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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)

## **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

### **NEW CCT AGREEMENTS**

Reference is made to the announcement of the Company dated 22 March 2019 in relation to, among other things, (i) the ET New Media Cooperation Agreement, (ii) the Eastern Health Procurement Agreement, (iii) the Eastern Home Consignment Agreement, (iv) the Strawberry Service Agreement, and (v) the Eastern Tenmax Procurement Agreement.

As disclosed in the Announcement, the respective term of the CCT Agreements will expire on 31 May 2019. As the Directors consider that the cooperation between the Group and ET New Media, Eastern Health, Eastern Home, Strawberry and Eastern Tenmax under the 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 New CCT Agreements.

### **LISTING RULES IMPLICATIONS**

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

Since (a) ET New Media, Eastern Health, Eastern Home, Strawberry and Eastern Tenmax are connected with one another through FESS, a controlling shareholder of the Company, and/or Insbro, a substantial shareholder of the Company, and (b) the Previous Agreements, the CCT Agreements and the New CCT Agreements were all entered into or completed within a 12-month period, the Directors consider it is appropriate to aggregate the Previous Agreements, the CCT Agreements and the New CCT Agreements pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate of (i) the highest annual cap of each of the New CCT Agreements, (ii) the cap of each of the CCT Agreements, and (iii) the historical transaction amount of the Previous Agreements exceeds 5% and the aggregate consideration is more than HK\$10,000,000, the entering into of the New CCT Agreements is subject to the reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate of (i) the highest annual cap of the New Strawberry Service Agreement and (ii) the cap of the Strawberry Service Agreement pursuant to Rule 14.22 of the Listing Rules is more than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the New Strawberry Service Agreement constitutes a discloseable transaction for the Company and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the New CCT Agreements (including the annual caps), the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM is expected to be despatched to the Shareholders on or before 7 May 2019.

The EGM will be convened and held for, among other things, the independent Shareholders to approve the New CCT Agreements and the transactions contemplated thereunder (including the annual caps).

## **NEW CCT AGREEMENTS**

Reference is made to the announcement of the Company dated 22 March 2019 in relation to, among other things, (i) the ET New Media Cooperation Agreement, (ii) the Eastern Health Procurement Agreement, (iii) the Eastern Home Consignment Agreement, (iv) the Strawberry Service Agreement, and (v) the Eastern Tenmax Procurement Agreement.

As disclosed in the Announcement, the respective term of the CCT Agreements will expire on 31 May 2019. As the Directors consider that the cooperation between the Group and ET New Media, Eastern Health, Eastern Home, Strawberry and Eastern Tenmax under the 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 New CCT Agreements.

### **A. NEW ET NEW MEDIA COOPERATION AGREEMENT**

On 16 April 2019 (after trading hours), Taiwan NB, an indirect wholly-owned subsidiary of the Company, entered into the New ET New Media Cooperation Agreement with ET New Media.

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 93.90% 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 New ET New Media Cooperation Agreement constitute continuing connected transactions of the Company.

Major terms of the New ET New Media Cooperation Agreement are summarised below:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) Taiwan NB; and (ii) ET New Media
<b>Subject matter</b>	Taiwan NB agrees 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.
<b>Nature of transactions</b>	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.
<b>Pricing</b>	For each advertising project, ET New Media shall offer a certain discount to the list price of such project (being prices ET New Media offer to its clients which are independent third parties).
<b>Condition</b>	The New ET New Media Cooperation Agreement shall only become effective upon the Company having obtained independent Shareholders’ approval pursuant to the Listing Rules.
<b>Term</b>	From 1 June 2019 to 31 May 2022.

#### **Historical transaction amount**

Taiwan NB has signed the ET New Media Cooperation Agreement with ET New Media on 22 March 2019, which will expire on 31 May 2019, with terms similar to the New ET New Media Cooperation Agreement. As at the date of this announcement, the aggregate fees payable by Taiwan NB under the ET New Media Cooperation Agreement amounted to nil.

#### **Annual cap**

Pursuant to the terms of the New ET New Media Cooperation Agreement, the annual cap in respect of the fees payable by Taiwan NB to ET New Media thereunder shall be NT\$15,000,000 (equivalent to approximately HK\$3,822,338) from 1 June 2019 to 31 December 2019; NT\$30,000,000 (equivalent to approximately HK\$7,644,675) from 1 January 2020 to 31 December 2020; NT\$30,000,000 (equivalent to approximately HK\$7,644,675) from 1 January 2021 to 31 December 2021; and NT\$10,000,000 (equivalent to approximately HK\$2,548,225) from 1 January 2022 to 31 May 2022. The annual cap has been arrived at based on the following factors:

- (i) the marketing plan and campaigns of Taiwan NB for the same periods;
- (ii) the historical transaction amount relating to fees payable by the Company under the ET New Media Cooperation Agreement; and

(iii) the advertising volume that Taiwan NB is expected to purchase from ET New Media during the term of the New ET New Media Cooperation Agreement.

### **Information on the parties**

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.

Taiwan NB is a company incorporated in Taiwan with limited liability. It is principally engaged in: (i) production and sale of skin care and beauty products, and (ii) provision of beauty treatments and spa services and the relevant training services.

## **B. NEW EASTERN HEALTH PROCUREMENT AGREEMENT**

On 16 April 2019 (after trading hours), Taiwan NB, an indirect wholly-owned subsidiary of the Company, entered into the New Eastern Health Procurement Agreement with Eastern Health.

As at the date of this announcement, Far Rich can, directly or indirectly, control the composition of a majority of the board of directors of EMI. As such, Far Rich is considered the holding company of EMI for the purposes of the Listing Rules. As Eastern Health is an indirect non-wholly owned subsidiary of Far Rich owned indirectly as to 90% of its shareholding by Far Rich, Eastern Health is a connected person of the Company for the purposes of the Listing Rules and the transactions contemplated under the New Eastern Health Procurement Agreement constitute continuing connected transactions of the Company.

The major terms of the New Eastern Health Procurement Agreement are as follows:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) Taiwan NB; and (ii) Eastern Health
<b>Nature of transactions</b>	During the term of the New Eastern Health Procurement Agreement, Taiwan NB may from time to time make wholesale purchase of products from Eastern Health such as health supplements for on-sale to end customers.
<b>Pricing</b>	At a certain discount to the relevant market retailing price.
<b>Condition</b>	The New Eastern Health Procurement Agreement shall only become effective upon the Company having obtained independent Shareholders' approval pursuant to the Listing Rules.
<b>Term</b>	From 1 June 2019 to 31 May 2022.

## **Historical transaction amount**

Taiwan NB has signed the Previous Eastern Health Procurement Agreement with Eastern Health on 1 January 2019, which expired on 21 March 2019, with terms similar to the Eastern Health Procurement Agreement. Nil amount of goods purchase has been recorded under the Previous Eastern Health Procurement Agreement.

Taiwan NB has signed the Eastern Health Procurement Agreement with Eastern Health on 22 March 2019, which will expire on 31 May 2019, with terms similar to the New Eastern Health Procurement Agreement. As at the date of this announcement, the aggregate amount of goods purchase recorded under the Eastern Health Procurement Agreement amounted to NT\$4,080,000 (equivalent to approximately HK\$1,039,676).

## **Annual cap**

Pursuant to the terms of the New Eastern Health Procurement Agreement, the annual cap in respect of the aggregate amount of goods to be purchased under the New Eastern Health Procurement Agreement shall be NT\$30,000,000 (equivalent to approximately HK\$7,644,675) from 1 June 2019 to 31 December 2019; NT\$80,000,000 (equivalent to approximately HK\$20,385,801) from 1 June 2020 to 31 December 2020; NT\$150,000,000 (equivalent to approximately HK\$38,223,377) from 1 January 2021 to 31 December 2021; and NT\$80,000,000 (equivalent to approximately HK\$20,385,801) from 1 January 2022 to 31 May 2022. The annual cap has been arrived at based on the projected purchase amount of goods under the New Eastern Health Procurement Agreement and the historical transaction amount under the Previous Eastern Health Procurement Agreement and the Eastern Health Procurement Agreement.

## **Information on the parties**

Eastern Health is a company incorporated in Taiwan with limited liability. It is principally engaged in research and development and sale of health supplements.

Taiwan NB is a company incorporated in Taiwan with limited liability. It is principally engaged in: (i) production and sale of skin care and beauty products, and (ii) provision of beauty treatments and spa services and the relevant training services.

## **C. NEW EASTERN HOME CONSIGNMENT AGREEMENT**

On 16 April 2019 (after trading hours), Taiwan NB, an indirect wholly-owned subsidiary of the Company, entered into the New Eastern Home Consignment Agreement with Eastern Home.

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, 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 New Eastern Home Consignment 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 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 New Eastern Home Consignment Agreement constitute continuing connected transactions of the Company.

Major terms of the New Eastern Home Consignment Agreement are summarised below:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) Taiwan NB; and (ii) Eastern Home
<b>Subject matter</b>	Taiwan NB will engage Eastern Home to sell certain products manufactured, distributed or sold by Taiwan NB which are selected by Eastern Home as target products (the “ <b>Target Products</b> ”). The retail price of the Target Products being sold by Eastern Home shall be proposed by Eastern Home and fixed upon the consent of Taiwan NB.
<b>Nature of transactions</b>	Taiwan NB shall authorise Eastern Home to sell the Target Products to end customers and to use related promotional materials for such purpose.  Eastern Home shall be responsible for marketing and selling the Target Products to end customers through its own distribution channels or third party distribution channels.
<b>Fees and commissions</b>	Subject to the additional rewards as set out in the following paragraph, approximately 30%-50% of the proceeds received by Eastern Home from the end customers through the sale of the Target Products shall be paid over to Taiwan NB (the “ <b>Net Proceeds</b> ”).

**Special rewards** In respect of Target Products being sold through the internet:

- (a) Taiwan NB shall pay a sale commission at 2% of the relevant sale proceeds to Eastern Home; and
- (b) given Eastern Home shall from time to time organise marketing events, Taiwan NB shall additionally pay a marketing sponsorship fee at 3% of the relevant monthly sale proceeds to Eastern Home for such Target Products sold.

**Condition** The New Eastern Home Consignment Agreement shall only become effective upon the Company having obtained independent Shareholders' approval pursuant to the Listing Rules.

**Term** From 1 June 2019 to 31 May 2022.

**Historical transaction amount**

Taiwan NB has signed the Previous Eastern Home Consignment Agreement with Eastern Home on 10 December 2018, which expired on 21 March 2019, with terms similar to the Eastern Home Consignment Agreement. The aggregate Net Proceeds actually paid by Eastern Home under the Previous Eastern Home Consignment Agreement is approximately NT\$5,299,508 (equivalent to approximately HK\$1,350,434).

Taiwan NB has signed the Eastern Home Consignment Agreement with Eastern Home on 22 March 2019, which will expire on 31 May 2019, with terms generally similar to the New Eastern Home Consignment Agreement. As at the date of this announcement, the aggregate Net Proceeds payable by Eastern Home under the Eastern Home Consignment Agreement amounted to approximately NT\$1,169,978 (equivalent to approximately HK\$298,137).

**Annual cap**

Pursuant to the terms of the New Eastern Home Consignment Agreement, the annual cap in respect of the aggregate Net Proceeds payable under the New Eastern Home Consignment Agreement shall be NT\$200,000,000 (equivalent to approximately HK\$50,964,503) from 1 June 2019 to 31 December 2019; NT\$500,000,000 (equivalent to approximately HK\$127,411,258) from 1 January 2020 to 31 December 2020; NT\$800,000,000 (equivalent to approximately HK\$203,858,012) from 1 January 2021 to 31 December 2021; and NT\$500,000,000 (equivalent to approximately HK\$127,411,258) from 1 January 2022 to 31 May 2022. The annual cap has been arrived at based on the following factors:

- (i) the historical transaction amount relating to the Net Proceeds under the Previous Eastern Home Consignment Agreement and the Eastern Home Consignment Agreement respectively;
- (ii) the projected sale of Target Products under the New Eastern Home Consignment Agreement; and
- (iii) the projected fees, commission and cost of sales deductible from the amount described in paragraph (ii) above.

## Information on the parties

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.

Taiwan NB is a company incorporated in Taiwan with limited liability. It is principally engaged in: (i) production and sale of skin care and beauty products, and (ii) provision of beauty treatments and spa services and the relevant training services.

## D. NEW STRAWBERRY SERVICE AGREEMENT

On 16 April 2019 (after trading hours), NB China, a direct wholly-owned subsidiary of the Company, entered into the New Strawberry Service Agreement with Strawberry.

As disclosed in the section headed “C. New Eastern Home Consignment Agreement” above, the Directors voluntarily treat Eastern Home as a connected person of the Company. Since (a) Strawberry is an indirect non-wholly owned subsidiary of Eastern Home owned indirectly as to 76% of its shareholding by Eastern Home and (b) the New Strawberry Service Agreement was entered into on the same date as the other transactions disclosed in this announcement, the Directors consider that it is also 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 New Strawberry Service Agreement constitute continuing connected transactions of the Company.

Major terms of the New Strawberry Service Agreement are summarised below:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) NB China; and (ii) Strawberry
<b>Subject matter</b>	NB China will, within the validity period of the New Strawberry Service Agreement, provide the Strawberry Services to Strawberry for the Service Fees.
<b>Nature of transactions</b>	During the provision of the Strawberry Services by NB China:  (a) the parties will actively cooperate with a view to determine (and NB China shall have the discretion to make the final decision on) the specific items and price of the Strawberry Goods to be displayed, and the manner of such display, on the NB Website;  (b) NB China will provide the Strawberry Services with a view to promote and/or facilitate the placing of purchase orders (“ <b>Purchase Orders</b> ”) and payment of purchase price by customers for the Strawberry Goods through the NB Website;



- (c) NB China will, promptly upon receipt of Purchase Orders, pass the Purchase Orders to Strawberry. Upon receipt of the Purchase Orders from NB China, Strawberry will promptly pack and deliver the ordered Strawberry Goods in accordance with the Purchase Orders to the customers in a manner mutually agreed by the parties;
- (d) NB China will, through payment services available to customers on the NB Website, collect the purchase price for the Strawberry Goods purchased through the NB Website from the customers for and on behalf of Strawberry; and
- (e) NB China will, after deducting the Service Fees and other relevant charges, return the collected purchase price to Strawberry in accordance with the terms and conditions under the New Strawberry Service Agreement.

**Service Fees**

NB China is entitled to the Service Fees. For each Purchase Order accepted by Strawberry, NB China will charge Service Fees at an agreed percentage of the gross item price of the Strawberry Goods ordered therein as indicated on the Strawberry Website as at the date of such Purchase Order.

**Condition**

The New Strawberry Service Agreement shall only become effective upon the Company having obtained independent Shareholders' approval pursuant to the Listing Rules.

**Term**

From 1 June 2019 to 31 May 2022.

**Historical transaction amount**

NB China has signed the Strawberry Service Agreement with Strawberry on 22 March 2019, which will expire on 31 May 2019, with terms similar to the New Strawberry Service Agreement. As at the date of this announcement, the aggregate Service Fees payable by Strawberry to NB China under the Strawberry Service Agreement amounted to nil.

## **Annual cap**

Pursuant to the terms of the New Strawberry Service Agreement, the annual cap of the Service Fees payable by Strawberry to NB China thereunder shall be HK\$5,250,000 from 1 June 2019 to 31 December 2019; HK\$9,000,000 from 1 January 2020 to 31 December 2020; HK\$9,000,000 from 1 January 2021 to 31 December 2021; and HK\$3,750,000 from 1 January 2022 to 31 May 2022. The annual cap has been arrived at based on the following factors:

- (i) the estimated aggregate of the gross item price of Strawberry Goods ordered by end customers through the NB Website during the term of the New Strawberry Service Agreement;
- (ii) the historical transaction amount relating to Service Fees under the Strawberry Service Agreement; and
- (iii) the agreed rate of the Service Fees.

## **Information on the parties**

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.

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

## **E. NEW EASTERN TENMAX PROCUREMENT AGREEMENT**

On 16 April 2019 (after trading hours), Taiwan NB, an indirect wholly-owned subsidiary of the Company, entered into the New Eastern Tenmax Procurement Agreement with Eastern Tenmax.

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 Tenmax and its ultimate beneficial owners is an Independent Third Party. However, given that (a) one member of the board of directors of Eastern Tenmax, 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 New Eastern Tenmax Procurement 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 Eastern Tenmax 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 New Eastern Tenmax Procurement Agreement constitute continuing connected transactions of the Company.

Major terms of the New Eastern Tenmax Procurement Agreement are summarised below:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) Taiwan NB; and (ii) Eastern Tenmax
<b>Nature of transactions</b>	During the term of the New Eastern Tenmax Procurement Agreement, Eastern Tenmax may from time to time make wholesale purchase of Taiwan NB products such as health supplements, skin-care products and cosmetic products, and Taiwan NB shall sell such products to Eastern Tenmax at an agreed discount to relevant retail price for on-sale by Eastern Tenmax.
<b>Condition</b>	The New Eastern Tenmax Procurement Agreement shall only become effective upon the Company having obtained independent Shareholders' approval pursuant to the Listing Rules.
<b>Term</b>	From 1 June 2019 to 31 May 2022.

#### **Historical transaction amount**

Taiwan NB has signed the Previous Eastern Tenmax Procurement Agreement with Eastern Tenmax on 1 November 2018, which expired on 21 March 2019, with terms similar to the Eastern Tenmax Procurement Agreement. The aggregate amount of purchase made by Eastern Tenmax under the Previous Eastern Tenmax Procurement Agreement is approximately NT\$972,900 (equivalent to approximately HK\$247,917).

Taiwan NB has signed the Eastern Tenmax Procurement Agreement with Eastern Tenmax on 22 March 2019, which will expire on 31 May 2019, with terms similar to the New Eastern Tenmax Procurement Agreement. As at the date of this announcement, the aggregate amount of purchase made by Eastern Tenmax under the Eastern Tenmax Procurement Agreement is nil.

## **Annual cap**

Pursuant to the terms of the New Eastern Tenmax Procurement Agreement, the annual cap in respect of the aggregate amount of purchase to be made by Eastern Tenmax thereunder shall be NT\$70,000,000 (equivalent to approximately HK\$17,837,576) from 1 June 2019 to 31 December 2019; NT\$150,000,000 (equivalent to approximately HK\$38,223,377) from 1 January 2020 to 31 December 2020; NT\$250,000,000 (equivalent to approximately HK\$63,705,629) from 1 January 2021 to 31 December 2021; and NT\$150,000,000 (equivalent to approximately HK\$38,223,377) from 1 January 2022 to 31 May 2022. The annual cap has been arrived at based on the following factors:

- (i) the historical amount of purchase made by Eastern Tenmax under the Previous Eastern Tenmax Procurement Agreement and the Eastern Tenmax Procurement Agreement respectively;
- (ii) the projected amount of purchase to be made by Eastern Tenmax under the New Eastern Tenmax Procurement Agreement; and
- (iii) the changes in the price of the products to be purchased.

## **Information on the parties**

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

Taiwan NB is a company incorporated in Taiwan with limited liability. It is principally engaged in: (i) production and sale of skin care and beauty products, and (ii) provision of beauty treatments and spa services and the relevant training services.

## **F. EASTERN HOME TRADEMARK LICENCE AGREEMENT**

On 16 April 2019 (after trading hours), NB China entered into the Eastern Home Trademark Licence Agreement with Eastern Home.

As disclosed in the section headed “C. New Eastern Home Consignment Agreement” above, 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 Trademark Licence Agreement constitute continuing connected transactions of the Company.

The major terms of the Eastern Home Trademark Licence Agreement are as follows:

<b>Date</b>	16 April 2019
<b>Parties</b>	(i) NB China; and (ii) Eastern Home

**Nature of transactions** NB China agreed to grant Eastern Home a non-exclusive licence to use the Trademarks in respect of products mutually agreed between the parties.

In respect of such mutually agreed products, Eastern Home will be able to (i) reproduce and/or print the Trademarks on the packaging and marketing materials of such products and (ii) broadcast, transmit, distribute and/or publish such marketing materials during the process of marketing and sales of such products.

**Royalty** Eastern Home shall pay NB China a royalty for the licence to use the Trademarks (the “**Royalty**”) at 3% of the net proceeds from the sale of mutually agreed products through various channels operated by Eastern Home (including but not limited to television, internet and catalogues etc.) to the end customers.

**Condition** The Eastern Home Trademark Licence Agreement shall only become effective upon the Company having obtained independent Shareholders’ approval pursuant to the Listing Rules.

**Term** From 1 June 2019 to 31 May 2022.

**Annual cap**

Pursuant to the Eastern Home Trademark Licence Agreement, the annual cap in respect of the aggregate Royalty payable by Eastern Home to NB China thereunder shall be NT\$15,000,000 (equivalent to approximately HK\$3,822,338) from 1 June 2019 to 31 December 2019; NT\$20,000,000 (equivalent to approximately HK\$5,096,450) from 1 January 2020 to 31 December 2020; NT\$30,000,000 (equivalent to approximately HK\$7,644,675) from 1 January 2021 to 31 December 2021; and NT\$15,000,000 (equivalent to approximately HK\$3,822,338) from 1 January 2022 to 31 May 2022. If the annual cap is reached for a particular year, there will not be any further Royalty payable by Eastern Home to NB China for that year. Notwithstanding the foregoing, Eastern Home will continue to be able to use the Trademarks. The annual cap has been arrived at based on the projected net proceeds from the sale of mutually agreed products through various channels operated by Eastern Home to the end customers.

**Information on the parties**

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.

NB China is a company incorporated in Hong Kong with limited liability. It is an investment holding company.

## **INTERNAL CONTROL MEASURES**

The Group will adopt internal control procedures and corporate governance measures in relation to the transactions contemplated under the New CCT Agreements in order to ensure that the pricing mechanism and terms of the transactions 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. Such procedures and internal control measures mainly include:

- (i) The senior management of the Company shall be responsible for monitoring whether the terms of the New CCT Agreements as agreed are fair and reasonable and no less favourable than those offered by independent third parties and that the annual caps therein are not exceeded, and in accordance with the New CCT Agreements and the pricing policies of the Company;
- (ii) the Company will supervise the transactions contemplated under the New CCT Agreements in accordance with the procedures set forth in the Company's internal memorandum, pursuant to which relevant personnel of the Company will review and assess the details of the transactions to ensure such transactions comply with the terms of the respective New CCT Agreements;
- (iii) the auditors of the Company will conduct annual review on the pricing and the annual caps of the transactions contemplated under the New CCT Agreements; and
- (iv) the independent non-executive Directors will conduct a review of the New CCT Agreements to ensure that the such transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

By implementing the above 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 the New CCT Agreements will be on normal commercial terms and no less favourable to the Group than available from independent third parties.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

Following the close of the unconditional mandatory general cash offer for all the issued share capital in the Company (other than those already owned by FESS and/or parties acting in concert with it) by CCB International Capital Limited for and on behalf of Insbro, FESS becomes a controlling shareholder of the Company. 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 Health, Eastern Home, Strawberry and Eastern Tenmax under the 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 New CCT Agreements.

The Directors consider that the New 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. As a result, the entering into of the New ET New Media Cooperation Agreement represents an opportunity to the Group to further enhance brand awareness and increase sales.

The Directors consider that the New Eastern Health Procurement Agreement provides a framework to allow the Group to purchase products which the Group currently has no in-house capability to manufacture but does sell to end customers as one of its ordinary and usual course of business, e.g. health supplements at a discount, thereby reducing the procurement costs of the Group and would help improve the financial performance of the Group.

The Directors consider that the New Eastern Home 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 (b) increase the exposure of the "Natural Beauty" brand and products by leveraging on the extensive sales channels operated by Eastern Home. As a result, the entering into of the New Eastern Home Consignment Agreement represents an opportunity to the Group to further expand its business and increase sales.

The Directors consider that the New Strawberry Service Agreement provides a framework for the Group to utilise its existing customer base and sales network to market the Strawberry Goods, thereby generating a sustainable revenue stream for the Group without substantial additional costs.

The Directors consider that the New Eastern Tenmax Procurement Agreement provides the Group with an additional distribution channel of the Group's products and hence an opportunity to increase sales.

The Directors consider that the Eastern Home Trademark Licence Agreement will increase the exposure of the Group's brand name while simultaneously generate a new revenue stream for the Group without substantial additional costs.

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 New CCT Agreements had been negotiated and arrived at on an arms-length basis, on normal commercial terms or better, and are (other than the New Strawberry Service Agreement) in the ordinary and usual course of business of the Group, and hence consider the terms of each of the New CCT Agreements (including their respective pricing arrangement and proposed annual cap) are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Company is listed on the Main Board of the Stock Exchange. The Group is principally engaged in (a) manufacturing and sales of a range of products including skin care, beauty, aromatherapeutic products, health supplements and 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.

## **LISTING RULES IMPLICATIONS**

As disclosed above, the transactions contemplated under each of the New CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (a) ET New Media, Eastern Health, Eastern Home, Strawberry and Eastern Tenmax are connected with one another through FESS, a controlling shareholder of the Company, and/or Insbro, a substantial shareholder of the Company, and (b) the Previous Agreements, the CCT Agreements and the New CCT Agreements were all entered into or completed within a 12-month period, the Directors consider it is appropriate to aggregate the Previous Agreements, the CCT Agreements and the New CCT Agreements pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate of (i) the highest annual cap of each of the New CCT Agreements, (ii) the cap of each of the CCT Agreements, and (iii) the historical transaction amount of the Previous Agreements exceeds 5% and the aggregate consideration is more than HK\$10,000,000, the entering into of the New 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. Pan Yi-Fan, 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 New CCT Agreements and the transactions contemplated respectively thereunder. As such, each of Dr. Lei Chien, Mr. Pan Yi-Fan, Ms. Lu Yu-Min and Ms. Lin Shu-Hua abstained from voting on the relevant board resolutions approving the New 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 New CCT Agreements and the transactions contemplated respectively thereunder, nor are they required to abstain from voting on the relevant board resolutions approving the New CCT Agreements and the transactions contemplated respectively thereunder.



Since the Directors consider that the transactions contemplated under the New CCT Agreements (other than the New Strawberry Service Agreement) 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.

The Directors consider that the transactions contemplated under the New Strawberry Service Agreement are not in the ordinary and usual course of business of the Group. As the highest applicable percentage ratio in respect of the aggregate of (i) the highest annual cap of the New Strawberry Service Agreement and (ii) the cap of the Strawberry Service Agreement pursuant to Rule 14.22 of the Listing Rules is more than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the New Strawberry Service Agreement constitutes a discloseable transaction for the Company and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The Company will convene an EGM during which an ordinary resolution will be proposed to the independent Shareholders to approve the New CCT Agreements and the transactions contemplated thereunder (including the annual caps). 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 New CCT Agreements at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider the New 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 New CCT Agreements. No member of the Independent Board Committee has any material interest in the New 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 New CCT Agreements are fair and reasonable, and whether New 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 New CCT Agreements and the transactions contemplated thereunder.

A circular containing, among others, details of the New CCT Agreements, 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 7 May 2019, with the view that the EGM is expected to be held on or before 23 May 2019.

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 22 March 2019 in relation to, among other things, (i) the ET New Media Cooperation Agreement, (ii) the Eastern Health Procurement Agreement, (iii) the Eastern Home Consignment Agreement, (iv) the Strawberry Service Agreement, and (v) the Eastern Tenmax Procurement Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CCT Agreements”	the ET New Media Cooperation Agreement, Eastern Health Procurement Agreement, Eastern Home Consignment Agreement, Strawberry Service Agreement and Eastern Tenmax Procurement Agreement
“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 Health”	Eastern Health Biomedical Co., Ltd. (東森健康生醫有限公司), a company incorporated in Taiwan with limited liability
“Eastern Health Procurement Agreement”	the goods procurement agreement dated 22 March 2019 entered into between Taiwan NB and Eastern Health, with a term from 22 March 2019 to 31 May 2019
“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 22 March 2019 entered into between Taiwan NB and Eastern Home, with a term from 22 March 2019 to 31 May 2019
“Eastern Home Trademark Licence Agreement”	the license agreement dated 16 April 2019 entered into between the Company as licensor and Eastern Home as licensee, with a term from 1 June 2019 to 31 May 2022

“Eastern Tenmax”	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 Tenmax Procurement Agreement”	the product procurement agreement dated 22 March 2019 entered into between Taiwan NB and Eastern Tenmax, with a term from 22 March 2019 to 31 May 2019
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the New CCT Agreements and the transactions contemplated thereunder (including the annual caps)
“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 22 March 2019 entered into between Taiwan NB and ET New Media, with a term from 22 March 2019 to 31 May 2019
“Far Rich”	Far Rich International Corporation (遠富國際股份有限公司), a company incorporated in Taiwan with limited liability
“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 New 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 New CCT Agreements and the transactions contemplated thereunder
“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 Website”	a website with domain name <a href="http://strawberrynet.nblife.com">http://strawberrynet.nblife.com</a> owned and operated by NB China
“New CCT Agreements”	the New Eastern Health Procurement Agreement, the New Eastern Home Consignment Agreement, the New Eastern Tenmax Procurement Agreement, the New ET New Media Cooperation Agreement, the New Strawberry Service Agreement and the Eastern Home Trademark Licence Agreement
“New Eastern Health Procurement Agreement”	the goods procurement agreement dated 16 April 2019 entered into between Taiwan NB and Eastern Health with a term from 1 June 2019 to 31 May 2022
“New Eastern Home Consignment Agreement”	the product consignment agreement dated 16 April 2019 entered into between Taiwan NB and Eastern Home with a term from 1 June 2019 to 31 May 2022
“New Eastern Tenmax Procurement Agreement”	the product procurement agreement dated 16 April 2019 entered into between Taiwan NB and Eastern Tenmax with a term from 1 June 2019 to 31 May 2022
“New ET New Media Cooperation Agreement”	the project cooperation agreement dated 16 April 2019 entered into between Taiwan NB and ET New Media with a term from 1 June 2019 to 31 May 2022
“New Strawberry Service Agreement”	the service agreement dated 16 April 2019 entered into between Strawberry and NB China in relation to the provision of Strawberry Services with a term from 1 June 2019 to 31 May 2022

“NT\$”	New Taiwan Dollar(s), the lawful currency of Taiwan
“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 Agreements”	the Previous Eastern Health Procurement Agreement, the Previous Eastern Home Consignment Agreement and the Previous Eastern Tenmax Procurement Agreement
“Previous Eastern Health Procurement Agreement”	the goods procurement agreement dated 1 January 2019 entered into between Taiwan NB and Eastern Health which expired on 21 March 2019
“Previous Eastern Home Consignment Agreement”	the product consignment agreement dated 10 December 2018 entered into between Taiwan NB and Eastern Home which expired on 21 March 2019
“Previous Eastern Tenmax Procurement Agreement”	the product procurement agreement dated 1 November 2018 entered into between Taiwan NB and Eastern Tenmax which expired on 21 March 2019
“Service Fees”	service fees for the provision of Strawberry Services by NB China to Strawberry pursuant to the New Strawberry Service Agreement or the Strawberry Service Agreement (as applicable)
“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 (Greater China) Limited, a company incorporated in Hong Kong with limited liability
“Strawberry Goods”	a variety of goods sold by Strawberry through the Strawberry Website, including without limitation skincare, make-up and haircare products, perfume, men’s cologne and health foods
“Strawberry Service Agreement”	the service agreement dated 22 March 2019 entered into between Strawberry and NB China in relation to the provision of Strawberry Services, with a term from 22 March 2019 to 31 May 2019

“Strawberry Services”	services relating to the marketing and sales of Strawberry Goods through the NB Website, including (a) goods display and merchandising, goods search, purchase order creation, transaction management, payment and customer services enhancement; and (b) increasing goods exposure, integrated brand marketing, training for operations and sales, to be provided by NB China to Strawberry
“Strawberry Website”	a website with domain name <a href="http://www.strawberrynet.com">http://www.strawberrynet.com</a> owned and operated by 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
“Trademarks”	certain trademarks owned by the Company as more particularly described under the Eastern Home Trademark Licence Agreement

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

Hong Kong, 16 April 2019

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

*Unless otherwise indicated, the exchange rate of HK\$1.00 to NT\$3.9243 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.*