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自然美
natural beauty

Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TENANCY AGREEMENTS

The Board announces that on 16 November 2018, (a) the Renewed Taipei Tenancy Agreement was entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord; and (b) the Renewed Pa-Der Tenancy Agreement was entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord.

As Dr. Tsai Yen-Yu, the landlord of Renewed Taipei Tenancy Agreement, is a non-executive director of the Company and a substantial shareholder who indirectly holds approximately 22.24% of the total issued share capital of the Company as at the date of this announcement, and Dr. Su Chien-Cheng, the landlord of Renewed Pa-Der Tenancy Agreement, was an executive director of the Company in the last 12 months, both Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng are connected persons of the Company and the transactions contemplated under the Renewed Tenancy Agreements constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

Since the relevant percentage ratios (other than profits ratio) calculated on an annual basis by reference to the maximum aggregate sum of rentals payable by the Group under the Renewed Tenancy Agreements are greater than 0.1% but less than 5.0%, in accordance with Rule 14A.76(2) of the Listing Rules, the Renewed Tenancy Agreements are only subject to the announcement, annual reporting and annual review requirements set out in Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.57 of the Listing Rules and are exempted from the circular (including independent financial advice) and shareholders' approval requirements.

INTRODUCTION

Reference is made to the announcement of the Company dated 8 December 2016 in relation to the Existing Tenancy Agreements. Each of the leases under the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement will expire on 31 December 2018. With a view to renew the respective terms of such leases, the relevant parties to the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement entered into the Renewed Taipei Tenancy Agreement and the Renewed Pa-Der Tenancy Agreement respectively. The details of the Renewed Tenancy Agreements are set out below:

THE PRINCIPAL TERMS OF THE RENEWED TENANCY AGREEMENTS

(1) The Renewed Taipei Tenancy Agreement:

Date : 16 November 2018

Landlord : Dr. Tsai Yen-Yu

Tenant : Taiwan NB

Premises : The Taipei Premises (which have a total gross floor area of approximately 2,677.85 square metres)

Term : One year commencing on 1 January 2019 and expiring on 31 December 2019, both dates inclusive

Rental : TW\$2,250,000 (equivalent to approximately HK\$571,066) per calendar month inclusive of government taxes but exclusive of gas, electricity and water charges, and all other outgoings

Deposit : Nil

(2) The Renewed Pa-Der Tenancy Agreement:

Date : 16 November 2018

Landlord : Dr. Su Chien-Cheng

Tenant : Taiwan NB

Premises : The Pa-Der Premises (which have a total gross floor area of approximately 255.71 square metres)

Term : One year commencing on 1 January 2019 and expiring on 31 December 2019, both dates inclusive

Rental : TW\$78,000 (equivalent to approximately HK\$19,797) per calendar month inclusive of government taxes but exclusive of gas, electricity and water charges, and all other outgoings

Deposit : Nil

IMPLICATIONS UNDER THE LISTING RULES

As Dr. Tsai Yen-Yu, the landlord of the Renewed Taipei Tenancy Agreement, is a non-executive director of the Company and a substantial shareholder who indirectly holds approximately 22.24% of the total issued share capital of the Company as at the date of this announcement, and Dr. Su Chien-Cheng, the landlord of the Renewed Pa-Der Tenancy Agreement, was an executive director of the Company in the last 12 months, both Dr. Tsai Yen-Yu and Dr. Su Chien-Cheng are connected persons of the Company and the transactions contemplated under the Renewed Tenancy Agreements constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

Since the Renewed Tenancy Agreements are entered into between (i) a Group company as tenants; and (ii) landlords who are associated with each other, the tenancies under the Renewed Tenancy Agreements may be aggregated as a series of connected transactions under Rule 14A.81 of the Listing Rules. Accordingly, the annual cap for the rentals payable by the Group under these tenancies shall be aggregated for the purpose of calculating the applicable percentage ratios under the Listing Rules. Based on the rents payable per month as set out in the Renewed Tenancy Agreements, the breakdown of the annual cap payable by the Group thereunder is as follows:

	Year ending 31 December 2019 <i>HK\$</i>
Renewed Taipei Tenancy Agreement	6,852,792
Renewed Pa-Der Tenancy Agreement	237,564
Total:	<u><u>7,090,356</u></u>

Since the relevant percentage ratios (other than profits ratio) calculated on an annual basis by reference to the maximum aggregate sum of rentals payable by the Group under the Renewed Tenancy Agreements are greater than 0.1% but less than 5.0%, in accordance with Rule 14A.76(2) of the Listing Rules, the Renewed Tenancy Agreements are only subject to the announcement, annual reporting and annual review requirements set out in Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.57 of the Listing Rules and are exempted from the circular (including independent financial advice) and shareholders' approval requirements.

REASONS FOR THE TRANSACTIONS

The Taipei Premises have been used as the headquarters and a training and spa centre of the Group in Taipei, Taiwan, providing a one-stop location for administration, training of franchisees as well as operation of the flagship store in Taiwan.

The terms of the Renewed Taipei Tenancy Agreement were negotiated on an arm's length basis between the parties thereto with reference to (i) the prevailing market value of the monthly rental of the Taipei Premises at TW\$2,409,506 (equivalent to approximately HK\$611,549.75), as assessed by Euro-Asia and (ii) the amount of the rental under the Taipei Tenancy Agreement, which is the same as the rental under the Renewed Taipei Tenancy Agreement.

The Pa-Der Premises have been used as a spa centre of the Group in Taipei, Taiwan.

The terms of the Renewed Pa-Der Tenancy Agreement were negotiated on an arm's length basis between the parties thereto with reference to (i) the prevailing market value of the monthly rental of the Pa-Der Premises at TW\$88,964 (equivalent to approximately HK\$22,579.69), as assessed by Euro-Asia and (ii) the amount of the rental under the Pa-Der Tenancy Agreement, which is similar to the rental under the Renewed Pa-Der Tenancy Agreement.

The Directors of the Company (excluding Dr. Tsai Yen-Yu, who abstained from participating in the approval of the Renewed Tenancy Agreements due to conflict of interest), including the independent non-executive Directors of the Company, consider that the terms of the Renewed Tenancy Agreements were entered into in the ordinary and usual course of business of the Group, were negotiated and conducted by the Group on an arm's length basis and on normal commercial terms, and such terms are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

FUNDING OF THE RENTALS

The rentals payable under the Renewed Tenancy Agreements will be satisfied by the internal resources of the Group.

PRINCIPAL BUSINESS OF THE COMPANY AND TAIWAN NB

The Company

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

Taiwan NB

Taiwan NB is a company incorporated in Taiwan with limited liability and is an indirect wholly-owned subsidiary of the Company. It is engaged in the production and sale of skin care and beauty products.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Natural Beauty Bio-Technology Limited, 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
“Director(s)”	the director(s) of the Company
“Euro-Asia”	Euro-Asia Real Estate Appraisers Firm, a licensed independent real estate appraiser in Taiwan
“Existing Tenancy Agreements”	collectively, the Taipei Tenancy Agreement and the Pa-Der Tenancy Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pa-Der Premises”	the premises at 7/F and 7/F-1, No. 439, Section 2, Pa-Der Road, Songshan District, Taipei, Taiwan
“Pa-Der Tenancy Agreement”	the tenancy agreement dated 8 December 2016 entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord
“Renewed Pa-Der Tenancy Agreement”	the tenancy agreement in relation to the Pa-Der Premises dated 16 November 2018 entered into between Taiwan NB as tenant and Dr. Su Chien-Cheng as landlord on terms similar to the Pa-Der Tenancy Agreement
“Renewed Taipei Tenancy Agreement”	the tenancy agreement in relation to the Taipei Premises dated 16 November 2018 entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord on terms similar to the Taipei Tenancy Agreement
“Renewed Tenancy Agreements”	collectively, the Renewed Taipei Tenancy Agreement and the Renewed Pa-Der Tenancy Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipei Premises”	the premises at 1/F of No. 8 of Jhuangjing Road and half of 1/F, 2/F, 2/F-1, 3/F & 4/F of No. 9 Songqin Street, Sinyi District, Taipei, Taiwan
“Taipei Tenancy Agreement”	the tenancy agreement dated 8 December 2016 entered into between Taiwan NB as tenant and Dr. Tsai Yen-Yu as landlord
“Taiwan”	Republic of China (Taiwan)
“Taiwan NB”	自然美生物科技股份有限公司 (Natural Beauty Bio-Technology Company Limited), a company with limited liability incorporated in Taiwan and is an indirect wholly-owned subsidiary of the Company
“TW\$”	Taiwan dollar(s), the lawful currency of Taiwan

Unless otherwise indicated, the exchange rate of HK\$1.00 to TW\$3.94 used in this announcement is for illustration purposes only and does not constitute a representation that any amount has been, could have been or may be converted at such or any other rates at all.

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

Hong Kong, 16 November 2018

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