bio-Med, which is free from any encumbrance but with all rights new and hereafter attaching thereto including the rights to all dividends, interest and allotment paid, made or declared in respect thereof.

Consideration

The Consideration for the Sale Interest is USD3,313,966 (equivalent to approximately HK\$25,848,936). The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor, at one (1.0) times of the audited net asset value of Bio-Med of RMB22,659,177 (equivalent to approximately HK\$25,848,936) as at 31 July 2008.

Among the Consideration, 50% of which, being a refundable deposit, shall be settled by telegraphic transfer by the Purchaser to the Vendor within 1 month upon the signing of the Sale and Purchase Agreement. The remaining 50% of the Consideration shall be settled by telegraphic transfer by the Purchaser to the Vendor upon Completion. The payment of the Consideration will be funded by the internal resources of the Group.

LETTER FROM THE BOARD

Conditions

Completion of the sale and purchase of the Sale Interest is conditional upon fulfillment (or waiver, in certain cases as stated below) of the following conditions on or before 31 March 2009:

- (i) all necessary authorization, consent and approval from or by any governmental authorities or regulatory bodies for the consummation of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor and remaining in full force and effect as at Completion;
- (ii) the approval of Independent Shareholders at the SGM having been obtained in accordance with the Listing Rules;
- (iii) there being no applicable laws, regulations, orders, decrees or notifications which has been implemented or enforced by any authorities to the effect that the transfer of the Sale Interest or the consummation of the transactions contemplated under the Sale and Purchase Agreement will be prohibited, restricted or seriously delayed;
- (iv) the registration of the transfer of the Sale Interest having been completed;
- (v) a PRC legal opinion with respect to the Sale and Purchase Agreement in such form and substance to the satisfaction of the Purchaser having been provided by the Vendor;
- (vi) the financial and legal due diligence exercise with respect to the Sale Interest having been completed to the satisfaction of the Purchaser;
- (vii) the representations and warranties under the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if given at all times between the date of the Sale and Purchase Agreement and the date of Completion (both dates inclusive);
- (viii) all obligations, undertakings and covenants required to be performed and observed by the Vendor under the Sale and Purchase Agreement on or prior to the Completion having been duly observed and performed;
- (ix) there being no investigation, legal actions, claims, injunctions orders or proceedings in effect, threatened or is reasonably expected to operate to prohibit, restrict or imposed conditions or limitation on the consummation of any of the transactions contemplated under the Sale and Purchase Agreement or the Completion; and
- (x) there being is no material adverse change in the financial, business, trading and operations position of Bio-Med between the date of the Sale and Purchase Agreement and the date of Completion (both dates inclusive).

LETTER FROM THE BOARD

The Purchaser has the right to waive all of above conditions in full or in part except for the conditions numbered (i) to (vi). As at the Latest Practicable Date, the Purchase had already completed part of the due diligence exercise with respect of the Sale Interest, which includes but is not limited to the verification on Bio-Med's assets and licenses for manufacturing of health supplements. Based on the latest due diligence results, the Purchase was not aware of any issues which would materially affect its interest as a purchaser or impede the Acquisition. In addition, the PRC legal opinion as referred to in (v) above will be issued after having obtained all PRC governmental authorization, consent and approval for the consummation of the transactions contemplated under the Sale and Purchase Agreement. In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 March 2009 or such later date as the Purchaser and the Vendor may agree in writing, the Sale and Purchase Agreement shall cease and terminate, and no party shall have any obligation to complete the transaction contemplated therein. In addition, no party shall have any claims against the other party under the Sale and Purchase Agreement, except for any antecedent breaches of committed prior to the termination of the Sale and Purchase Agreement or any breach of confidentiality obligations contemplated under the Sale and Purchase Agreement.

Completion

The Completion will take place on the 5th Business Day after the day on which all Conditions are fulfilled (or otherwise waived) or such other date as the Purchase and Vendor may agree in writing. Upon the Completion of the Acquisition, Bio-Med will become a wholly-owned subsidiary of the Company.

B. INFORMATION ABOUT BIO-MED

Bio-Med is a foreign wholly-owned company established under the laws of the PRC by Uni Way on 14 October 2001. It is principally engaged in research, development and manufacture of health supplements. The registered capital of Bio-Med is USD2.6 million, which has already been fully contributed by Uni Way as at the date of this circular. Bio-Med does not have any wholly-owned or non-wholly owned subsidiary.

LETTER FROM THE BOARD

Bio-Med's audited accounts for each of the two years ended 31 December 2006 and 31 December 2007 and the seven months ended 31 July 2008 prepared in accordance with the PRC GAAP are as follows:-

	Year ended 31 December 2006	Year ended 31 December 2007	Seven months ended 31 July 2008
Net profit before taxation and extraordinary items	RMB823,037	RMB2,226,938	RMB808,733
Net profit after taxation and extraordinary items	RMB600,817	RMB1,840,746	RMB974,400
Net asset value	RMB21,311,303	RMB23,152,050	RMB22,659,177

As the current PRC GAAP are principally in line with the International Accounting Standards ("IAS") and the Hong Kong Accounting Standards ("HKAS") are also principally in line with the IAS, there will be no material changes in the income statement and balance sheet of Bio-Med for the financial periods as set out in the table above, if HKAS and Hong Kong Financial Reporting Standards were applied. Based on the audited report of Bio-Med for the seven months ended 31 July 2008, about 87% of the total asset of Bio-Med was cash and Bio-Med had a total liabilities of RMB214,147 (equivalent to approximately HK\$244,292), all of which were accounts payables. The audited net asset value of Bio-Med as at 31 July 2008 was approximately RMB22,659,177 (equivalent to approximately HK\$25,848,936). The surge of net profit of Bio-Med for the year ended 31 December 2007 as compared to that for the same period in 2006 was resulted from the increase of orders placed by the Group under the natural health food purchase agreement dated 28 July 2005, the details of the natural health food purchase agreement are set out in the announcement issued by the Company on 2 August 2005.

C. INFORMATION OF THE PURCHASER

Natural Beauty China is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong. It is an investment holding company.

D. INFORMATION OF THE VENDOR

Uni Way is a company established under the laws of British Virgin Islands with limited liability. It is an investment holding company.

LETTER FROM THE BOARD

E. INFORMATION OF THE COMPANY

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

F. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors (including the independent non-executive Directors but excluding Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu) are of the opinion that the Acquisition is in the interest of the Company and the Independent Shareholders of the Company as a whole due to the following reasons:

1. Bio-Med is principally engaged in research, development and manufacture of health supplements. It currently supplies natural health food to the Group under a renewed natural health food agreement dated 16 January 2008, the details of which are set out in the announcement issued by the Company on the same day. The Acquisition will enable the Group to enjoy a higher profit margin via having direct supply of the natural health food from its Group member instead of from a third party.
2. Bio-Med has recorded good performance from the year ended 31 December 2006 up to the seven months ended 31 July 2008.
3. Bio-Med owns the manufacturing permits and licenses of health supplements in PRC which could save the Group's time and effort to enter into the manufacturing of health supplements and for the application of such permits and licenses with the relevant government authorities.
4. The Group intends to expand its franchises network in the PRC and its retail operation in Taiwan with the introduction of new products, especially full-ranged health supplements, to extend the Group's existing client base. Given that Bio-Med is principally engaged in research, development and manufacture of health supplements, the Acquisition will benefit the business development of the Group and will further strengthen the Group's position in expanding the health supplements business and improve its overall competitive edge.

The Directors (including the independent non-executive Directors but excluding Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu) are of the opinion that the Acquisition is entered into on normal commercial terms, and is fair and reasonable.

LETTER FROM THE BOARD

G. FINANCIAL IMPACT OF ACQUISITION

Upon the Completion of the Acquisition, Bio-Med will become a wholly-owned subsidiary of the Company. The Group expects to capture the value of the addition of the value chain in health supplement business and it will have a positive effect on the earnings of the Group.

The Consideration for the Acquisition payable by the Purchaser is USD3,313,966 (equivalent to approximately HK\$25,848,936), which will be funded by the internal resources of the Group. The Group had over HK\$588 million cash and bank balances as at 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up. Bio-Med had RMB19,921,972 (approximately HK\$22,726,411) cash and bank balances as at 31 July 2008, hence there will be no material change in the financial position of the Group as a whole after the Acquisition.

H. LISTING RULES IMPLICATIONS

Connected Transactions

The Vendor is an associate of connected persons of the Company on the basis that (i) it is beneficially owned as to 20% by Dr. Tsai Yen Yu, 40% by Dr. Su Chien Cheng and 40% by Dr. Su Sh Hsyu, who are the Directors and the substantial shareholders of the Company by holding 41.91%, 11.83% and 11.83% interest in the entire issued share capital of the Company respectively; and (ii) its directors, namely Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu, are also the Directors of the Company. Hence, the Acquisition under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing rules.

Given that one or more of the applicable percentage ratios for the Acquisition exceed 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors but excluding Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu) consider that the Acquisition is entered into on normal commercial terms, and is fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the Sale and Purchase Agreement. The letter from the Independent Board Committee in respect of the Sale and Purchase Agreement and its recommendations to the Independent Shareholders is set out on pages 13 to 14 of this circular.

LETTER FROM THE BOARD

Vinco Capital has been appointed by the Company as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement. The letter from the Independent Financial Adviser is set out on pages 15 to 23 of this circular.

SGM

As the Acquisition is subject to the Independent Shareholders' approval, a SGM will be convened for the Independent Shareholders to consider, and, if thought fit, to approve the Acquisition contemplated under the Sale and Purchase Agreement. Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu will not vote in the SGM.

The notice convening the SGM to be held on Thursday, 16 October 2008 at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Hong Kong at 3:00 p.m. is set out on pages 30 to 31 of this circular. At the SGM, ordinary resolution(s) will be proposed to approve the Acquisition contemplated under the Sale and Purchase Agreement. Votes for the resolutions at the SGM shall be taken by way of poll. The poll results will be published after the SGM.

As at the Latest Practicable Date, Dr. Tsai Yen Yu is interested in 838,530,000 shares, representing approximately 41.91% of the issued share capital of the Company, Dr. Su Chien Cheng is interested in 236,580,000 shares, representing approximately 11.83% of the issued share capital of the Company and Dr. Su Sh Hsyu is interested in 236,580,000 shares, representing approximately 11.83% of the issued share capital of the Company. Hence, each of Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu and their respective associate is required to abstain from voting in respect of their shareholding at the SGM. To the best knowledge of the Directors, there is no associate of Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu holding any shares of the Company.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Registrar, Hong Kong Registrars Limited at Shops 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or the principal place of business of the Company in Hong Kong at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

Pursuant to 81 of the Article and Association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: (1) by the chairman of the meeting; or (2) by at least five Shareholders present in person or by proxy and entitled to vote; or (3) by one or more Shareholders present in person or by proxy or, in the case of a

LETTER FROM THE BOARD

Shareholder being corporation, by its duly authorized representative and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or (4) any one or more Shareholders present in person or by proxy or, in the case of a Shareholder being corporation, by its duly authorized representative and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right. The Chairman will demand a poll at the SGM.

I. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders on the Acquisition. Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 15 to 23 of this circular, which contains, inter alia, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the principal factors and issues considered by it in arriving at its conclusion.

Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that the terms of the Acquisition contemplated under the Sale and Purchase Agreement (including the consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Acquisition under the Sale and Purchase Agreement.

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully
For and on behalf of
Natural Beauty Bio-Technology Limited
Dr. Tsai Yen Yu
Chairman



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Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

Unit 3512, 35/F
The Center
99 Queen's Road Central
Central, Hong Kong

10 September 2008

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
SHANGHAI NATURAL BEAUTY BIO-MED CO. LTD.**

We refer to the circular of the Company to the Shareholders dated 10 September 2008 (the "Circular"), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed "Definitions" of the Circular.

We, being the independent non-executive Directors, have been authorized to form the Independent Board Committee to advise the Independent Shareholders whether in our view the terms of Acquisition contemplated under the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Vinco Capital has been appointed by the Company to advise us and the Independent Shareholders as to whether the terms of Acquisition contemplated under the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned. Details of its advice, together with the principal factors and issues taken into consideration in arriving at such advice, are set out on pages 15 to 23 of the Circular. Your attention is also drawn to the "Letter from the Board" set out on pages 4 to 12 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and issues considered by, and the opinion of Vinco Capital as stated in its letter of advice, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to support the entering into the Sale and Purchase Agreement and to vote in favour of the ordinary resolution(s) in relation to the Acquisition to be proposed at the SGM.

Yours faithfully,
Independent Board Committee of
Natural Beauty Bio-Technology Limited

Mr. Yeh Liang Fei
*Independent non-executive
Director*

Mrs. Chen Shieh Shu Chen
*Independent non-executive
Director*

Mr. Chen Ching
*Independent non-executive
Director*

LETTER FROM GRAND VINCO CAPITAL LIMITED

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition which has been prepared for the purpose of incorporation in this circular.



Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

10 September 2008

*To the Independent Board Committee and the Independent Shareholders of
Natural Beauty Bio-Technology Limited*

Dear Sirs,

**CONNECTED TRANSACTION
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
SHANGHAI NATURAL BEAUTY BIO-MED CO. LTD.**

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the connected transaction regarding the proposed acquisition of Sale Interest, details of which are set out in the section headed "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 10 September 2008 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Company announced that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor on 20 August 2008, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the Sale Interest for a consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936). Upon the Completion, the Group will be beneficially interested in as to 100% of the entire issued share capital of Bio-Med.

The Vendor is an associate of connected persons of the Company as it is given that (i) the Vendor is beneficially owned as to 20% by Dr. Tsai Yen Yu, 40% by Dr. Su Chien Cheng and 40% by Dr. Su Sh Hsyu, who are the Directors and the substantial shareholders of the Company by holding 41.91%, 11.83% and 11.83% interest in the entire issued share capital of the Company respectively; and (ii) its directors, namely Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu, are also the Directors of the Company. Hence, the Acquisition under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing rules. Accordingly, the

LETTER FROM GRAND VINCO CAPITAL LIMITED

Acquisition is subject to, among others, the approval of the Independent Shareholders taken by way of a poll at the SGM. Under the Listing Rules, each of Dr. Tsai Yen Yu, Dr. Su Chien Cheng and Dr. Su Sh Hsyu and their respective associates are required to abstain from voting in respect of their shareholding and the relevant resolution approving the Sale and Purchase Agreement at the SGM.

The Independent Board Committee, comprising Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Acquisition. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Acquisition are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

LETTER FROM GRAND VINCO CAPITAL LIMITED

This letter is issued for the information for the Independent Board Committee and the Shareholders solely in connection with their consideration of the Acquisition and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, we have considered the principal factors and reasons set out below:

1. Information of the Group

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

As disclosed in the annual report 2007 of the Group for the financial year ended 31 December 2007, the Group's turnover was approximately HK\$450,147,000 (2006: approximately HK\$363,746,000). Profit attributable to Shareholders was approximately HK\$178,707,000 (2006: approximately HK\$123,198,000), representing an increase of approximately 45.06% from previous year.

For the financial year ended 31 December 2007, the Group's segment revenue and result from cosmetic products and beauty services (represents sale of cosmetic products and provision of beauty services) as well as investment properties (represents leasing of investment properties) was HK\$450,147,000 (2006: HK\$363,746,000) and HK\$4,942,000 (2006: HK\$6,492,000) respectively. Geographically, the Group's segment revenue can be divided among the PRC, Taiwan and other regions, recording HK\$316,808,000, HK\$126,837,000 and HK\$6,502,000 respectively.

The cosmetic products and beauty services segment revenue recorded a growth of approximately 23.75%. For the same financial year, the PRC segment recorded a growth of approximately 32%, contributing approximately 70.38% of the consolidated revenue of the Group and its segment result contributed approximately 97.38% of the profit attributable to Shareholders. We noted that the operating and financial results in the cosmetics products and beauty segment and in the PRC segment of the Group for the period under our review were improving and becoming more significant.

Based on the foregoing, we are of the view that the Acquisition is in line with the Group's strategy and will further enhance the Group's interest in its cosmetics and beauty services and PRC segment by consolidating the Group's interest in Bio-Med.

2. Background to and reason for the Acquisition

i. Information of Bio-Med

Bio-Med is a foreign wholly-owned company established under the laws of the PRC by Uni Way on 14 October 2001 with a registered capital of USD2.6 million, which has already been fully contributed by Uni Way as at the Latest Practicable Date. It is principally engaged in research, development and manufacture of health supplements. Bio-Med does not have any wholly-owned or non-wholly owned subsidiary.

Set out below is a table of financial summary of Bio-Med prepared in accordance with PRC Generally Accepted Accounting Principles:

	Year ended 31 December		For the seven months ended 31 July
	2006	2007	2008
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	2,535,651	4,992,384	7,125,189
Net Profit before taxation	823,037	2,226,938	808,733
Net Profit after taxation	600,817	1,840,746	974,400
Net asset value	21,311,303	23,152,050	22,659,177

According to the audited report of Bio-Med for the seven months ended 31 July 2008, the audited net asset value of Bio-Med was approximately RMB22,659,177 (equivalent to approximately HK\$25,848,936), of which about 87% of the total asset of Bio-Med is cash. In addition, Bio-Med has total liabilities of RMB214,147 (equivalent to approximately HK\$244,292), all of which are accounts payables, as at 31 July 2008.

ii. Prospect of health supplements market, PRC

According to Euromonitor International's OTC Healthcare in China market report on July 2008, Chinese consumers are able to spend more on healthcare due to the robust growth of local economy and the rapid increase in disposable income of the Chinese people. Sales of basic OTC products, such as analgesics, and cough, cold and allergy remedies, have increased as not only people in urban but also those in rural areas are now more able to afford these medicines. In addition, the ageing of the population also stimulated substantial demand for nutritional products in China, therefore steady growth is expected in the OTC healthcare market in China.

LETTER FROM GRAND VINCO CAPITAL LIMITED

In view of the prolonged growth in the healthcare supplements market in PRC, we are of the view that the prospect of health supplements market is expected to experience a steady growth in the future. As such, we are of the view that the Acquisition is in the interests of the Company and Independent Shareholders as a whole.

iii. Reasons for the acquisition

As noted in the annual report 2007 of the Company, the Group intends to expand its franchises network in China and its retail operation in Taiwan with the introduction of new products, especially full-ranged health supplements, to extend the Group's existing client base. Given that Bio-Med is principally engaged in research, development and manufacture of health supplements, the Directors (including the independent non-executive Directors but excluding Dr. Tsai Yen Yu, Mr. Lee Ming Ta, Dr. Su Chien Cheng and Dr. Su Sh Hsyu) consider that the Acquisition will benefit the business development of the Group and will further strengthen the Group's position in expanding the health supplements business and improve its overall competitive edge.

Bio-Med is also currently the supplier of natural health food to the Group under a renewed natural health food agreement dated 16 January 2008 and thus the Acquisition will enable the Group to enjoy a higher profit margin via having direct supply of the natural health food from its Group member instead of from a third party. In addition, it saves time efforts for the Group to enter into the manufacturing of health supplements and for the application of manufacturing permits and licenses of health supplements with the relevant government authorities as Bio-Med has already processed such permits and licenses in PRC. We have also noted that Bio-Med has recorded good performance from the year ended 31 December 2006 up to the seven months ended 31 July 2008 and therefore the Acquisition will enable the Group to capture the value of an addition of the value chain in health supplement business and a stepping stone to expand its franchise network in the PRC.

Based on the foregoing, we are of the opinion that the Acquisition is in the interests of the Company and Independent Shareholders as a whole.

3. Principal terms of the Sale and Purchase Agreement

i. Consideration and payment terms

The Consideration for the Sale Interest is USD3,313,966 (equivalent to approximately HK\$25,848,936) was arrived at after arm's length negotiations between the Purchaser and the Vendor. Independent Shareholders should however remarked that Bio-Med had recorded an audited cash and cash equivalents of approximately RMB19.92 million (equivalent to approximately HK\$22.73 million) as at 31 July 2008.

As at the Latest Practicable Date and confirmed by the Directors, the Company had sufficient internal resources to pay the Consideration of the Acquisition.

The fairness of the consideration for the Acquisition can be analyzed using the following approaches:

(a) Net Assets

The net assets approach is one of the common approaches used to value the fairness of the consideration. The Consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936) under the Acquisition, represents no premium or discount, but at par to the audited net asset value of Bio-Med of RMB22,659,177 (equivalent to approximately HK\$25,848,936) as at 31 July 2008. We have reviewed the accounts of Bio-Med and we noted that the audited net asset value of Bio-Med was RMB22,659,177 (equivalent to approximately HK\$25,848,936), which is equivalent to the Consideration. In light of this, we are of the view that the Consideration is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

(b) Price-to-earnings ratio

Price-to-earnings ratio ("P/E ratio") is another common approach for the evaluation of the Consideration. As for the Consideration, having taken the audited profit after taxation of Bio-Med of approximately RMB1,840,746 (equivalent to approximately HK\$2,038,636) and Consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936) into account, the P/E ratio of this Acquisition equals to approximately 12.68 times.

LETTER FROM GRAND VINCO CAPITAL LIMITED

To assess the fairness and reasonableness of the pricing of this Consideration, we have also reviewed and included 5 companies (the “Comparables”) listed on the Stock Exchange which have similar business as Bio-Med on best efforts basis. With reference to our search on Bloomberg for companies that fall within the business of “healthcare”, “biotechnology” and “pharmaceutical” and with further assessment and search on HKEx in their principal activities, thus we have identified with the following 5 companies that are with similar business nature as Bio-Med for comparison.

The information of the Comparables is summarized as follows:

Company	Stock code	Price-to-earnings ratio <i>(times)</i>	Closing price on 20 August 2008 <i>(HK\$)</i>	Earnings per share <i>(HK\$)</i>	Year ended	Segmental revenue contributed by business in the PRC <i>(approximately)</i>
Long Far Pharmaceutical Holdings Limited	2898	N/A	0.61	(3.2cents)	31/03/2008	51.70%
Jiwa Bio-Pharm Holdings Limited	2327	6.01	0.181	3.01cents	31/03/2008	100.00%
Vital BioTech Holdings Limited	1164	7.4	0.242	3.27cents	31/12/2007	100.00%
Sino Biopharmaceutical Limited	1177	13.4	1.33	9.91cents	31/12/2007	90.00%
Hua Han Bio-Pharmaceutical Holdings Limited	587	9.86	1.46	14.8cents	30/06/2007	90.00%
	Max	13.4				
	Min	6.01				
	Mean	9.17				

Source: Stock Exchange

LETTER FROM GRAND VINCO CAPITAL LIMITED

Based on the table above, we noted that the P/E ratios of the Comparables, based on the closing price of the date of signing the Sale and Purchase Agreement, represented a range from approximately 6.01 times to 13.4 times with a mean of approximately 9.17 times. Accordingly, the P/E ratio of the Acquisition of approximately 12.68 times is higher than the average P/E ratio of the Comparables of approximately 9.17 times, and yet falls within the range of the Comparables from a maximum of 13.4 times to a minimum of 6.01 times. As such, we are of the opinion that the pricing of the Consideration is fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

4. Financial effects of the Acquisition

i. Earnings

Upon Completion, Bio-Med will become a wholly-owned subsidiary of the Group. As such, the Company will be able to consolidate the profit of Bio-Med into the Group's consolidated profit and loss account.

ii. Net tangible assets

Upon Completion, a total amount of USD3,313,966 (equivalent to approximately HK\$25,848,936) would be paid by the Natural Beauty China in exchange for the net tangible assets value of Bio-Med of approximately RMB22,659,177 (equivalent to approximately HK\$25,848,936) as at 31 July 2008. Therefore, there should be no material change in the net tangible assets of the Group.

iii. Working capital

With reference to the annual report of the Group for 2007, the consolidated working capital for the Group was approximately HK\$654,227,000. As at 31 July 2008, Bio-Med recorded working capital of approximately RMB21,722,792 (approximately HK\$24,780,735). Upon Completion, the Company will be able to consolidate the working capital of Bio-Med into the Group's account. Hence, it is believed that there is no material adverse impact in the financial position of the Group as a whole after the Acquisition.

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the Acquisition, including:

- a) the background information of Bio-Med and the prospect of health supplements market in PRC;

LETTER FROM GRAND VINCO CAPITAL LIMITED

- b) the Consideration and payment terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable to the Company and the Independent Shareholders as a whole; and
- c) the favourable financial effects of the Acquisition,

we are of the view that the Acquisition is on normal commercial terms, fair and reasonable, so far as the Shareholders are concerned and that the Acquisition is in the interests of the Shareholders and the Company as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote and the Independent Shareholders to vote in favour of the Acquisition at the SGM.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange:

(a) Long positions in Shares

Name of Directors	Family interests	Total number of Shares held	% of total issued Share
Dr. Tsai Yen Yu		838,530,000 (Note 1)	41.91%
Dr. Su Chien Cheng		236,580,000 (Note 2)	11.83%
Dr. Su Sh Hsyu		236,580,000 (Note 3)	11.83%
Mr. Lee Ming Ta	838,530,000 (Note 1)		41.91%

Notes:

- (1) The two references to 838,530,000 Shares relate to the same block of shares. Such block of shares are held by Efficient Market Investments Limited ("Efficient Market") which is beneficially wholly-owned by Dr. Tsai Yen Yu through Knightcote Enterprises Limited ("Knightcote"). Mr. Lee Ming Ta, the spouse of Dr. Tsai Yen Yu, is deemed to be interested in 838,530,000 ordinary shares of the Company.
- (2) The reference to 236,580,000 Shares is held by Aventa Group Limited ("Aventa") which is beneficially wholly-owned by Dr. Su Chien Cheng through Beautivalue Holdings Limited ("Beautivalue"). Dr. Su Chien Cheng is the son of Dr. Tsai Yen Yu.

- (3) The reference to 236,580,000 Shares is held by Fortune Bright Group Limited (“Fortune Bright”) which is beneficially wholly-owned by Dr. Su Sh Hsyu through Colour Shine Holdings Limited (“Colour Shine”). Dr. Su Sh Hsyu is the daughter of Dr. Tsai Yen Yu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register of the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, the following are details of the persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

(a) Long position in the Shares

Name of shareholder	Notes	Capacity	Number of ordinary Shares held	% of total issued Share
Efficient Market	1	Beneficial owner	838,530,000	41.91%
Knightcote	1 & 2	Beneficial owner and held by a controlled corporation	838,530,000	41.91%
Aventa	3	Beneficial owner	236,580,000	11.83%
Beautivalue	3 & 4	Beneficial owner and held by a controlled corporation	236,580,000	11.83%

Name of shareholder	Notes	Capacity	Number of ordinary Shares held	% of total issued Share
Fortune Bright	5	Beneficial owner	236,580,000	11.83%
Colour Shine	5 & 6	Beneficial owner and held by a controlled corporation	236,580,000	11.83%
Dr. Tsai Yen Yu	2	Beneficial owner and held by a controlled corporation	838,530,000	41.91%
Dr. Su Chien Cheng	4	Beneficial owner and held by a controlled corporation	236,580,000	11.83%
Dr. Su Sh Hsyu	6	Beneficial owner and held by a controlled corporation	236,580,000	11.83%

Notes:

- (1) Efficient Market is beneficially wholly-owned by Knightcote.
- (2) The controlled corporation, Knightcote, is beneficially wholly-owned by Dr. Tsai Yen Yu. These shares are attributable to Dr. Tsai Yen Yu in respect of her 100% interest in Knightcote.
- (3) Aventa is beneficially wholly-owned by Beautivalue.
- (4) The controlled corporation, Beautivalue, is beneficially wholly-owned by Dr. Su Chien Cheng. These shares are attributable to Dr. Su Chien Cheng in respect of his 100% interest in Beautivalue.
- (5) Fortune Bright is beneficially wholly-owned by Colour Shine.
- (6) The controlled corporation, Colour Shine, is beneficially wholly-owned by Dr. Su Sh Hsyu. These shares are attributable to Dr. Su Sh Hsyu in respect of her 100% interest in Colour Shine.

According to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, other than the interest disclosed herein, there was no other person (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company or in any options in respect of such capital.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or terminable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING BUSINESS

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up.

7. LITIGATION

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

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Grand Vinco Capital Limited	a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Grand Vinco Capital Limited has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letters dated the date hereof and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Grand Vinco Capital Limited did not have any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and Grand Vinco Capital Limited did not have any direct or indirect interest in any assets which have been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

9. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group.

10. DIRECTOR'S INTEREST IN CONTRACTS

Save for the Sale and Purchase Agreement and the renewed natural health food agreement dated 16 January 2008 in relation to the supply of natural health food by Bio-Med to the Group (the details of which are set out in the announcement issued by the Company on 16 January 2008), there was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

11. MISCELLANEOUS

- (a) The qualified accountant and company secretary of the Company is Mr. Andy Chan, who is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is at Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The principal place of business of the Company are at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (c) The Company's branch share registrar is Hong Kong Registrars Limited located at Shops 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 3512, 35/F, 99 Queen's Road Central, the Center, Hong Kong for a period of 14 days (excluding Saturdays) from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter dated 10 September 2008 from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 13 to 14 of this circular;
- (c) the opinion letter dated 10 September 2008 from the Independent Financial Adviser, the text of which is set out on pages 15 to 23 of this circular;
- (d) the written consent issued by Grand Vinco Capital Limited as referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (e) the renewed natural health food agreement dated 16 January 2008 in relation to the supply of natural health food by Bio-Med to the Group as referred to in paragraph 10 under this section headed "General" of this circular.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Natural Beauty Bio-Technology Limited (the “**Company**”) will be held at Unit 3512, 35/F, The Center, 99 Queen’s Road Central, Hong Kong on Thursday, 16 October 2008 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

- (1) “**THAT**
- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 20 August 2008 entered into between Natural Beauty China Holding Limited (自然美中國控股有限公司), an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”), and Uni Way Associates Limited (the “**Vendor**”), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Vendor has conditionally agreed to sell the entire equity interest in 上海自然美生物醫學有限公司 (Shanghai Natural Beauty Bio-Med Co. Ltd.) to the Purchaser for the consideration of USD3,313,966 (equivalent to approximately HK\$25,848,936) be and is hereby approved, ratified and confirmed; and
- (b) any one Director be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such things and take all other steps which, in his/her opinion, may be necessary or desirable in connection with the transactions contemplated under the Sale and Purchase Agreement.”

By Order of the Board
Natural Beauty Bio-Technology Limited
Dr. Tsai Yen Yu
Chairman

10 September 2008

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

P.O. Box 309
Ugland House, South Church Street
George Town, Grand Cayman
Cayman Islands

Principal place of business in Hong Kong:

Unit 3512, 35/F
The Center
99 Queen's Road Central
Central, Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the principal place of business of the Company in Hong Kong at Unit 3512, 35/F, The Center, 99 Queen's Road Central, Hong Kong, or at the Company's Registrar, Hong Kong Registrars Limited at Shops 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.