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自然美
natural beauty

Standard Cosmos Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

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)*

JOINT ANNOUNCEMENT

**Mandatory unconditional cash offer by
Citigroup Global Markets Asia Limited
on behalf of**

Standard Cosmos Limited

**to acquire all the issued shares in the capital of
Natural Beauty Bio-Technology Limited**

**(other than those already owned by Standard Cosmos Limited
and parties acting in concert with it)**

and for the cancellation of all outstanding options of

Natural Beauty Bio-Technology Limited

and resumption of trading in Natural Beauty Shares

**Financial Adviser to
Standard Cosmos Limited**



INTRODUCTION

On 15 October 2009, the Family Group Reorganisation was implemented and CA NB entered into the Sale and Purchase Agreement with Family Holdco 1, Family Holdco 2 and the Family Investors, pursuant to which Family Holdco 1 agreed to sell, and CA NB agreed to purchase, the Sale Shares. Holdco holds the entire issued share capital of Bidco, which indirectly holds 1,311,690,000 Natural Beauty Shares, representing approximately 65.53 per cent. of the issued share capital of Natural Beauty. On the same day, CA NB, the Family Investors, Family Holdco 2 and Holdco entered into the Shareholders' Agreement setting out the rights and obligations of the parties in relation to the Group.

The sale and purchase of the Sale Shares was completed on the date of the Sale and Purchase Agreement (namely, 15 October 2009). On Completion, Holdco was (and, as at the date of this announcement, is) owned as to 50 per cent. by CA NB and 50 per cent. by Family Holdco 2.

As a result of Completion, Bidco and the parties acting in concert with it are required to make a mandatory general offer for all the Offer Shares, pursuant to Rule 26.1 of the Takeovers Code, and to make an appropriate offer to the Optionholders for all Options (which confer rights on the Optionholders to subscribe for new Natural Beauty Shares), in compliance with Rule 13 of the Takeovers Code, by way of cancellation of the Options. Citi will, on behalf of Bidco, make the Offers to the Independent Shareholders and Optionholders.

THE OFFERS

The Offers will be unconditional in all respects and will be made on the basis of HK\$1.25 for each Offer Share and HK\$1.00 for cancellation of the Options (per board lot or part board lot of Natural Beauty Shares which would be issued if the relevant Options were exercised in full), in each case solely in cash. The principal terms of the Offers are set out in the section of this announcement headed “The Offers”.

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options in full (to the extent not already exercised and whether or not the period during which such Options may be exercised under the terms of the Share Option Scheme has come into effect) at any time within 14 days immediately following the date of this announcement, after which the Options will lapse according to the terms of the Share Option Scheme.

As at the date of this announcement, there were 2,001,580,071 Natural Beauty Shares in issue and 520,861 Options. Save for the Options, as at the date of this announcement, Natural Beauty had no options, warrants or other securities issued by Natural Beauty that carry a right to subscribe for or which are convertible into Natural Beauty Shares. As at the date of this announcement, Bidco was interested in 1,311,690,000 Natural Beauty Shares, comprising approximately 65.53 per cent. of the issued share capital of Natural Beauty, and no Options.

Citi, the financial adviser to Bidco in respect of the Offers, is satisfied that sufficient financial resources are available to Bidco to satisfy full acceptance of the Offers.

The Independent Board Committee has been established to advise the Independent Shareholders and Optionholders in connection with the Offers. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offers. An announcement will be made by Natural Beauty as soon as possible after the independent financial adviser has been appointed.

The Composite Document, which will contain, among other things, details of the Offers, the expected timetable of the Offers, the recommendations from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee in respect of the Offers, is expected to be despatched to the Independent Shareholders and Optionholders within 21 days from the date of this announcement.

SUSPENSION AND RESUMPTION OF TRADING IN NATURAL BEAUTY SHARES

At the request of Natural Beauty, trading in Natural Beauty Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 October 2009, pending the issue of this announcement. Application has been made by Natural Beauty to the Stock Exchange for resumption of trading in Natural Beauty Shares on the Stock Exchange with effect from 9:30 a.m. on 20 October 2009.

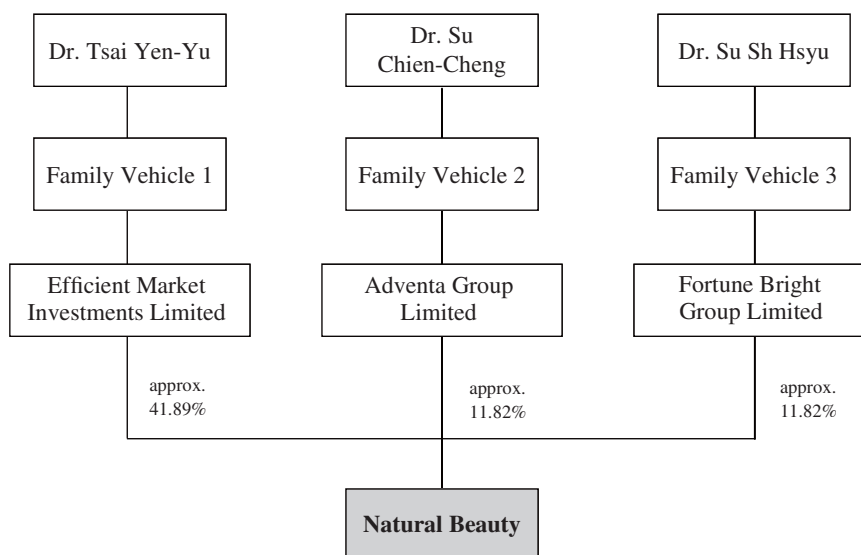
INTRODUCTION

On 15 October 2009, the Family Group Reorganisation was implemented and CA NB entered into the Sale and Purchase Agreement with Family Holdco 1, Family Holdco 2 and the Family Investors, pursuant to which Family Holdco 1 agreed to sell, and CA NB agreed to purchase, the Sale Shares. Holdco holds the entire issued share capital of Bidco, which, in turn, indirectly holds approximately 65.53 per cent. of the issued share capital of Natural Beauty. On the same day, CA NB, the Family Investors, Family Holdco 2 and Holdco entered into the Shareholders' Agreement setting out the rights and obligations of the parties in relation to the Group.

The Family Group Reorganisation

Shareholding structure before implementation of the Family Group Reorganisation

Immediately before the implementation of the Family Group Reorganisation, each of Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu indirectly held approximately 41.89 per cent., 11.82 per cent. and 11.82 per cent. of the total share capital of the Natural Beauty, respectively. The structure of the Family Investors' shareholding in Natural Beauty immediately before the implementation of the Family Group Reorganisation is set out in the following diagram:



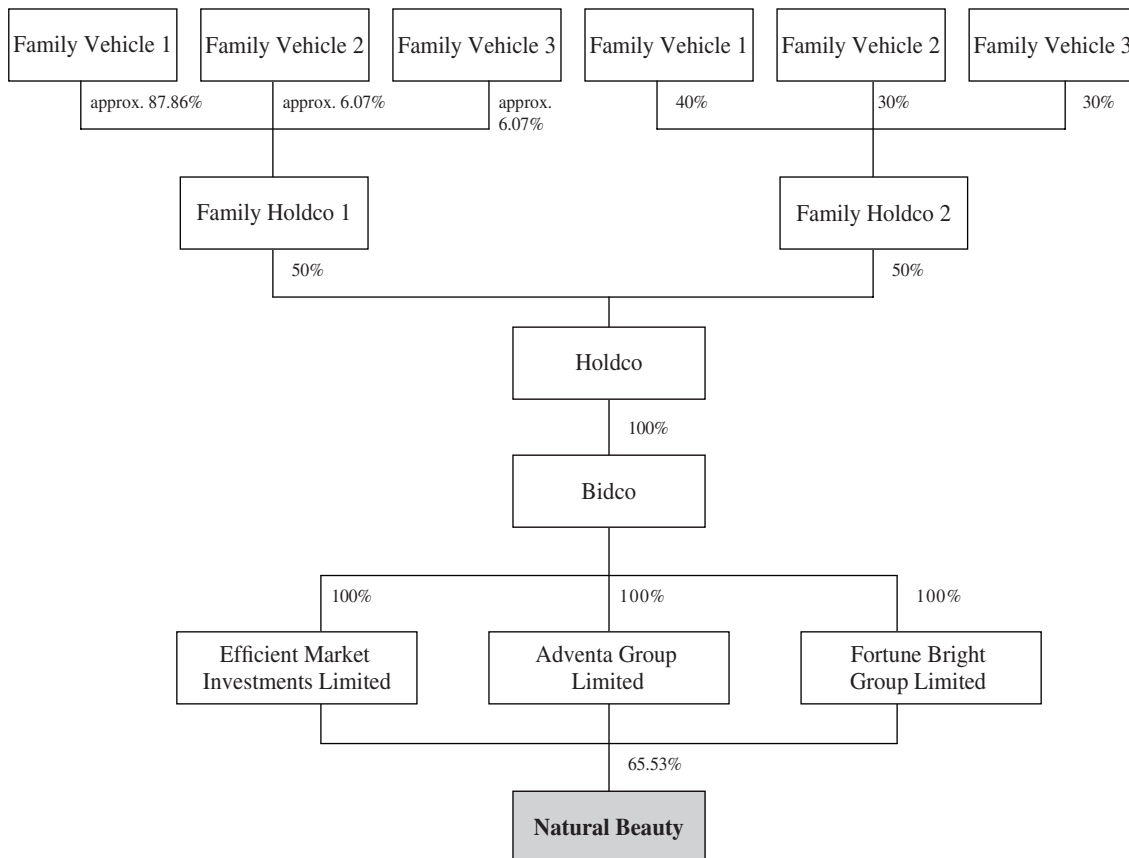
Steps of the Family Group Reorganisation

The Family Group Reorganisation was effected through the following steps:

- (1) each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 transferred its respective shares in Efficient Market Investments Limited, Adventa Group Limited and Fortune Bright Group Limited to Bidco in consideration for shares of Bidco. As a result of such transfers, each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 received shares in Bidco representing approximately 63.93 per cent., 18.04 per cent. and 18.04 per cent. of the total issued share capital of Bidco, respectively;
- (2) each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 then transferred its respective shares in Bidco to Holdco in consideration for Holdco Shares. As a result of such transfers, each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 received Holdco Shares representing approximately 63.93 per cent., 18.04 per cent. and 18.04 per cent. of the total issued share capital of Holdco, respectively; and
- (3) each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 then transferred:
 - (a) Holdco Shares representing approximately 43.93 per cent., 3.04 per cent. and 3.04 per cent. of the total issued share capital of Holdco, respectively, to Family Holdco 1 in consideration for shares of Family Holdco 1. As a result of such transfers, each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 received shares of Family Holdco 1 representing approximately 87.86 per cent., 6.07 per cent. and 6.07 per cent. of the total issued share capital of Family Holdco 1, respectively; and
 - (b) Holdco Shares representing approximately 20 per cent., 15 per cent. and 15 per cent. of the total issued share capital of Holdco, respectively, to Family Holdco 2 in consideration for shares of Family Holdco 2. As a result of such transfers, each of Family Vehicle 1, Family Vehicle 2 and Family Vehicle 3 received shares of Family Holdco 2 representing approximately 40 per cent., 30 per cent. and 30 per cent. of the total issued share capital of Family Holdco 2, respectively.

Shareholding structure upon implementation of the Family Group Reorganisation

The structure of the Family Investors' shareholding in Natural Beauty following the implementation of the Family Group Reorganisation (but before Completion) is as set out in the following diagram:



The Family Investors have applied to the SFC for a waiver from a general offer obligation under Rule 26.1 of the Takeovers Code in respect of the implementation of the Family Group Organisation pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

The Principal Terms of the Sale and Purchase Agreement

Sale Shares

The Sale Shares comprise 25,000 Holdco Shares, representing 50 per cent. of the issued share capital of Holdco, free from all encumbrances and together with all rights which are, and which may anytime thereafter, become attached thereto (including, without limitation, the right to receive all dividends and distributions declared, made or paid on or after Completion).

Purchase Price

The total aggregate purchase price for the Sale Shares is HK\$819,806,250, which was paid by CA NB in full in cash on Completion, of which HK\$387,867,910.50 was paid directly to recipients designated by Family Holdco 1 and HK\$431,938,339.50 was paid into an escrow

account with Citibank Hong Kong branch for the purpose of financing the amount to be contributed by Family Holdco 2 under the Offers. See the section of this announcement headed “The Offers – Confirmation of Financial Resources” for further details.

The purchase price was determined after arm’s length negotiations between Family Holdco 1 and CA NB. Based on Holdco’s indirect shareholding of 1,311,690,000 Natural Beauty Shares, the total aggregate price for the Sale Shares implies a see-through price of HK\$1.25 per Natural Beauty Share.

Completion

The sale and purchase of the Sale Shares was completed on the same day as the Sale and Purchase Agreement was entered into (namely, 15 October 2009).

Warranties, Indemnities and Undertakings

In connection with the sale of the Sale Shares under the Sale and Purchase Agreement, Family Holdco 1, Family Holdco 2 and the Family Investors have given certain warranties and indemnities to CA NB, in respect of, among other things, the due incorporation and valid standing of the members of the Group and the underlying business and operations of the Group.

In addition, each of the Family Investors agreed, among other things, (a) not to compete with the Natural Beauty Group, except in respect of an excluded anti-aging resort business (which is outside the current scope of business of the Natural Beauty Group); (b) to assign and license on a perpetual basis (as the case may be), to the Natural Beauty Group, certain trademarks currently owned by the Family Investors which are used in the business of the Natural Beauty Group for an aggregate nominal consideration of HK\$20, such assignment being subject to certain reserved rights reasonably necessary for the conduct by the Family Investors of the excluded anti-aging resort business; and (c) to use such reserved rights and any other rights the Family Investors may have in relation to any intellectual property owned by the Natural Beauty Group from time to time only in relation to the excluded anti-aging resort business.

The Principal Terms of the Shareholders’ Agreement

Effective Date

The Shareholders’ Agreement became effective on Completion.

Holdco Board and Key Nominations

The Holdco Board will comprise a minimum of eight directors, and each Holdco Shareholder will have the right to appoint, remove and replace up to half the total number of directors on the Holdco Board. Similar provisions will apply to Natural Beauty and such other member(s) of the Group as may be determined by CA NB from time to time. Pending appointment by CA NB of directors to the Natural Beauty Board and the board(s) of directors of such other member(s) of the Group, CA NB will have the right to nominate (a) up to four observers to the board of directors of Natural Beauty; and (b) up to such number of observers to the board of directors of any other member of the Natural Beauty Group as is equal to the total number

of directors CA NB would otherwise have the right to appoint to that board. The observers shall have the right to attend all meetings of the directors of Natural Beauty and shall have all rights and privileges of the board of directors of Natural Beauty (including the right to receive notice of meetings and board packages and other information) but shall not be counted for determination of a quorum for, and shall not have voting rights at, board meetings of Natural Beauty.

Dr. Tsai Yen-Yu will act as chairman of the Holdco Board and, subject to approval by the Holdco Board, each Holdco Shareholder will have the right to nominate for appointment a vice-chairman. In addition, CA NB will have the right to appoint, remove and replace the chief executive officer of the Natural Beauty Group.

Proceedings of Directors and Reserved Matters

In general, questions arising at a meeting of any member of the Group will be decided by a majority of votes cast, and the chairman will not have a second or casting vote. However, certain matters may not be effected by the Group without the prior written consent of both Holdco Shareholders (the “**Reserved Matters**”). The Reserved Matters include (without limitation) the alteration of any share or loan capital, the taking of any winding-up or dissolution steps, certain acquisitions, disposals and capital commitments, any material change in the nature or scope of, or the cessation of substantially all of the Group’s business, any change in the brand name of Natural Beauty and the grant or entry into any licence, agreement or arrangement relating to any part of the name or trading names of the Group or any other part of its intellectual property.

Deadlock Resolution

In the event that the Holdco Shareholders fail, following consultation in good faith, to reach agreement on certain matters (“**Deadlock Matters**”), the board of directors of the relevant member of the Group shall instruct the management of that member of the Group to continue to act in accordance with the directions of the directors appointed or nominated for appointment by CA NB in respect of the relevant Deadlock Matter. The Deadlock Matters include (without limitation) the issuance of Holdco Shares on a pro rata basis or equity securities of Natural Beauty (subject to certain conditions being satisfied) and any acquisitions and incurrence by the Group of indebtedness above certain prescribed levels.

Tax and Regulatory Matters

Where any action, or failure to take any action, by any member of the Holdco Group would result in a material adverse impact on the tax position of a Holdco Shareholder or members of its group or a violation by a Holdco Shareholder of any applicable laws or regulations, the Holdco Shareholder so affected will have the right to instruct the management of the relevant member of the Group to act in accordance with the instructions of that Holdco Shareholder, provided that the interests of the Group, the other Holdco Shareholder and other members of that Holdco Shareholder’s group are not materially adversely affected as a result.

Restrictions on Transfers of Holdco Shares

No Holdco Shareholder may transfer its Holdco Shares save for (a) transfers by CA NB and following the second anniversary of completion of the Sale and Purchase Agreement, by Family Holdco 2, to a third party purchaser, provided that the transferring Holdco Shareholder has first given the other Holdco Shareholder the opportunity to make an offer to acquire those Holdco Shares; (b) transfers made in compliance with, and subject to, the “tag-along” and “drag-along” rights of the Holdco Shareholders (as described below); (c) transfers by CA NB to a licensed financial institution as security under the terms of a loan arrangement; and (d) transfers that are agreed in writing by the Holdco Shareholders.

Each Holdco Shareholder also has, in respect of its Holdco Shares, (a) “tag-along” rights exercisable by it on the transfer of the other Holdco Shareholders’ Holdco Shares to a third party purchaser and (b) “drag-along” rights whereby, on the sale by a Holdco Shareholder of its Holdco Shares at any time following the fifth anniversary of Completion, such transferring Holdco Shareholder has the right to require the other Holdco Shareholder to transfer such minimum number of its Holdco Shares as would, when aggregated with the transferring Holdco Shareholder’s Holdco Shares, be equal to 51 per cent. of the then issued share capital of Holdco.

Events of Default

Upon the occurrence of any event of default in relation to a Holdco Shareholder, the non-defaulting Holdco Shareholder will have the right to subscribe at fair value (as determined by a pre-agreed formula) such number of Holdco Shares as would, when aggregated with the Holdco Shares held by the non-defaulting Holdco Shareholder, be equal to 51 per cent. of the Holdco Shares then in issue, and the Shareholders’ Agreement would terminate such that, as provided in the articles of association of Holdco, the defaulting Holdco Shareholder will lose its rights to appoint directors to the Holdco Board and its veto rights in respect of the Reserved Matters. The events of default include any change of control of a Holdco Shareholder (save in certain limited circumstances), any transfer of Holdco Shares other than in compliance with the Shareholders’ Agreement and the occurrence of any insolvency event.

THE OFFERS

As a result of Completion, Bidco and the parties acting in concert with it are required to make a mandatory general offer for all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code and to make an appropriate offer to the Optionholders for all Options (which confer rights on the Optionholders to subscribe for new Natural Beauty Shares) in compliance with Rule 13 of the Takeovers Code by way of cancellation of the Options.

Citi will, on behalf of Bidco, make the Offers to the Independent Shareholders and Optionholders. The Offers will be unconditional in all respects and will be made on the following basis:

The Share Offer

For each Offer ShareHK\$1.25 in cash

The Option Offer

For cancellation of the Options (per board lot or part board lot of Natural Beauty Shares which would be issued if the relevant Options were exercised in full).HK\$1.00 in cash

The Share Offer Price is equal to the see-through price per Natural Beauty Share paid by CA NB pursuant to the Sale and Purchase Agreement for an interest in 50 per cent. of Holdco's indirect holding of 1,311,690,000 Natural Beauty Shares.

The consideration for the cancellation of each Option is the see-through price based on the Share Offer Price. All the Options are exercisable at an exercise price of either HK\$1.69 or HK\$1.76. As the exercise price of all the Options exceeds the Share Offer Price, the consideration for the cancellation of the Options will be HK\$1.00 per board lot (which comprises 10,000 Natural Beauty Shares) or part board lot of Natural Beauty Shares which would be issued if the relevant Options were exercised in full.

Comparisons of Value

The Share Offer

The Share Offer Price of HK\$1.25 per Offer Share represents:

- (a) a discount of approximately 8.09% to the closing price of HK\$1.360 per Natural Beauty Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 7.54% to the average closing price of HK\$1.352 per Natural Beauty Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Date;
- (c) a discount of approximately 7.77% to the average closing price of HK\$1.355 per Natural Beauty Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 9.46% over the average closing price of HK\$1.142 per Natural Beauty Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including 5 November 2008, being the last trading day prior to the suspension of trading in Natural Beauty Shares on the Stock Exchange prior to the announcement of the Prior Privatisation Proposal; and
- (e) a premium of approximately 179.69% over the unaudited consolidated net asset value attributable to Shareholders per Natural Beauty Share of approximately HK\$0.447 as at 30 June 2009.

Highest and Lowest Trading Prices

During the six-month period prior to the Last Trading Date, the highest and lowest price at which the Natural Beauty Shares were traded on the Stock Exchange were HK\$1.42 on 4 August 2009 and HK\$0.95 on 28 April 2009, respectively.

Total Consideration for the Offers

On the basis of the Share Offer Price of HK\$1.25, the entire issued share capital of 2,001,580,071 Natural Beauty Shares as at the date of this announcement is valued at approximately HK\$2,502 million (assuming that no Options are exercised) or HK\$2,502.6 million (assuming that all the Options are exercised).

In the event that the Share Offer is accepted in full, the aggregate amount payable by Bidco will be HK\$862.4 million (assuming that no Options are exercised and no Options are surrendered pursuant to the Option Offer), HK\$862.4 million (assuming that no Options are exercised and all Options are surrendered pursuant to the Option Offer) or HK\$863 million (assuming that all the Options are exercised).

Terms of the Share Offer

Under the terms of the Share Offer, the Offer Shares will be acquired with all rights attached thereto as at the date of this announcement, or subsequently becoming attached thereto, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

The Option Offer

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options in full (to the extent not already exercised and whether or not the period during which such Options may be exercised under the terms of the Share Option Scheme has come into effect) at any time within 14 days immediately following the date of this announcement, after which the Options will lapse according to the terms of the Share Option Scheme.

Save for the Options, as at the date of this announcement, Natural Beauty has no options, warrants or other securities issued by Natural Beauty that carry a right to subscribe for or which are convertible into Natural Beauty Shares.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 10 days of the date of receipt of duly completed and valid acceptances.

Stamp Duty

Seller's ad valorem stamp duty at a rate of HK\$1 for each HK\$1,000 or part thereof for the consideration payable by Bidco in respect of relevant acceptances will be deducted from the amount payable to the relevant Independent Shareholders under the Share Offer. Bidco will pay to the Stamp Office of the Hong Kong Inland Revenue Department the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in respect of the Natural Beauty Shares accepted under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer.

Confirmation of Financial Resources

Citi has been appointed as the financial adviser to Bidco in respect of the Offers. Citi is satisfied that sufficient financial resources are available to Bidco to satisfy full acceptance of the Offers. Bidco will finance the amount payable under the Offers as to 50 per cent. to be contributed by Family Holdco 2 through funds in the amount of HK\$431.9 million which have been deposited in an escrow account with Citibank Hong Kong branch and as to 50 per cent. to be contributed by CA NB through drawdown of a letter of credit in the amount of US\$55,750,000 (equivalent to HK\$432,062,500, based on an assumed exchange rate of US\$1.00: HK\$7.75) from Wachovia Bank, National Association on 14 October 2009, which is available to Bidco for drawdown two months from the issuance of the letter of credit or any extended date if applicable. Bidco will make a single drawdown of the funds on or before the despatch of the Composite Document.

Offer Document

Bidco and Natural Beauty intend to combine the Offer Document with the Response Document for despatch to the Independent Shareholders and Optionholders. The Composite Document, which will contain details of, among other things, the Offers and the expected timetable in relation thereto, is expected to be despatched to the Independent Shareholders and Optionholders within 21 days from the date of this announcement.

Overseas Independent Shareholders and Optionholders

The making of the Offers to persons not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Independent Shareholder or Optionholder wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

SHAREHOLDING STRUCTURE

As at the date of this announcement, there were 2,001,580,071 Natural Beauty Shares in issue and 520,861 Options. Save for the Options, as at the date of this announcement, Natural Beauty had no options, warrants or other securities issued by Natural Beauty that carry a right to subscribe for or which are convertible into Natural Beauty Shares.

The table below sets out the shareholding structure of Natural Beauty as at the date of this announcement:

	Number of Natural Beauty Shares owned	Percentage of the total issued share capital
Efficient Market Investments Limited ^(a)	838,530,000	41.89
Adventa Group Limited ^(b)	236,580,000	11.82
Fortune Bright Group Limited ^(c)	236,580,000	11.82
Citibank ^(d)	5,456,200	0.27
Aggregate number of Natural Beauty Shares held by Bidco and parties acting in concert with Bidco	1,317,146,200	65.81
Martin Currie (Holdings) Limited ^(e)	225,296,000	11.26
Keywise Capital Management (HK) Limited	181,210,000	9.05
UBS AG	122,970,000	6.14
Others	154,957,871	7.74
Total	2,001,580,071	100.00

Notes:

- (a) Efficient Market Investments Limited is wholly-owned by Bidco. These Natural Beauty Shares are therefore attributable to Bidco by virtue of its 100 per cent. interest in Efficient Market Investments Limited.
- (b) Adventa Group Limited is wholly-owned by Bidco. These Natural Beauty Shares are therefore attributable to Bidco by virtue of its 100 per cent. interest in Adventa Group Limited.
- (c) Fortune Bright Group Limited is wholly-owned by Bidco. These Natural Beauty Shares are therefore attributable to Bidco by virtue of its 100 per cent. interest in Fortune Bright Group Limited.
- (d) Citibank is presumed to be a person acting in concert with Bidco under the Takeovers Code as it is an affiliate of Citi. Citibank holds such shares as custodian on behalf of its clients (who are the beneficial owners thereof and who control all the voting rights attached thereto) and does not have discretionary management thereof as at the date of this announcement.
- (e) Martin Currie (Holdings) Limited is the sole shareholder of Martin Currie Ltd, which, in turn, is the sole shareholder of Martin Currie Inc and Martin Currie Investment Management. Martin Currie Inc and Martin Currie Investment Management directly hold 130,491,000 (approximately 6.52 per cent.) and 94,805,000 (approximately 4.74 per cent.) of Natural Beauty Shares, respectively. As such, the 225,296,000 Natural Beauty Shares (approximately 11.26 per cent.) held by Martin Currie Inc and Martin Currie Investment Management are attributable to Martin Currie (Holdings) Limited.

As at the date of this announcement, Bidco and parties acting in concert with it were indirectly interested in an aggregate of 1,317,146,200 Natural Beauty Shares, comprising approximately 65.81 per cent. of the issued share capital of Natural Beauty, and no Options.

INFORMATION ON NATURAL BEAUTY

Natural Beauty is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Stock Exchange since March 2002. The Natural Beauty Group is principally engaged in the manufacture and sale of skincare, beauty, health foods and supplements and aromatherapy products, the provision of skincare treatments, beauty and spa services, skin care consulting and beauty training.

A summary of the audited consolidated results of the Natural Beauty Group for each of the two years ended 31 December 2007 and 2008 and the unaudited consolidated results of the Natural Beauty Group for the six months ended 30 June 2009 (as extracted from the interim report of the Natural Beauty Group for the corresponding period) is set out below:

	For the year ended 31 December		For the six months ended 30 June
	2007	2008	2009
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
			(unaudited)
Revenue	450,147	592,701	255,329
Profit before taxation	208,029	308,477	118,878
Profit for the period	178,781	238,579	108,871
Profit attributable to equity holders	178,707	238,477	108,958
Dividends	300,000	167,053	70,055
Basic earnings per Natural Beauty Share (HK\$)	0.089	0.119	0.0545

As at 30 June 2009, the unaudited consolidated net assets of the Natural Beauty Group attributable to equity holders were approximately HK\$894,552,000, or approximately HK\$0.4469 per Natural Beauty Share (based on 2,001,580,071 Natural Beauty Shares in issue as at the date of this announcement).

INFORMATION ON BIDCO, HOLDCO, CA NB AND FAMILY HOLDCO 2

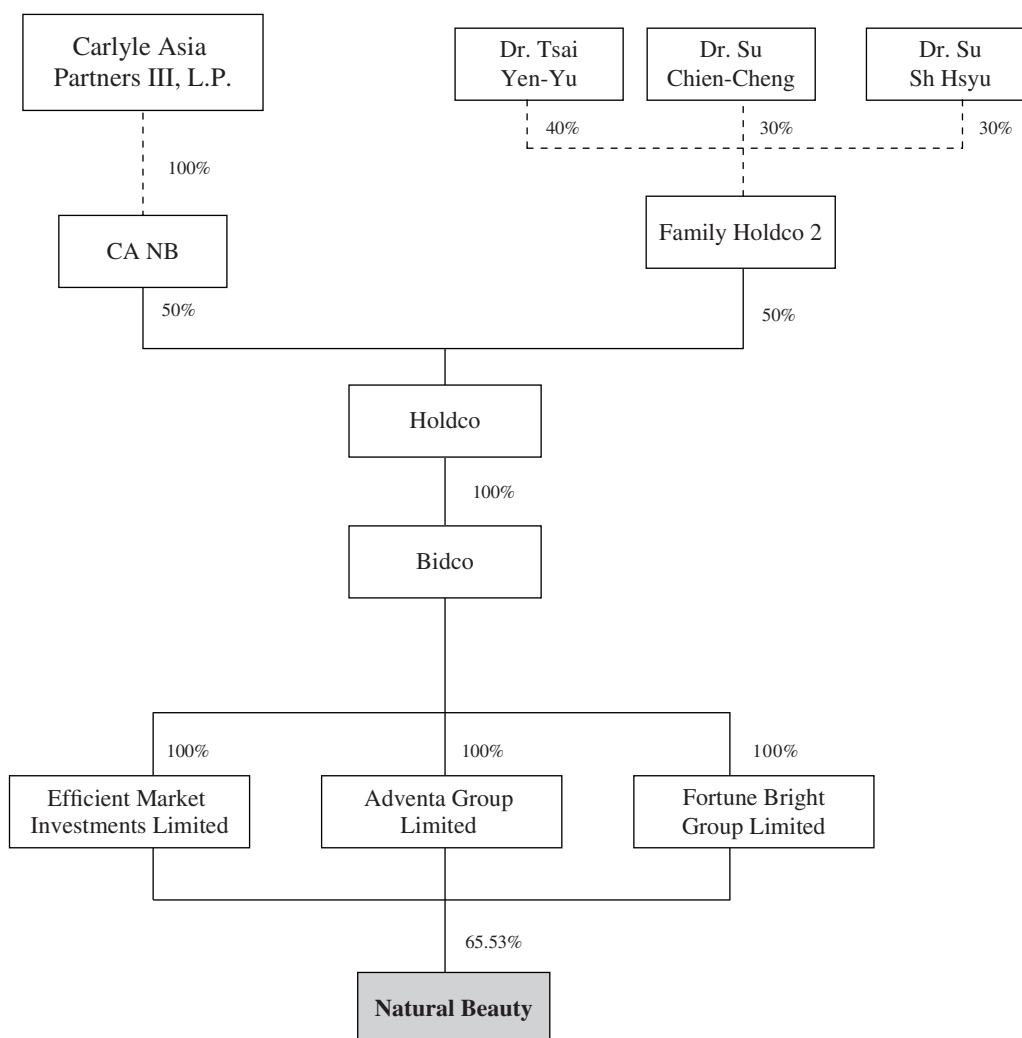
Bidco is a company incorporated in the British Virgin Islands with limited liability on 21 August 2009 and is a wholly-owned subsidiary of Holdco. Holdco is a company incorporated in the British Virgin Islands with limited liability on 19 August 2009. Holdco is held as to 50 per cent. by each of CA NB and Family Holdco 2. Each of Bidco and Holdco is an investment holding company.

CA NB is a company incorporated in the Cayman Islands with limited liability on 30 September 2009. CA NB is ultimately owned by Carlyle Asia Partners III, L.P. (the "Fund"), a Cayman Islands limited liability partnership that was launched in 2007. The Fund is advised by investment advisory entities within The Carlyle Group, including Carlyle Asia Investment Advisors Limited, an entity established in Hong Kong. Carlyle Asia Investment Advisors Limited has offices in Hong Kong, Mumbai, Seoul, Beijing, Shanghai, Singapore and Sydney. Carlyle Asia Investment Advisors Limited acts as the Asian investment advisor to various

Asian focused investment funds managed by The Carlyle Group, including the Fund and certain property and growth capital funds, and the committed capital to those Asian funds (including the Fund) currently totals approximately US\$7.5 billion. The Fund, together with its two predecessor funds, has invested in 19 companies (the first investment being made in 1999), committing approximately US\$3.9 billion in equity to such investments.

Family Holdco 2 is a company incorporated in the British Virgin Islands on 12 August 2009, which is ultimately held as to 40 per cent., 30 per cent. and 30 per cent. by each of Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu respectively. Each of Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu is currently an executive director of Natural Beauty.

The relationship between Bidco, Holdco, CA NB, Family Holdco 2, Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu, and the structure of their interest in Natural Beauty, following Completion and as at the date of this announcement are set out in the following diagram:



REASONS FOR AND BENEFITS OF THE OFFERS

The Bidco Board believes that the terms of the Offers are attractive to the Independent Shareholders and Optionholders and represent a unique opportunity to realise their respective holdings in an illiquid stock for cash. In this regard, the Bidco Board notes that the average daily traded volume of Natural Beauty Shares from 27 February 2009, being the date of the resumption of trading of Natural Beauty Shares following the announcement of the results of the court meeting and extraordinary general meeting in relation to the Prior Privatisation Proposal, to the Last Trading Day was fewer than 2,142,021 Natural Beauty Shares per day, representing approximately 0.11 per cent. of the total number of Natural Beauty Shares in issue. The Bidco Board also notes that the price per Natural Beauty Share has significantly underperformed the broader equity markets. From 27 February 2009 to the Last Trading Day, the closing price per Natural Beauty Share increased by 16.24 per cent.. By comparison, the Hang Seng Index increased by 71.71 per cent. and the Hang Seng HK Small Cap Index increased by 108.60 per cent. over the same period.

The Bidco Board believes that the Offers provide Independent Shareholders and Optionholders the opportunity to monetise their holdings in Natural Beauty and to invest such cash in other investment opportunities that they may consider more attractive.

THE HOLDCO GROUP'S INTENTION IN RELATION TO NATURAL BEAUTY

It is the intention of the Holdco Group that, if the Offers are completed, the Natural Beauty Group will continue to carry on the business of manufacturing and selling skincare, beauty, health foods and supplements and aromatherapy products, the provision of skin treatments, beauty and spa services, skin care consulting and beauty training.

The Holdco Group has no plans, if the Offers are completed, to (i) make any major disposal or redeployment of assets (including fixed assets) of the Natural Beauty Group; or (ii) discontinue the employment of the employees of the Natural Beauty Group, other than in the ordinary course of business.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF NATURAL BEAUTY

The Natural Beauty Board currently comprises seven directors, of whom four are executive directors and three are independent non-executive directors. CA NB intends to nominate four new directors for appointment to the Natural Beauty Board with effect from the earliest time permitted under the Takeovers Code. In addition, it is intended that one additional independent non-executive director will be nominated for appointment to the Natural Beauty Board with effect from the earliest time permitted under the Takeovers Code. Any changes to the Natural Beauty Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

If Bidco acquires 90 per cent. or more of the Offer Shares within four months of the posting of the Composite Document, it intends to exercise any rights it may have under section 88 of the Cayman Islands Company Law and in accordance with Rule 2.11 of the Takeovers Code to compulsorily acquire those Natural Beauty Shares not acquired by Bidco pursuant to

the Offers. On completion of such compulsory acquisition, Natural Beauty would become a wholly-owned subsidiary of Bidco and an application would be made for the withdrawal of the listing of the Natural Beauty Shares from the Stock Exchange in accordance with the Listing Rules.

WARNING: If the level of acceptances reaches the prescribed level under the Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Bidco proceeds with the privatisation of the Company, dealings in the securities of the Company will be suspended from the close of the Offers up to the withdrawal of listing of the Company's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

MAINTENANCE OF LISTING

If, at the close of the Offers, less than 25 per cent. of the Natural Beauty Shares are held by the public (within the meaning of the Listing Rules), or if the Stock Exchange believes that a false market exists or may exist in the trading of the Natural Beauty Shares or there are insufficient Natural Beauty Shares in public hands to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend trading in the Natural Beauty Shares. In this connection, it should be noted that, upon completion of the Offers and if Bidco is unable or does not exercise any rights it may have under section 88 of the Cayman Islands Company Law, there may be insufficient public float for the Natural Beauty Shares and trading in the Natural Beauty Shares may, therefore, be suspended until a prescribed level of public float is attained. Natural Beauty undertakes to the Stock Exchange that, if Bidco is unable to or does not exercise any rights it may have under section 88 of the Cayman Islands Company Law, it will take appropriate steps to ensure that the minimum public float requirement under the Listing Rules is complied with following the close of the Offers.

INDEPENDENT BOARD COMMITTEE

Under Rule 2.1 of the Takeovers Code, a board which receives an offer must establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance. As soon as reasonably practicable, the board must retain a competent independent financial adviser to advise the independent committee in writing in connection with the offer and in particular as to whether the offer is, or is not, fair and reasonable and as to acceptance.

The Independent Board Committee has been established and an independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offers. An announcement will be made by Natural Beauty as soon as possible after the independent financial adviser has been appointed.

INTEREST OF BIDCO AND ITS CONCERT PARTIES IN NATURAL BEAUTY

As at the date of this announcement, save as disclosed above, neither Bidco nor any parties acting in concert with it owns, controls or directs any Natural Beauty Shares or holds any convertible securities, warrants or options (or outstanding derivatives) in respect of Natural Beauty Shares.

Save for dealings for the account of non-discretionary clients by Citi, neither Bidco nor any party acting in concert with it has dealt for value in Natural Beauty Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Natural Beauty Shares during the six month period up to and including the date of this announcement.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of Bidco and Natural Beauty are reminded to disclose their dealings in Natural Beauty Shares pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

FURTHER AGREEMENTS OR ARRANGEMENTS

As at the date of this announcement:

- (a) none of Bidco nor any person acting in concert with it has received any irrevocable commitment to accept the Offer;
- (b) save for the Sale and Purchase Agreement and the Shareholders' Agreement, there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Natural Beauty Shares or shares of Bidco which might be material to the Offers; and
- (c) none of Bidco nor any person acting in concert with it has borrowed or lent any Natural Beauty Shares, save for any borrowed shares which have been either on-lent or sold.

SUSPENSION AND RESUMPTION OF TRADING IN NATURAL BEAUTY SHARES

At the request of Natural Beauty, trading in Natural Beauty Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 October 2009, pending the issue of this announcement. Application has been made by Natural Beauty to the Stock Exchange for resumption of trading in Natural Beauty Shares on the Stock Exchange with effect from 9:30 a.m. on 20 October 2009.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning given to it under the Takeovers Code;
“associates”	has the meaning given to it under the Takeovers Code;
“Bidco”	Standard Cosmos Limited, a company incorporated in the British Virgin Islands with limited liability;
“Bidco Board”	the board of directors of Bidco;
“CA NB”	CA NB Limited, an exempted company incorporated in the Cayman Islands with limited liability;
“Citi”	Citigroup Global Markets Asia Limited, the financial adviser to Bidco in respect of the Offers, which is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Citibank”	Citibank N.A.;
“Completion”	completion of the Sale and Purchase Agreement;
“Composite Document”	the Offer Document and the Response Document to be issued jointly by Bidco and Natural Beauty in connection with the Offers;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates;
“Family Group Reorganisation”	the reorganisation of the indirect interests of the Family Investors in Natural Beauty pursuant to the steps described, and resulting in the shareholding structure as set out, in the section headed “The Family Group Reorganisation”;
“Family Holdco 1”	Invest Focus Limited, a company incorporated in the British Virgin Islands with limited liability;
“Family Holdco 2”	Next Focus Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Family Investors”	Dr. Tsai Yen-Yu, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu;

“Family Vehicle 1”	Knightscope Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability which is ultimately wholly-owned by Dr. Tsai Yen-Yu;
“Family Vehicle 2”	Beautivalue Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is ultimately wholly-owned by Dr. Su Chien-Cheng;
“Family Vehicle 3”	Colour Shine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is ultimately wholly-owned by Dr. Su Sh Hsyu;
“Group”	the Holdco Group and the Natural Beauty Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Holdco”	Starsign International Limited, a company incorporated in the British Virgin Islands with limited liability;
“Holdco Board”	the board of directors of Holdco, as from time to time constituted;
“Holdco Group”	Holdco and its direct and indirect subsidiaries (excluding each member of the Natural Beauty Group);
“Holdco Shareholders”	CA NB and Family Holdco 2;
“Holdco Shares”	ordinary shares of US\$1.00 each in the share capital of Holdco;
“Independent Board Committee”	the independent board committee of the board of directors of Natural Beauty comprising all of the independent non-executive directors of Natural Beauty, namely, Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching;
“Independent Shareholders”	Shareholders other than Bidco and parties acting in concert with it;
“Last Trading Day”	15 October 2009, being the last trading day prior to the suspension of trading in Natural Beauty Shares on the Stock Exchange pending the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Natural Beauty”	Natural Beauty Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 00157;
“Natural Beauty Board”	the board of directors of Natural Beauty, as from time to time constituted;
“Natural Beauty Group”	Natural Beauty and its direct and indirect subsidiaries;
“Natural Beauty Shares”	ordinary shares of HK\$0.10 each in the share capital of Natural Beauty;
“Offer Document”	the offer document to be issued by Bidco to the Independent Shareholders and Optionholders in connection with the Offers;
“Offers”	the Share Offer and the Option Offer;
“Offer Shares”	Natural Beauty Shares not already owned or agreed to be acquired by Bidco and parties acting in concert with it;
“Optionholders”	holders of Options;
“Option Offer”	the mandatory unconditional cash offer for the cancellation of the Options at the consideration of HK\$1.00 per board lot or part board lot of Natural Beauty Shares which would be issued if the relevant Options were exercised in full;
“Options”	outstanding options granted by Natural Beauty under the Share Option Scheme;
“Prior Privatisation Proposal”	the proposed privatisation of Natural Beauty by Global Radiance Company Limited, as announced on 25 November 2008;
“Reserved Matters”	has the meaning given to it in the section of this announcement headed “The Shareholders’ Agreement – Proceedings of Directors and Reserved Matters”;
“Response Document”	the document to be issued by Natural Beauty to all Independent Shareholders and Optionholders in accordance with the Takeovers Code;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 October 2009 entered into among CA NB, Family Holdco 1, Family Holdco 2 and the Family Investors, pursuant to which Family Holdco 1 agreed to sell and CA NB agreed to purchase the Sale Shares;
“Sale Shares”	25,000 Holdco Shares, representing 50 per cent. of the issued share capital of Holdco;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholders”	registered holders for the time being of Natural Beauty Shares;
“Shareholders’ Agreement”	the shareholders’ agreement dated 15 October 2009 entered into among CA NB, the Family Investors, Family Holdco 2 and Holdco setting out the rights and obligations of the parties in relation to the Holdco Group;
“Share Offer”	the mandatory unconditional cash offer at the Share Offer Price for all the issued Offer Shares;
“Share Offer Price”	the consideration of HK\$1.25 per Offer Share;
“Share Option Scheme”	the share option scheme adopted by Natural Beauty on 11 March 2002;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers.

By order of the Board
Standard Cosmos Limited
Dr. Tsai Yen-Yu
Chairlady

By order of the Board
Natural Beauty Bio-Technology Limited
Mr. Chen Ching
Director

Hong Kong, 19 October 2009

The directors of Bidco, Holdco and CA NB jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Natural Beauty Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Natural Beauty Group) have been arrived at after due consideration and there are no other facts not contained in this announcement, the omission of which would make any statement (other than those relating to the Natural Beauty Group) in this announcement misleading.

As at the date of this announcement, the board of directors of Bidco comprises Dr. Tsai Yen-Yu, Mr. Lee Ming Ta, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu, Mr. Greg Zeluck, Mr. Patrick Siewert, Ms. Christina Ng and Mr. Alex Ying.

As at the date of this announcement, the board of directors of Holdco comprises Dr. Tsai Yen-Yu, Mr. Lee Ming Ta, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu, Mr. Greg Zeluck, Mr. Patrick Siewert, Ms. Christina Ng and Mr. Alex Ying.

As at the date of this announcement, the board of directors of CA NB comprises Mr. Greg Zeluck, Mr. Patrick Siewert, Ms. Christina Ng and Mr. Alex Ying.

The directors of Natural Beauty jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Natural Beauty Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement by the Natural Beauty Group have been arrived at after due and careful consideration and there are no other facts, the omission of which would make any statement relating to the Natural Beauty Group in this announcement misleading.

As at the date of this announcement, the board of Natural Beauty comprises Dr. Tsai Yen-Yu, Mr. Lee Ming Ta, Dr. Su Chien-Cheng and Dr. Su Sh Hsyu as executive directors and Mr. Yeh Liang Fei, Mrs. Chen Shieh Shu Chen and Mr. Chen Ching as independent non-executive directors.