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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)

**UPDATES ON INVESTIGATION, DELAY IN PUBLICATION OF
THE AUDITED 2019 ANNUAL RESULTS AND
DELAY IN DESPATCH OF THE 2019 ANNUAL REPORT
AND SUSPENSION OF TRADING**

Reference is made to the announcement of the Company dated 24 March 2020 (the “**Announcement**”) and the announcement of the Company dated 25 March 2020. Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 12 March 2020, the Auditors have raised certain Issues to the management of the Company concerning certain audit findings during their audit process of the Group’s financial statements for the year ended 31 December 2019 (“**2019 Financial Statements**”). On 19 March 2020, the Audit Committee received a letter from the Auditors requesting it to engage an independent forensic accounting firm to conduct an Investigation into the Issues.

It is the Auditors’ position that without satisfactory completion of the Investigation, the Company does not have a proper basis to finalise the 2019 Financial Statements for the purpose of their audit. The Auditors’ audit work as regard the 2019 Financial Statements, other than in connection with the Investigation, has since then been suspended.

As such, the Company has announced in the Announcement its financial results in respect of the financial year ended 31 December 2019 (“**2019 Annual Results**”) which have yet to be agreed with the Auditors in accordance with Rule 13.49(3)(i) of the Listing Rules.

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 25 March 2020.

UPDATE ON INVESTIGATION

On 24 March 2020, the Audit Committee has engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited as the investigative agent (the “**Investigative Agent**”) to conduct the Investigation, with its scope of work agreed by the Auditors. The Investigative Agent commenced fieldwork in relation to the Investigation on 26 March 2020.

On 22 April 2020, the Investigative Agent provided a draft Forensic Review Report (the “**Draft Report**”) to the Audit Committee and the Auditors to report on its initial findings concerning the Issues. On 27 April 2020, the Audit Committee received a letter from the Auditors which states, among other things, that (1) there remain important issues not satisfactorily investigated, and (2) the investigation seems to have uncovered other major issues which call for further investigation. Given such view of the Auditors, the Audit Committee is currently discussing with the Investigative Agent and the Auditors on an expanded scope of Investigation with a view to satisfy the Auditors’ concerns.

The Company expects that it will take about 6 weeks from the date of this announcement for the Audit Committee, the Investigative Agent and the Auditors to agree upon the expanded scope of Investigation and for the Investigative Agent and the Auditors to complete the Investigation and issue an updated report for the Auditors’ consideration. It is expected that the Auditors will resume the audit process of the 2019 Financial Statements upon the Auditors’ satisfaction of the results of the Investigation. It is currently uncertain as to how long it will take for the Auditors to complete the audit of the 2019 Financial Statements upon the resumption of the auditing process. The Board will make further announcement(s) in respect of the progress of the Investigation and the audit process of the 2019 Financial Statements in due course.

DELAY IN PUBLICATION OF THE AUDITED 2019 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2019 ANNUAL REPORT

Given that the Company has announced in the Announcement the 2019 Annual Results which have yet to be agreed with the Auditors, pursuant to Rule 13.49(3)(ii) of the Listing Rules, the Company will be required to comply with the requirements set out in Rule 13.49(2) of the Listing Rules (i.e. the preliminary results announcement shall be based on the Company’s financial statements for the financial year which shall have been agreed with the auditors), as soon as the 2019 Annual Results have been agreed with the Auditors.

Further, pursuant to Rule 13.46(1)(a) of the Listing Rules, the Company is required to send the annual report in respect of the financial year ended 31 December 2019 (the “**2019 Annual Report**”) to its shareholders on or before 30 April 2020.

The Board wishes to announce that as the Investigation is still in progress and the Auditors would only resume their audit procedures in respect of the 2019 Financial Statements upon their satisfaction of the Investigation results, publication of the audited 2019 Annual Results (which have been agreed with the Auditors) and despatch of the 2019 Annual Report will be delayed. The Company will publish further announcement(s) to inform the shareholders of the Company of the date of the release of the audited 2019 Annual Results (which have been agreed with the Auditors) and the date of despatch of the 2019 Annual Report as and when appropriate.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 9:00 a.m. on 25 March 2020 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Natural Beauty Bio-Technology Limited
LEI Chien
Chairperson

Hong Kong, 29 April 2020

As at the date of this announcement, the Board comprises Dr. Lei Chien and Mr. Pan Yi-Fan as executive directors; Ms. Lu Yu-Min, Ms. Lin Shu-Hua and Mr. Chen Shou-Huang as non-executive directors; and Mr. Chen Ruey-Long, Mr. Lu Chi-Chant and Mr. Yang Shih-Chien as independent non-executive directors.