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自然美

NATURAL BEAUTY

Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

**INSIDE INFORMATION
PRESS RELEASE BY CONTROLLING SHAREHOLDERS**

This announcement is made by Natural Beauty Bio-Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) was informed by the Company’s controlling shareholder, Eastern Media International Corporation (“**EMIC**”), whose shares are listed on the Taiwan Stock Exchange, that EMIC is going to issue a press release in Taiwan on the date of this announcement (the “**Press Release**”) in relation to, inter alia, the business performance of Natural Beauty Bio-Technology Company Limited (自然美生物科技股份有限公司)(“**NB Taiwan**”), a wholly-owned subsidiary of the Company incorporated in Taiwan which is principally engaged in the production and sale of skin care and beauty products in Taiwan, against the backdrop of the recent outbreak of the novel coronavirus (COVID-19) epidemic (the “**Coronavirus Outbreak**”). A summary of the Press Release is set out below:

- Despite the Coronavirus Outbreak, total sales of NB Taiwan for the first quarter of 2020 increased by more than 20% as compared with that of the same period in 2019, despite a general drop in total sales of the industry by approximately 20% to 40%.

- The increase in total sales of NB Taiwan was mainly driven by the increase in revenue from product sales through direct-sale stores and EMIC’s sales platform, which offset the decrease in revenue from NB Taiwan’s franchisee stores. NB Taiwan’s revenue from direct-sale stores for the four months ended 30 April 2020 increased by almost 70% as compared with that of the same period in 2019.
- EMIC foresees that by 2024, the Group will become the world’s largest offline bio-tech cosmetology service provider and a world-renowned beauty brand.

Attached hereto as Schedule 1 is the English translation of the full text of the Press Release to be issued by EMIC.

The Directors would like to clarify that the statements and the financial figures stated in the Press Release are based on the understanding and expectations of EMIC or relevant personnel as stated in the Press Release and represent views of such persons only. Further, the financial figures concerning the Group in the Press Release (including those quoted above) have not been reviewed by independent auditors and should not be relied on. Given the information contained in the Press Release is neither made nor confirmed by the Group, holders of and potential investors in the shares of the Company (the “**Shares**”) should exercise caution and not rely on such information contained in the Press Release when dealing in the Shares.

SUSPENSION OF TRADING

Trading in the Shares 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, 18 May 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.

Schedule 1

Due to the impact of COVID-19 pandemic, the Taiwan SPA industry performance suffered significantly. In general, the industry revenue has dropped 20% to 40% in 2020 Q1. In contrast, Natural Beauty achieved high teens growth in Taiwan derived mainly from the parent ET Group's Eastern Home Shopping retail platform (EHS) and the direct-owned SPA salons, bucking the industry headwind.

The product sales of Natural Beauty from January to April this year grew significantly compared to the same period in 2019. The reason being, EHS has increased the sales support of Natural Beauty products, and that Eastern Global New Network Marketing has officially launched in Hong Kong on the 1st of May, which further increased sales internationally.

The President of ET Group, Gary Wang announced, "Natural Beauty has been transformed into an international biotech beauty brand, and is now ready to serve the global market. The business model of Natural Beauty was simple in the past, focusing on the off-line SPA services only. After trying myself as well as more than 200 employees, we are certain that Natural Beauty has prominent products. With an advanced R&D and production base, we should work towards developing an international biotechnology beauty brand. Together with the ET Group, Natural Beauty will no longer be limited to offline services. Through our omni-channel operation, Natural Beauty can move from relying on a single business model to having an integrated online to offline (O2O) strategy. Natural Beauty is currently accessing global markets through EHS, Eastern Global New Network Marketing, and Strawberrynet, realizing revenue growth."

Natural Beauty Taiwan's revenue totalled NTD280 million in 2018, and the figure almost doubled in 2019. Currently, under the influence of the COVID-19 pandemic, franchisees have switched to a more conservative procurement strategy, impacting our revenue stream from franchise sales. However, with the combination of online sales and offline services, Natural Beauty is still able to move against the tide and achieved overall growth in sales. The Chairman of Natural Beauty Bio-Technology Co., Ltd. Taiwan, Mr. Shang-Wen Liao stated, "We have applied big data analysis to understand the preferences of ET Group members, and also to find suitable locations for opening new direct-owned SPA salons. We have successfully increased the revenue stream of direct-owned salons by continuing to open new salons and redirecting online customers to offline salons for better services. Great customer experiences enhance loyalty, which reinforces online sales. From January to April 2020, revenue from the direct-owned salons has increased by nearly 70% compared to the same period last year. Customer experience is the greatest marketing strategy."

The CEO of Natural Beauty Bio-Technology Co., Ltd. Taiwan, Ms. Rose Lin said, “The resources from the ET Group have brought many opportunities for Natural Beauty, giving us a competitive edge over competitors. Natural Beauty has been growing rapidly through integration and experimentation. We made the impossibles possible. We will continue to copy successful experiences in the Taiwan market to Southeast Asia, mainland China, and other markets. With the expansion of offline stores in Hong Kong, Malaysia, and Vietnam, we will be developing the social commerce of the Eastern Global New Network Marketing in Southeast Asia. By involving StrawberryNet in sales and logistics, we can create a positive experience cycle for our customers.”

Natural Beauty currently has 1,177 salons worldwide, ranking 9th in the world. By 2024, we will become the largest offline biotechnology beauty service business in Taiwan, mainland China, Southeast Asia and other markets. Natural Beauty will become a renowned brand of biotech beauty products.