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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)

CONTINUING CONNECTED TRANSACTIONS
(1) RENEWAL OF PREVIOUS CCT AGREEMENTS; AND
(2) NEW CCT AGREEMENTS

RENEWAL OF PREVIOUS CCT AGREEMENTS AND ENTERING INTO OF NEW CCT AGREEMENTS

On 12 May 2023, Taiwan NB, NB Shanghai and NB China, each being subsidiaries of the Group, had entered into the CCT Renewal Agreements to renew the Previous CCT Agreements with ET New Media, Eastern Home, Eastern Global, ET New Retail, Eastern Zhenyu and Strawberry, each being connected persons of the Group. Pursuant to the CCT Renewal Agreements, the Group shall engage in transactions which principally concerns advertising, product consignment, trademark franchising and products wholesale with the connected parties.

On 12 May 2023, Taiwan NB has also, on top of the CCT Renewal Agreements, entered into the New CCT Agreements with Eastern Home and Eastern Global. Pursuant to the New CCT Agreements, the Group shall engage in products procurement in respect of health supplements, commodities and food with the connected parties.

LISTING RULES IMPLICATION AND CONVENING OF THE EGM

The transactions contemplated under each of the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (a) ET New Media, Eastern Home, Eastern Global, ET New Retail, Eastern Zhenyu and Strawberry are connected with one another through FESS, a controlling shareholder of the Company, and/or Insbro, a substantial shareholder of the Company, and (b) as the highest applicable percentage ratio in respect of the aggregate of highest combined annual caps of each of the CCT Agreements exceeds 5% and the aggregate consideration is more than HK\$10,000,000, the entering into of the CCT Agreements is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, details of the CCT Agreements and the transactions contemplated thereunder, the advice from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, together with the notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 June 2023.

I. INTRODUCTION

The Board is pleased to announce that on 12 May 2023, Taiwan NB, NB Shanghai and NB China, each being subsidiaries of the Group, had entered into the CCT Renewal Agreements to renew the Previous CCT Agreements with ET New Media, Eastern Home, Eastern Global, ET New Retail, Eastern Zhenyu and Strawberry, each being connected persons of the Group. Pursuant to the CCT Renewal Agreements, the Group shall engage in transactions which principally concerns advertising, product consignment, trademark franchising and products wholesale with the connected parties.

The Board is also pleased to announce that on 12 May 2023, Taiwan NB has also, on top of the CCT Renewal Agreements, entered into the New CCT Agreements with Eastern Home and Eastern Global. Pursuant to the New CCT Agreements, the Group shall engage in products procurement in respect of health supplements, commodities and food with the connected parties.

The principal terms for each of the CCT Renewal Agreements and the New CCT Agreements are as follows:

II. CCT RENEWAL AGREEMENTS

A. ET New Media Cooperation Agreement

On 12 May 2023, Taiwan NB entered into the ET New Media Cooperation Agreement with ET New Media. The major terms of the ET New Media Cooperation Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) ET New Media
Subject matter	Taiwan NB agreed to engage ET New Media to produce, publish and broadcast advertisements and to organise media events, with a view to enhance the image of the “Natural Beauty” brand and to raise public awareness on the brand (the “ Advertising Service ”).

In accordance with the framework as agreed under the ET New Media Cooperation Agreement, Taiwan NB may from time to time instruct ET New Media to carry out advertising projects. The parties shall separately agree on the timing, manner and fees of each specific advertising project at the appropriate time.

Pricing terms	For each advertising project, ET New Media shall offer at least 50% discount to the list price of such advertising project (being prices ET New Media offer to its clients which are Independent Third Parties) to be specified on the supplementary contracts to be entered between the parties regarding each advertising project.
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Condition	The ET New Media Cooperation Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
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Term	From 1 September 2023 to 31 August 2026.
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Basis of determination of pricing terms

The parties determined the pricing term thereunder based on their intention to minimise the advertising costs for Taiwan NB while remain sufficient to cover the costs to be incurred by ET New Media. Such pricing term, being no less favourable than that offered by Independent Third Parties for the same type of services, is considered by the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

Taiwan NB signed the Previous ET New Media Cooperation Agreement and the respective supplemental agreements with ET New Media on 16 April 2019, 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the ET New Media Cooperation Agreement.

The aggregate fees paid by Taiwan NB under the Previous ET New Media Cooperation Agreement in respect of the Advertising Service up to 31 March 2023 are as follows:

From 1 June 2019 to 31 December 2019 <i>(Note 1)</i>	From 1 January 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
NT\$3,718,392 (equivalent to approximately HK\$947,733)	NT\$2,310,044 (equivalent to approximately HK\$588,778)	NT\$5,683,545 (equivalent to approximately HK\$1,448,606)	NT\$6,342,830 (equivalent to approximately HK\$1,616,643)	Nil

Note 1: The aggregate fees paid by Taiwan NB within the financial year ended 31 December 2019, 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid by Taiwan NB for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual cap

Pursuant to the terms of the ET New Media Cooperation Agreement, the annual cap in respect of the fees payable by Taiwan NB to ET New Media shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
NT\$10,000,000 (equivalent to approximately HK\$2,548,772)	NT\$20,000,000 (equivalent to approximately HK\$5,097,544)	NT\$35,000,000 (equivalent to approximately HK\$8,920,702)	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)

The above annual cap has been arrived at based on the following factors:

- (i) the historical transaction amount relating to fees for the Advertising Service paid or payable by Taiwan NB under the Previous ET New Media Cooperation Agreement;
- (ii) the marketing plan and campaigns of Taiwan NB for the same periods; and
- (iii) the advertising volume that Taiwan NB is expected to purchase from ET New Media for the same periods, having taken into account the impact of the subsidence of the COVID-19.

B. Eastern Home Consignment Agreement

On 12 May 2023, Taiwan NB entered into the Eastern Home Consignment Agreement with Eastern Home in respect of (a) product consignment, (b) cost sharing in relation to the sales of products and (c) trademark licensing to Eastern Home. The major terms of the Eastern Home Consignment Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) Eastern Home

Subject matter

a. EH Products Consignment

Taiwan NB shall engage Eastern Home to sell certain products manufactured, distributed or sold by Taiwan NB (the “**EH Target Products**”) which are selected by Eastern Home as target products (the “**EH Products Consignment**”).

Taiwan NB shall authorise Eastern Home to sell the EH Target Products to end customers and to use related promotional materials for such purpose.

Eastern Home shall be responsible for marketing and selling the EH Target Products to end customers through its own distribution channels or third party distribution channels.

b. EH Cost Sharing

Taiwan NB shall be fully responsible for the costs in relation to the sale of EH Products Consignment to end customers, including the costs associated with marketing, transportation and programme production (“**EH Cost Sharing**”).

c. EH Trademark Licensing

Eastern Home shall pay Taiwan NB a royalty for licence to use the trademarks of “Natural Beauty” (the “**EH Royalty**”).

Pricing of the Eastern Home Target Products

a. EH Products Consignment

The price of the EH Target Products sold by Taiwan NB to Eastern Home shall be at 50% to 90% discount to their retail price, or 20% to 60% discount to their gross profit margin if the EH Target Products are OEM or ODM products.

b. EH Cost Sharing

Taiwan NB shall pay a sale commission at 2% of the internet sale proceeds during the month to Eastern Home. Taiwan NB shall additionally pay a marketing sponsorship fee at 3% of the relevant sale proceeds to Eastern Home for such EH Target Products sold during the month.

c. EH Trademark Licensing

Eastern Home shall pay Taiwan NB a EH Royalty fee at 5% of the selling price (before tax; and after deduction of any discount) from the sale of mutually agreed products.

Condition

The Eastern Home Consignment Agreement and each of the terms in relation to the aforesaid subject matters shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.

Term

From 1 September 2023 to 31 August 2026.

Basis of determination of pricing terms

The parties determined the pricing terms in respect of EH Products Consignment, EH Cost Sharing and EH Royalty as follows:

- (i) In respect of EH Products Consignment, based on the wholesale market prices for similar products and in similar quantities offered by Independent Third Parties;
- (ii) In respect of EH Cost Sharing, the parties agreed a list of business expenses to be included as part of costs in relation to the sale of EH Products Consignment and the pricing of each business expense. The pricing of each of the business expenses is based on the market level of cost associated with similar products consignment agreements;
- (iii) In respect of EH Royalty, based on the market level of royalty rates under similar trademark licence agreements.

The Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) takes the view that the pricing terms for each of EH Products Consignment, EH Cost Sharing and EH Royalty under the Eastern Home Consignment Agreement are in line with the market level, and thus consider that the pricing terms is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing terms under the Eastern Home Consignment Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

Taiwan NB signed the Previous Eastern Home Consignment Agreement and the respective supplemental agreements with Eastern Home on 16 April 2019, 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the Eastern Home Consignment Agreement.

The aggregate fees paid by and paid to Taiwan NB under the Previous Eastern Home Consignment Agreement in respect of the EH Products Consignment, EH Cost Sharing and EH Royalty up to 31 March 2023 are as follows:

	From 1 June 2019 to 31 December 2019 <i>(Note 1)</i>	From 1 January 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
In respect of EH Products Consignment	NT\$124,356,729 (equivalent to approximately HK\$31,695,695)	NT\$258,590,873 (equivalent to approximately HK\$65,908,918)	NT\$205,662,379 (equivalent to approximately HK\$52,418,651)	NT\$103,515,701 (equivalent to approximately HK\$26,383,792)	NT\$11,114,455 (equivalent to approximately HK\$2,832,821)
In respect of EH Cost Sharing	N/A	NT\$10,497,620 (equivalent to approximately HK\$2,675,604)	NT\$8,133,112 (equivalent to approximately HK\$2,072,945)	NT\$3,909,485 (equivalent to approximately HK\$996,439)	NT\$224,161 (equivalent to approximately HK\$57,134)
In respect of EH Royalty	N/A	NT\$2,681,925 (equivalent to approximately HK\$683,562)	NT\$1,080,512 (equivalent to approximately HK\$275,398)	NT\$208,970 (equivalent to approximately HK\$53,262)	NT\$14,474 (equivalent to approximately HK\$3,689)

Note 1: The aggregate fees paid by and paid to Taiwan NB within the financial year ended 31 December 2019, 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid by and paid to Taiwan NB for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual caps

The annual caps under the Previous Eastern Home Consignment Agreement were determined based on net proceeds of sales of EH Target Products to end customers from Eastern Home (i.e. sale proceeds from end customers after deduction of commission and costs of sales) (“**EH Net Proceeds**”).

Pursuant to the terms of the Eastern Home Consignment Agreement, the annual cap in respect of EH Products Consignment (including sales commission) will be determined based on the sales amount that Eastern Home would pay to Taiwan NB when Eastern Home made the purchase. Such annual caps in relation to EH Products Consignment, and annual caps relating to the EH Cost Sharing by Taiwan NB and the aggregate EH Royalty payable by Eastern Home are set out as follows:

	From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
In respect of EH Products Consignment	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)	NT\$200,000,000 (equivalent to approximately HK\$50,975,440)	NT\$300,000,000 (equivalent to approximately HK\$76,463,160)	NT\$500,000,000 (equivalent to approximately HK\$127,438,600)
In respect of EH Cost Sharing	NT\$2,800,000 (equivalent to approximately HK\$713,656)	NT\$12,000,000 (equivalent to approximately HK\$3,058,526)	NT\$17,000,000 (equivalent to approximately HK\$4,332,912)	NT\$28,000,000 (equivalent to approximately HK\$7,136,561)
In respect of EH Royalty	NT\$2,000,000 (equivalent to approximately HK\$509,754)	NT\$5,000,000 (equivalent to approximately HK\$1,274,386)	NT\$5,000,000 (equivalent to approximately HK\$1,274,386)	NT\$5,000,000 (equivalent to approximately HK\$1,274,386)

The above annual caps have been arrived at based on the following factors:

- (i) the historical transaction amount in respect of the EH Net Proceeds under the Previous Eastern Home Consignment Agreement;
- (ii) the projected sales of EH Target Products and the sales of products that are subject to the EH Royalty under the Eastern Home Consignment Agreement; and
- (iii) the projected amount of costs based on the projected sales of EH Target Products.

C. Eastern Home Franchise Agreement

On 12 May 2023, Taiwan NB entered into the Eastern Home Franchise Agreement with Eastern Home. The major terms of the Eastern Home Franchise Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) Eastern Home
Subject matter	Taiwan NB shall grant Eastern Home a non-exclusive licence to use certain trademarks in respect of certain skin care products and provide Eastern Home with consultancy services in connection with Eastern Home’s operation and management of spa business under the brand name “Natural Beauty”. Eastern Home may from time to time make wholesale purchase of Taiwan NB products, and Taiwan NB shall sell such products to Eastern Home at certain discount to relevant retail price for on-sale by Eastern Home.
Pricing term	The price of the Target Products sold by Taiwan NB to Eastern Home shall be at 50% to 80% discount to their retail price, or 80% to 90% discount to their retail price if it is test products, salon-only products or near expiry products.
Condition	The Eastern Home Franchise Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
Term	From 1 September 2023 to 31 August 2026.

Basis of determination of pricing terms

The parties determined the pricing term based on the wholesale market prices for similar products and in similar quantities offered by Independent Third Party franchisors. Since the pricing under the Eastern Home Franchise Agreement is in line with the said wholesale market prices, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Eastern Home Franchise Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

Taiwan NB signed the Previous Eastern Home Franchise Agreement and a supplemental agreement with Eastern Home on 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the Eastern Home Franchise Agreement.

The aggregate fees paid to Taiwan NB under the Previous Eastern Home Franchise Agreement up to 31 March 2023 are as follows:

From 16 November 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
NT\$7,818,117 (equivalent to approximately HK\$1,992,660)	NT\$24,889,431 (equivalent to approximately HK\$6,343,748)	NT\$17,899,845 (equivalent to approximately HK\$4,562,262)	NT\$5,257,882 (equivalent to approximately HK\$1,340,114)

Note 1: The aggregate fees paid to Taiwan NB within the financial year ended 31 December 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid to Taiwan NB for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual caps

Pursuant to the terms of the Eastern Home Franchise Agreement, the annual cap in respect of the fees payable by Eastern Home to Taiwan NB shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
NT\$10,000,000 (equivalent to approximately HK\$2,548,772)	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)	NT\$80,000,000 (equivalent to approximately HK\$20,390,176)	NT\$100,000,000 (equivalent to approximately HK\$25,487,720)

The annual cap has been arrived at based on:

- (i) the historical transaction amount in respect of the sale proceeds under the Previous Eastern Home Franchise Agreement; and
- (ii) the projected purchase amount of goods under the Eastern Home Franchise Agreement based on the 5-year business plan commencing from September 2023 for Eastern Home and having taken into account the impact of the subsidence of the COVID-19.

D. Eastern Global Sale Agreement

On 12 May 2023, Taiwan NB entered into the Eastern Global Sale Agreement with Eastern Global. The major terms of the Eastern Global Sale Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) Eastern Global
Subject matter	A sales and procurement framework had been established between Taiwan NB and Eastern Global, whereby Taiwan NB may from time to time sell and Eastern Global may from time to time make wholesale purchase of Taiwan NB products such as health supplements, skin-care products and cosmetic products.

Pricing	(1) At 50% to 80% discount to the relevant retail price; and (2) at 20% to 60% to the gross profit margin if it is OEM products and ODM products.
Condition	The Eastern Global Sale Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
Term	From 1 September 2023 to 31 August 2026.

Basis of determination of pricing terms

The parties determined the pricing term based on the wholesale market prices for similar products and in similar quantities. Since the pricing under the Eastern Global Sale Agreement is in line with the said wholesale market prices, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Eastern Global Sale Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

Taiwan NB signed the Previous Eastern Global Sale Agreement and the respective supplemental agreements with Eastern Global on 16 April 2019, 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the Eastern Global Sale Agreement.

The aggregate fees paid to Taiwan NB under the Previous Eastern Global Sale Agreement up to 31 March 2023 are as follows:

From 1 June 2019 to 31 December 2019 <i>(Note 1)</i>	From 1 January 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
NT\$32,196,635 (equivalent to approximately HK\$8,206,188)	NT\$135,192,508 (equivalent to approximately HK\$34,457,488)	NT\$262,550,230 (equivalent to approximately HK\$66,918,067)	Nil	Nil

Note 1: The aggregate fees paid to Taiwan NB within the financial year ended 31 December 2019, 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid to Taiwan NB for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual Cap

Pursuant to the terms of the Eastern Global Sale Agreement, the annual cap in respect of the fees payable by Eastern Global to Taiwan NB shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
NT\$20,000,000 (equivalent to approximately HK\$5,097,544)	NT\$80,000,000 (equivalent to approximately HK\$20,390,176)	NT\$150,000,000 (equivalent to approximately HK\$38,231,580)	NT\$200,000,000 (equivalent to approximately HK\$50,975,440)

The above annual cap has been arrived at based on the following factors:

- (i) the historical amount of purchase made by Eastern Global under the Previous Eastern Global Sale Agreement;
- (ii) the projected amount of purchase to be made by Eastern Global under the Eastern Global Sale Agreement, having taken into account the impact of the subsidence of the COVID-19; and
- (iii) the changes in the price of the products to be purchased.

E. ET New Retail Consignment Agreement

On 12 May 2023, Taiwan NB entered into the ET New Retail Consignment Agreement with ET New Retail in respect of (a) product consignment and (b) cost sharing in relation to the sales of products. The major terms of the ET New Retail Consignment Agreement are as follows:

Date 12 May 2023

Parties (1) Taiwan NB; and

(2) ET New Retail

Subject matter **a. ET New Retail Products Consignment**

Taiwan NB agreed to engage ET New Retail to sell certain products (the “**ET New Retail Target Products**”) supplied by Taiwan NB. Taiwan NB shall authorise ET New Retail to sell the ET New Retail Target Products to end customers and to use related promotional materials for such purpose (“**ET New Retail Products Consignment**”).

ET New Retail shall be responsible for marketing and selling the ET New Retail Target Products to end customers through its own distribution channels or third party distribution channels.

b. ET New Retail Cost Sharing

Taiwan NB shall be responsible for the costs in relation to the sale of ET New Retail Products Consignment to end customers, including the costs associated with the marketing, transportation and programme production (“**ET New Retail Cost Sharing**”).

Pricing terms

a. ET New Retail Products Consignment

The price of the ET New Retail Target Products sold by Taiwan NB to ET New Retail shall be at 50% to 90% discount to their retail price, or 20% to 60% to their gross profit margin if the ET New Retail Target Products are OEM or ODM products.

b. ET New Retail Cost Sharing

Taiwan NB shall pay a sale commission at 2% of the internet sale proceeds during the month to ET New Retail. Taiwan NB shall additionally pay a marketing sponsorship fee at 3% of the relevant sale proceeds to ET New Retail for such ET New Retail Target Products sold during the month.

Condition

The ET New Retail Consignment Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.

Term

From 1 September 2023 to 31 August 2026.

Basis of determination of pricing terms

The parties determined the pricing terms in respect of ET New Retail Products Consignment and ET New Retail Cost Sharing as follows:

- (i) In respect of ET New Retail Products Consignment, based on the wholesale market prices for similar products and in similar quantities offered by Independent Third Parties;
- (ii) In respect of ET New Retail Cost Sharing, the parties agreed a list of business expenses to be included as part of costs in relation to the sale of ET New Retail Products Consignment and the pricing of each business expense. The pricing of each of the business expenses is based on the market level of cost associated with similar products consignment agreements.

The Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) take the view that the pricing terms for each of ET New Retail Products Consignment and ET New Retail Cost Sharing under the ET New Retail Consignment Agreement are in line with the said wholesale market prices, and thus consider that the pricing terms is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing terms under the ET New Retail Consignment Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

Taiwan NB signed the Previous ET New Retail Consignment Agreement and a supplemental agreement with ET New Retail on 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the ET New Retail Consignment Agreement.

The aggregate fees paid by and paid to Taiwan NB under the Previous ET New Retail Consignment Agreement in respect of the ET New Retail Products Consignment, ET New Retail Cost Sharing up to 31 March 2023 are as follows:

	From 16 November 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
In respect of ET New Retail Products Consignment	NT\$11,143,012 (equivalent to approximately HK\$2,840,100)	NT\$58,273,619 (equivalent to approximately HK\$14,852,617)	NT\$24,935,028 (equivalent to approximately HK\$6,355,370)	NT\$3,151,360 (equivalent to approximately HK\$803,210)
In respect of ET New Retail Cost Sharing	NT\$30,279 (equivalent to approximately HK\$7,717)	NT\$2,086,494 (equivalent to approximately HK\$531,800)	NT\$921,041 (equivalent to approximately HK\$234,752)	NT\$29,732 (equivalent to approximately HK\$7,578)

Note 1: The aggregate fees paid by and paid to Taiwan NB within the financial year ended 31 December 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid by and paid to Taiwan NB for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual caps

The annual caps under the Previous ET New Retail Consignment Agreement were determined based on net proceeds of sale of ET New Retail Target Products to end customers from ET New Retail (i.e. sale proceeds from end customers after deduction of commission and costs of sales) (“**ET New Retail Net Proceeds**”).

Pursuant to the terms of the ET New Retail Consignment Agreement, the annual cap in respect of ET New Retail Products Consignment (including sales commission) will be determined based on the sales amount that ET New Retail would pay to Taiwan NB when ET New Retail made the purchase. Such annual caps in relation to ET New Retail Products Consignment, and annual caps relating to the ET New Retail Cost Sharing by Taiwan NB are set out as follows:

	From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
In respect of ET New Retail Products Consignment	NT\$20,000,000 (equivalent to approximately HK\$5,097,544)	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)	NT\$80,000,000 (equivalent to approximately HK\$20,390,176)	NT\$120,000,000 (equivalent to approximately HK\$30,585,264)
In respect of ET New Retail Cost Sharing	NT\$900,000 (equivalent to approximately HK\$229,389)	NT\$2,300,000 (equivalent to approximately HK\$586,218)	NT\$3,600,000 (equivalent to approximately HK\$917,558)	NT\$5,400,000 (equivalent to approximately HK\$1,376,337)

The above annual caps have been arrived at based on the following factors:

- (i) the historical transaction amount in respect of the ET New Retail Net Proceeds under the Previous ET New Retail Consignment Agreement;
- (ii) the projected sales of ET New Retail Target Products under the ET New Retail Consignment Agreement; and
- (iii) the projected amount of costs based on the projected sales of ET New Retail Target Products.

F. Eastern Zhenyu Sale Agreement

On 12 May 2023, NB Shanghai entered into the Eastern Zhenyu Sale Agreement with Eastern Zhenyu. The major terms of the Eastern Zhenyu Sale Agreement are as follows:

Date	12 May 2023
Parties	(1) NB Shanghai; and (2) Eastern Zhenyu
Subject matter	A sales and procurement framework had been established between NB Shanghai and Eastern Zhenyu, whereby NB Shanghai may from time to time sell and Eastern Zhenyu may from time to time make wholesale purchase of cosmetic products with “Natural Beauty” brand name from NB Shanghai for on-sale to end customers.
Pricing	(1) At 50% to 80% discount to the relevant retail price; and (2) at 15% to 60% to the gross profit margin if it is OEM products and ODM products.
Condition	The Eastern Zhenyu Sale Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
Term	From 1 September 2023 to 31 August 2026.

Basis of determination of pricing terms

The parties determined the pricing term based on the wholesale market prices for similar products and in similar quantities. Since the pricing under the Eastern Zhenyu Sale Agreement is in line with the said wholesale market prices, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Eastern Zhenyu Sale Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

NB Shanghai signed the Previous Eastern Zhenyu Sale Agreement and a supplemental agreement with Eastern Zhenyu on 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the Eastern Zhenyu Sale Agreement.

The aggregate fees paid to NB Shanghai under the Previous Eastern Zhenyu Sale Agreement up to 31 March 2023 are as follows:

From 16 November 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
Nil	NT\$7,347,793 (equivalent to approximately HK\$1,872,785)	Nil	Nil

Note 1: The aggregate fees paid to NB Shanghai within the financial year ended 31 December 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid to NB Shanghai for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual Cap

Pursuant to the terms of the Eastern Zhenyu Sale Agreement, the annual cap in respect of the fees payable by Eastern Zhenyu to NB Shanghai shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
RMB5,000,000 (equivalent to approximately HK\$5,645,499)	RMB30,000,000 (equivalent to approximately HK\$33,872,994)	RMB40,000,000 (equivalent to approximately HK\$45,163,992)	RMB50,000,000 (equivalent to approximately HK\$56,454,990)

The above annual cap has been arrived at based on the following factors:

- (i) the historical amount of purchase made by Eastern Zhenyu under the Previous Eastern Zhenyu Sale Agreement;
- (ii) the projected amount of purchase to be made by Eastern Zhenyu under the Eastern Zhenyu Sale Agreement, having taken into account the impact of the subsidence of the COVID-19; and
- (iii) the changes in the price of the products to be purchased.

G. Strawberry Sale Agreement

On 12 May 2023, NB China entered into the Strawberry Sale Agreement with Strawberry. The major terms of the Strawberry Sale Agreement are as follows:

Date	12 May 2023
Parties	(1) NB China; and (2) Strawberry
Subject matter	A sales and procurement framework had been established between NB China and Strawberry, whereby NB China may from time to time sell and Strawberry may from time to time make wholesale purchase of products from NB China such as food and cosmetic products for on-sale to end customers.
Pricing	(1) At 50% to 75% discount to the relevant retail price; and (2) at 20% to 60% to the gross profit margin if it is OEM products and ODM products.

Annual rebate	<p>5% of the aggregated annual purchase amount by Strawberry will be rebated to Strawberry when the aggregated annual purchase amount reaches NT\$3,923,458 (equivalent to approximately HK\$1,000,000);</p> <p>7% of the aggregated annual purchase amount by Strawberry will be rebated to Strawberry when the aggregated annual purchase amount reaches NT\$11,770,374 (equivalent to approximately HK\$3,000,000);</p> <p>9% of the aggregated annual purchase amount by Strawberry will be rebated to Strawberry when the aggregated annual purchase amount reaches NT\$19,617,290 (equivalent to approximately HK\$5,000,000);</p> <p>13% of the aggregated annual purchase amount by Strawberry will be rebated to Strawberry when the aggregated annual purchase amount reaches NT\$31,387,664 (equivalent to approximately HK\$8,000,000);</p>
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Condition	The Strawberry Sale Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
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Term	From 1 September 2023 to 31 August 2026.
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Basis of determination of pricing terms

The parties determined the pricing term based on the wholesale market prices for similar products and in similar quantities. Since the pricing under the Strawberry Sale Agreement is in line with the said wholesale market prices, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Strawberry Sale Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Historical transaction amount

NB China signed the Previous Strawberry Sale Agreement and a supplemental agreement with Strawberry on 22 July 2020 and 23 October 2020, which is expiring on 31 August 2023, with terms similar to the Strawberry Sale Agreement.

The aggregate fees paid to NB China under the Previous Strawberry Sale Agreement up to 31 March 2023 are as follows:

From 16 November 2020 to 31 December 2020 <i>(Note 1)</i>	From 1 January 2021 to 31 December 2021 <i>(Note 1)</i>	From 1 January 2022 to 31 December 2022 <i>(Note 1)</i>	From 1 January 2023 to 31 March 2023 <i>(Note 2)</i>
Nil	HK\$886,772	HK\$5,412,803	HK\$4,647,912

Note 1: The aggregate fees paid to NB China within the financial year ended 31 December 2020, 2021 and 2022 include value-added tax.

Note 2: The aggregate fees paid to NB China for three months ended 31 March 2023 are unaudited and do not include value-added tax.

Annual Cap

Pursuant to the terms of the Strawberry Sale Agreement, the annual cap in respect of the fees payable by Strawberry to NB China shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
HK\$40,000,000	HK\$60,000,000	HK\$80,000,000	HK\$100,000,000

The above annual cap has been arrived at based on the following factors:

- (i) the historical amount of purchase made by Strawberry under the Previous Strawberry Sale Agreement;
- (ii) the projected amount of purchase to be made by Strawberry under the Strawberry Sale Agreement, having taken into account the impact of the subsidence of the COVID-19; and
- (iii) the changes in the price of the products to be purchased.

III. NEW CCT AGREEMENTS

A. Eastern Home Procurement Agreement

On 12 May 2023, in addition to Eastern Home Consignment Agreement and the Eastern Home Franchise Agreement, Taiwan NB had also entered into the Eastern Home Procurement Agreement with Eastern Home. The major terms of the Eastern Home Procurement Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) Eastern Home
Nature of transaction(s)	A sales and procurement framework had been established between Taiwan NB and Eastern Home, whereby Eastern Home may from time to time sell and Taiwan NB may from time to time make wholesale purchase of products such as health supplements, commodities and food from Eastern Home for on-sale at its franchised/self-owned spas, medical cosmetology centers and counters.
Pricing	(1) At 50% to 80% discount to the relevant retail price; or (2) at 10% to 30% to the gross profit margin.
Condition	The Eastern Home Procurement Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
Term	From 1 September 2023 to 31 August 2026.

Basis of determination of pricing term

The parties determined the pricing term based on wholesale market prices for similar products and in similar quantities offered by Independent Third Parties. Since the pricing under the Eastern Home Procurement Agreement is in line with market level, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Eastern Home Procurement Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Annual Cap

Pursuant to the terms of the Eastern Home Procurement Agreement, the annual cap in respect of the fees payable by Eastern Home to Taiwan NB shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
NT\$15,000,000 (equivalent to approximately HK\$3,823,158)	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)	NT\$100,000,000 (equivalent to approximately HK\$25,487,720)	NT\$150,000,000 (equivalent to approximately HK\$38,231,580)

The above annual cap has been arrived at based on the projected amount of purchase to be made by Taiwan NB under the Eastern Home Procurement Agreement based on the 5-year business plan commencing from September 2023 for Eastern Home.

B. Eastern Global Procurement Agreement

On 12 May 2023, Taiwan NB entered into the Eastern Global Procurement Agreement with Eastern Global. The major terms of the Eastern Global Procurement Agreement are as follows:

Date	12 May 2023
Parties	(1) Taiwan NB; and (2) Eastern Global
Nature of transaction(s)	A sales and procurement framework had been established between Taiwan NB and Eastern Global, whereby Eastern Global may from time to time sell and Taiwan NB may from time to time make wholesale purchase of products such as health supplements, commodities and food, and Eastern Global shall sell such products to Taiwan NB.
Pricing	(1) At 50% to 80% discount to the relevant retail price; and (2) at 10% to 30% to the gross profit margin if it is OEM products and ODM products.
Condition	The Eastern Global Procurement Agreement shall only become effective upon the Company having obtained approval of the Independent Shareholders in accordance with the Listing Rules.
Term	From 1 September 2023 to 31 August 2026.

Basis of determination of pricing term

The parties determined the pricing term based on wholesale market prices for similar products and in similar quantities offered by Independent Third Parties. Since the pricing under the Eastern Global Procurement Agreement is in line with market level, the Directors (excluding the independent non-executive Directors, whose views will be set out in a letter from the Independent Board Committee to be included in the Circular) consider that it is no less favourable than that offered by Independent Third Parties. As such, the Directors consider the pricing term under the Eastern Global Procurement Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Annual Cap

Pursuant to the terms of the Eastern Global Procurement Agreement, the annual cap in respect of the fees payable by Eastern Global to Taiwan NB shall be as follows:

From 1 September 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026
NT\$15,000,000 (equivalent to approximately HK\$3,823,158)	NT\$30,000,000 (equivalent to approximately HK\$7,646,316)	NT\$50,000,000 (equivalent to approximately HK\$12,743,860)	NT\$100,000,000 (equivalent to approximately HK\$25,487,720)

The above annual cap has been arrived at based on the projected amount of purchase to be made by Taiwan NB under the Eastern Global Procurement Agreement based on the 5-year business plan commencing from September 2023 for Eastern Global.

IV. INFORMATION ON THE PARTIES

A. Information on the Group

The Group

The Company is listed on the Main Board of the Stock Exchange. The Group is principally engaged in (a) manufacturing and selling of skin care, beauty and aroma-therapeutic products, health supplements, make-up products and beauty apparatus and (b) provision of skin treatments, beauty and spa services, medical cosmetology services, skin care consulting and beauty training.

Taiwan NB

Taiwan NB is a company incorporated in Taiwan with limited liability. It is principally engaged in production and sales of skin care and beauty products.

Taiwan NB has entered into the agreements with ET New Media, Eastern Home, Eastern Global and ET New Retail respectively.

NB Shanghai

NB Shanghai is a company incorporated in PRC with limited liability. It is principally engaged in production and sales of skin care and beauty products.

NB Shanghai has entered into the Eastern Zhenyu Sale Agreement with Eastern Zhenyu.

NB China

NB China is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and wholesale and retailing of cosmetic products.

NB China has entered into the Strawberry Sale Agreement with Strawberry.

B. Information on the Connected Persons

ET New Media

ET New Media is a company incorporated in Taiwan with limited liability. It is principally engaged in operation of internet news outlet, sale of advertising, and audio-video production. It is the first news, media and communication networks in Taiwan.

As at the date of this announcement, FESS is a controlling shareholder of the Company, and EMI is the 100% shareholder of FESS. As ET New Media is a direct non-wholly owned subsidiary of EMI owned directly as to approximately 89.20% of its shareholding by EMI, ET New Media is a connected person of the Company for the purposes of the Listing Rules and the transactions contemplated under the ET New Media Cooperation Agreement constitute continuing connected transactions of the Company.

Eastern Home

Eastern Home is a company incorporated in Taiwan with limited liability. It is principally engaged in distribution of goods through TV shopping and e-commerce in Taiwan. It is the first TV shopping company in Taiwan.

For the year ended 31 December 2018, Eastern Home was accounted for and consolidated in the audited consolidated accounts of EMI as a subsidiary thereof since EMI could during the relevant time, directly or indirectly, control the composition of a majority of the board of directors of Eastern Home. Since 1 January 2019, EMI can no longer directly or indirectly control the composition of a majority of the board of directors of Eastern Home, and since then Eastern Home has not been and will not be accounted for and consolidated in the audited consolidated accounts of EMI as a subsidiary.

However, as at the date of this announcement, given that (a) EMI is holding, directly or indirectly, altogether approximately 25.87% of the shareholding in Eastern Home, (b) one member of the board of directors of Eastern Home, namely Mr. Liao Shang-Wen, is also the chairperson of EMI, (c) FESS is a controlling shareholder of the Company, and EMI is the 100% shareholder of FESS, (d) the vice president of Eastern Home, namely Mr. Chao Shih Heng, is the sole ultimate beneficial owner of Insbro which is holding 22.76% of the issued Shares, (e) one member of the board of directors of Eastern Home, namely Dr. Lei Chien, is also the chairperson and an executive Director of the Company, (f) the finance vice president of Eastern Home, namely Ms. Lin Shu-Hua, is also a non-executive Director of the Company; and (g) the Eastern Home Consignment Agreement, the Eastern Home Franchise Agreement and the Eastern Home Procurement Agreement have been entered into on the same date as the other transactions disclosed in this announcement, the Directors consider that it is appropriate to voluntarily treat Eastern Home as a connected person of the Company and to comply with Chapter 14A of the Listing Rules accordingly. As such, the transactions contemplated under the Eastern Home Consignment Agreement, the Eastern Home Franchise Agreement and the Eastern Home Procurement Agreement shall constitute continuing connected transactions of the Company.

Eastern Global

Eastern Global is a company incorporated in Taiwan with limited liability. It is principally engaged in wholesale and retailing of various goods.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Eastern Global and its ultimate beneficial owners is an Independent Third Party. However, given that (a) one member of the board of directors and the vice-president of Eastern Global, namely Mr. Chao Shih Heng, is the sole ultimate beneficial owner of Insbro which is holding 22.76% of the issued Shares, and (b) the Eastern Global Sale Agreement and the Eastern Global Procurement Agreement have been entered into on the same date as the other transactions disclosed in this announcement, the Directors consider that it is appropriate to voluntarily treat Eastern Global as a connected person of the Company and to comply with Chapter 14A of the Listing Rules accordingly. As such, the transactions contemplated under the Eastern Global Sale Agreement and Eastern Global Procurement Agreement shall constitute continuing connected transactions of the Company.

ET New Retail

ET New Retail is a company incorporated in Taiwan with limited liability. It is principally engaged in distribution of goods through e-commerce in Taiwan.

ET New Retail is a wholly-owned subsidiary of Eastern Home. As disclosed in this announcement, the Directors consider that it is appropriate to voluntarily treat Eastern Home as a connected person of the Company. As such, the Directors consider that it is also appropriate to voluntarily treat ET New Retail as a connected person of the Company and to comply with Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the ET New Retail Consignment Agreement shall constitute continuing connected transactions of the Company.

Eastern Zhenyu

Eastern Zhenyu is a company incorporated in the PRC with limited liability. It is principally engaged in distribution of goods through e-commerce in the PRC.

Eastern Zhenyu is indirect wholly-owned by Mr. Chao Shih Heng, who is the sole ultimate beneficial owner of Insbro which is holding 22.76% of the issued Shares. As such, Eastern Zhenyu is a connected person of the Company for the purposes of the Listing Rules and the transactions contemplated under the Eastern Zhenyu Sale Agreement shall constitute continuing connected transactions of the Company.

Strawberry

Strawberry is a company incorporated in Hong Kong with limited liability. It is principally engaged in sale of internationally renowned skin care and beauty products through internet.

As disclosed in this announcement, the Directors consider that it is appropriate to voluntarily treat Eastern Home as a connected person of the Company. As at the date of this announcement, (a) Strawberry is an indirect non-wholly owned subsidiary of Eastern Home and (b) Strawberry Sale Agreement was entered into on the same date as the other transactions disclosed in this announcement, the Directors consider that it is appropriate to voluntarily treat Strawberry as a connected person of the Company and to comply with Chapter 14A of the Listing Rules accordingly. As such, the transactions contemplated under the Strawberry Sale Agreement shall constitute continuing connected transactions of the Company.

V. INTERNAL CONTROL MEASURES

In respect of each of the continuing connected transactions as contemplated thereunder the CCT Agreements (applying to both the CCT Renewal Agreements and the New CCT Agreements), the Group shall procure the connected persons to enter into sales orders/purchase contracts and/or agreements (refer to as “**order**” or “**sales or procurement contracts**” in general hereinafter, where appropriate). To ensure that the terms of each of the sale or procurement contracts (both revenue and expense in nature) proposed to be entered into by the Group are fair and reasonable and are on normal commercial terms so far as the Independent Shareholders are concerned, the Group had adopted and will continue to implement the following internal control procedures and corporate governance measures:

- (i) The account department of the Group will, before the Group enters into any individual sales and procurement contract, first obtain quotations and other key terms for providing products and services of similar level and types from at least two Independent Third Parties for reference in relation to market prices and terms. The relevant operational team of the Group will then compare the quotations and terms obtained with the terms of existing sale or procurement contracts or agreements entered into by the Group with Independent Third Parties (if any). The Group will also evaluate the quotations and terms obtained against the terms of such existing sale or procurement contracts or agreements and will take into account the Group’s own judgment based on its experience and knowledge of current market conditions;
- (ii) Once the operational team is satisfied that the quotation and terms obtained from the aforesaid two Independent Third Parties are at prevailing market prices and terms, the relevant operational team of the Group will then review and evaluate the prices and terms proposed to be offered by/to the connected persons to/by the Group and compare such prices and terms with that obtained from the Independent Third Parties;
- (iii) The chief executive officer of the Company shall be responsible for approving the individual sales or procurement contract to ensure that the price and terms as agreed are fair and reasonable and no less favourable than those offered by Independent Third Parties or no more favourable than those offered to Independent Third Parties and in accordance with the CCT Agreements and the pricing policies of the Company through the above-mentioned process;

- (iv) The internal accounting department of the Company shall be responsible for reviewing and assessing quarterly the internal control procedures of the Group, including but not limited to the relevant information in relation to the CCT Agreements. In addition, the internal accounting department shall prepare a quarterly internal control report, which specifies the aggregate transaction amounts of the CCT Agreements incurred in that quarter, and shall submit such report to the chief financial officer of the Company for review before further passing it to the audit committee of the Company for its review. If and when the chief financial officer of the Company or the audit committee of the Company becomes aware of any signs of deficiency in the internal control system or that the actual aggregate transaction amount of any transaction under the CCT Agreements will soon exceed its annual cap for the relevant quarter, he/she/it shall ensure that appropriate internal control procedures would be taken and no further transactions in respect of that particular transaction shall be carried out for the remainder of the contract terms;
- (v) The auditors of the Group will conduct annual review on the pricing and the annual caps of the transactions contemplated under each of the CCT Agreements;
- (vi) The internal audit department of the Group will conduct annual review on the pricing and the annual caps of the transactions contemplated under each of the CCT Agreements; and
- (vii) The independent non-executive Directors will conduct an annual review of each of the CCT Agreements to ensure that the transactions contemplated thereunder respectively are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Group will continue to adopt and implement such internal procedures and corporate governance measures for all ongoing and proposed continuing connected transactions of the Company in order to ensure that the pricing mechanism and terms of the transactions, whether it relates to sales or procurement, are fair and reasonable and no less favourable than the terms provided by any Independent Third Parties, so as to ensure that they serve the interests of the Company and its Shareholders as a whole.

By implementing such internal control measures and procedures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control measures and procedures to ensure that the transactions contemplated under each of the CCT Agreements will be on normal commercial terms and no less favourable to the Group than that available from Independent Third Parties.

VI. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

FESS becomes a controlling shareholder of the Company in 2 October 2018. EMI, the 100% shareholder of FESS, is an investment holding company holding interests in various companies focusing on media, virtual retail, real estate, and entertainment content production in Taiwan. To the best knowledge of the Directors, EMI is desirous to utilise the network and resources of its subsidiaries or associated companies to accelerate the expansion of the Group's business and to improve the financial performance of the Group.

As the Directors consider that the cooperation between the Group and ET New Media, Eastern Home, Eastern Global, ET New Retail, Eastern Zhenyu and Strawberry under the Previous CCT Agreements has been satisfactory, and in view of the strategic cooperation relationship with the EMI Group, the Directors intend to continue and strengthen the existing cooperation between the Group with the above parties by entering into the CCT Renewal Agreements for the purpose of either (a) extending the contractual term; (b) adjusting the annual caps; (c) fine-tuning certain contract terms and/or (d) expanding the scope of business cooperation.

Specifically, the Directors take the view that:

- (1) The ET New Media Cooperation Agreement provides a framework to promote the "Natural Beauty" brand and products by utilising the marketing expertise of ET New Media. Therefore, the renewal of the agreement represents an opportunity to the Group to further enhance brand awareness and increase sales.
- (2) Both the Eastern Home Consignment Agreement and the ET New Retail Consignment Agreement provide a framework to (a) allow the Group to sell "Natural Beauty" products via the well-established sales channels of Eastern Home and ET New Retail, and (b) increase the exposure of the "Natural Beauty" brand and products by leveraging on the extensive sales channels operated by Eastern Home and ET New Retail. Therefore, the renewal of the agreements represents an opportunity to the Group to continue expand its business and increase and diversify sales.
- (3) The renewal of the Eastern Home Franchise Agreement will provide the Group with an additional distribution channel of the Group's products by authorising Eastern Home to set up spas in Taiwan under the brand name "Natural Beauty" and present an opportunity for the Group to promote its brand and increase sales.
- (4) The renewal of each of the Eastern Global Sale Agreement, Eastern Zhenyu Sale Agreement and Strawberry Sale Agreement will continue to provide the Group with an additional distribution channel of the Group's products and hence an opportunity to increase sales.

As regards the New CCT Agreements, the Directors consider that each of the Eastern Home Procurement Agreement and the Eastern Global Procurement Agreement provides a framework for the Group to procure products such as health supplements, skin-care products and cosmetic products for sale at its franchised/self-owned spas, medical cosmetology centers and counters, and hence an opportunity to increase sales.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) consider the terms of each of the CCT Agreements had been negotiated and arrived at on an arms-length basis, on normal commercial terms or better, and are in the ordinary and usual course of business of the Group, and hence consider the terms of the continuing connected transactions as contemplated under the CCT Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

VII. LISTING RULES IMPLICATIONS

The transactions contemplated under each of the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (a) ET New Media, Eastern Home, Eastern Global, Eastern New Retail, Eastern Zhenyu and Strawberry are connected with one another through FESS, a controlling shareholder of the Company, and/or Insbro, a substantial shareholder of the Company, and (b) as the highest applicable percentage ratio in respect of the aggregate of highest combined annual caps of each of the CCT Agreements exceeds 5% and the aggregate consideration is more than HK\$10,000,000, the entering into of the CCT Agreements is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Dr. Lei Chien, Mr. Lin Chia-Wei, Ms. Lu Yu-Min and Ms. Lin Shu-Hua are Directors nominated by EMI and therefore are considered to have a material interest in the CCT Agreements and the transactions contemplated respectively thereunder. As such, each of Dr. Lei Chien, Mr. Lin Chia-Wei, Ms. Lu Yu-Min and Ms. Lin Shu-Hua abstained from voting on the relevant board resolutions approving the CCT Agreements and the transactions contemplated respectively thereunder. Save as disclosed above, no other Directors have or are considered to have a material interest in the CCT Agreements and the transactions contemplated respectively thereunder, nor are they required to abstain from voting on the relevant board resolutions approving the CCT Agreements and the transactions contemplated respectively thereunder.

Since the Directors consider that the transactions contemplated under the CCT Agreements are of revenue in nature and in the ordinary and usual course of business of the Group, such transactions do not fall under the definition of "transaction" under Chapter 14 of the Listing Rules and are not subject to the requirements under Chapter 14 the Listing Rules.

VIII. GENERAL

The Company will convene an EGM during which an ordinary resolution will be proposed to the Independent Shareholders to approve the CCT Agreements and the transactions contemplated thereunder including the proposed annual caps for the respective transactions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than FESS and Insbro, no other Shareholder will be required to abstain from voting on the resolutions approving the CCT Agreements and the transactions contemplated thereunder at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider approving the CCT Agreements and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the resolutions in relation to the CCT Agreements. No member of the Independent Board Committee has any material interest in the CCT Agreements and the transactions contemplated thereunder.

Pelican has been appointed as the Independent Financial Adviser in accordance with the Listing Rules to advise the Independent Board Committee and Independent Shareholders as to whether the terms of the CCT Agreements are fair and reasonable and whether the terms of the CCT Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and how to vote on the CCT Agreements and the transactions contemplated thereunder.

A circular containing, among others, details of the CCT Agreements and the transactions contemplated thereunder, the advice from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, together with the notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 June 2023.

IX. DEFINITIONS

In this announcement the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CCT Agreement(s)”	comprising each of the CCT Renewal Agreements and the New CCT Agreements
“CCT Renewal Agreements”	comprising each of (a) ET New Media Cooperation Agreement; (b) Eastern Home Consignment Agreement; (c) Eastern Home Franchise Agreement; (d) Eastern Global Sale Agreement; (e) ET New Retail Consignment Agreement; (f) Eastern Zhenyu Sale Agreement; and (g) Strawberry Sale Agreement
“Circular”	a circular to be despatched to the Shareholders on or before 5 June 2023 containing, among other things, (i) further details of the CCT Agreements and (ii) the respective advice of the Independent Financial Adviser and the Independent Board Committee
“Company”	Natural Beauty Bio-Technology Limited (自然美生物科技有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Eastern Global”	Eastern Global Business Co., Ltd. (東森全球事業股份有限公司), formerly known as Eastern Tenmax Direct Co., Ltd. (東森天美仕直銷股份有限公司), a company incorporated in Taiwan with limited liability
“Eastern Global Procurement Agreement ”	the product procurement agreement dated 12 May 2023 entered into between Taiwan NB and Eastern Global
“Eastern Global Sale Agreement”	The product sale agreement dated 12 May 2023 entered into between Taiwan NB and Eastern Global
“Eastern Home”	Eastern Home Shopping & Leisure Co., Ltd. (東森得易購股份有限公司), a company incorporated in Taiwan with limited liability
“Eastern Home Consignment Agreement”	the product consignment agreement dated 12 May 2023 entered into between Taiwan NB and Eastern Home
“Eastern Home Franchise Agreement”	the franchise agreement dated 12 May 2023 entered into between Taiwan NB and Eastern Home
“Eastern Home Procurement Agreement”	the product procurement agreement dated 12 May 2023 entered into between Taiwan NB and Eastern Home
“Eastern Zhenyu”	Eastern Zhenyu e-Commerce Company Limited (東森震宇電子商務有限公司), a company incorporated in the PRC with limited liability
“Eastern Zhenyu Sale Agreement”	the product sale agreement dated 12 May 2023 entered into between NB Shanghai and Eastern Zhenyu
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the CCT Agreements and the transactions contemplated thereunder including the annual caps for the respective transactions

“EMI”	Eastern Media International Corporation (東森國際股份有限公司), a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange
“EMI Group”	EMI and its associates, but excluding the Group for the purpose of this announcement
“ET New Media”	ET New Media Holding Limited Company (東森新媒體控股股份有限公司), a company incorporated in Taiwan with limited liability
“ET New Media Cooperation Agreement”	the project cooperation agreement dated 12 May 2023 entered into between Taiwan NB and ET New Media
“ET New Retail”	Eastern New Retail Department Store Company Limited (東森新零售百貨股份有限公司), a company incorporated in Taiwan with limited liability
“ET New Retail Consignment Agreement”	the goods consignment agreement dated 12 May 2023 entered into between Taiwan NB and Eastern New Retail
“FESS”	Far Eastern Silo & Shipping (Panama) S.A. (遠東倉儲航運(巴拿馬)股份有限公司), a company incorporated in Panama with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the CCT Agreements and the transactions contemplated thereunder

“Independent Financial Adviser” or “Pelican”	Pelican Financial Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the terms of the CCT Agreements and the transactions contemplated thereunder
“Independent Shareholders”	any Shareholder(s) other than the controlling shareholders and their associates and who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party”	a third party independent of the Company and connected persons of the Company
“Insbro”	Insbro Holdings Limited (保經控股有限公司), a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NB China”	Natural Beauty China Holding Company Limited (自然美中國控股有限公司), a company incorporated in Hong Kong with limited liability
“NB Shanghai”	Shanghai Natural Beauty Haili Cosmetics Co., Ltd. (上海自然美海麗化妝品有限公司), a company incorporated in PRC with limited liability
“New CCT Agreements”	comprising (a) the Eastern Home Procurement Agreement; and (b) Eastern Global Procurement Agreement
“NT\$”	New Taiwan Dollar(s), the lawful currency of Taiwan

“ODM”	original design manufacturing
“OEM”	original equipment manufacturing
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous CCT Agreements”	comprising each of (a) the Previous Eastern Global Sale Agreement; (b) the Previous Eastern Home Consignment Agreement; (c) the Previous Eastern Home Franchise Agreement; (d) the Previous Eastern Zhenyu Sale Agreement; (e) the Previous ET New Media Cooperation Agreement; (f) the Previous ET New Retail Consignment Agreement; and (g) Previous Strawberry Sale Agreement
“Previous Eastern Global Sale Agreement”	collectively, the products sale agreement dated 16 April 2019, and the supplemental product sale agreements dated 22 July 2020 and 23 October 2020, with terms similar to the Eastern Global Sale Agreement, which is expiring on 31 August 2023
“Previous Eastern Home Consignment Agreement”	collectively, the product consignment agreement dated 16 April 2019 and the product consignment supplemental agreements dated 22 July 2020 and 23 October 2020, entered into between Taiwan NB and Eastern Home with terms similar to the Eastern Home Consignment Agreement, which is expiring on 31 August 2023
“Previous Eastern Home Franchise Agreement”	collectively, the franchise agreement dated 22 July 2020 and the supplemental franchise agreement dated 23 October 2020, entered into between Taiwan NB and Eastern Home with terms similar to the Eastern Home Franchise Agreement, which is expiring on 31 August 2023

“Previous Eastern Zhenyu Sale Agreement”	collectively, the products sale agreement dated 22 July 2020 and the supplemental goods sale agreement dated 23 October 2020, entered into between NB Shanghai and Eastern Zhenyu with terms similar to the Eastern Zhenyu Sale Agreement, which is expiring on 31 August 2023
“Previous ET New Media Cooperation Agreement”	collectively, the project cooperation agreement dated 16 April 2019 and the supplemental project cooperation agreements dated 22 July 2020 and 23 October 2020, entered into between Taiwan NB and ET New Media with terms similar to the ET New Media Cooperation Agreement, which is expiring on 31 August 2023
“Previous ET New Retail Consignment Agreement”	collectively, the products consignment agreement dated 22 July 2020 and the supplemental products consignment agreement dated 23 October 2020, entered into between Taiwan NB and ET New Retail with terms similar to the ET New Retail Consignment Agreement, which is expiring on 31 August 2023
“Previous Strawberry Sale Agreement”	collectively, the products sale agreement dated 22 July 2020 and the supplemental products sale agreement dated 23 October 2020 entered into between NB China and Strawberry with terms similar to the Strawberry Sale Agreement, which is expiring on 31 August 2023
“RMB”	Renminbi, the lawful currency in the PRC
“SFO”	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 the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Strawberry”	Strawberry Cosmetics (Services) Limited, a company incorporated in Hong Kong with limited liability
“Strawberry Sale Agreement”	the product sale agreement dated 12 May 2023 entered into between NB China and Strawberry
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Taiwan”	Republic of China (Taiwan)
“Taiwan NB”	Natural Beauty Bio-Technology Company Limited (自然美生物科技股份有限公司), a company incorporated in Taiwan with limited liability
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation

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

Hong Kong, 12 May 2023

As at the date of this announcement, the Board comprises Dr. Lei Chien and Mr. Lin Chia-Wei 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. Lin Tsalm-Hsiang and Mr. Yang Shih-Chien as independent non-executive directors.

Unless otherwise indicated, the exchange rates of HK\$1.00 to NT\$3.92 and HK\$1.00 to RMB0.89 used in this announcement are for illustration purposes only and do not constitute a representation that any amount has been, could have been or may be converted at such or any other rates at all.