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Natural Beauty Bio-Technology Limited

自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

QUARTERLY UPDATE ON SUSPENSION OF TRADING

This announcement is made by Natural Beauty Bio-Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 24 March 2020, 29 April 2020 and 21 May 2020 (the “**Announcements**”) in relation to, among other things, the suspension of trading in the Shares of the Company (the “**Suspension**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 24 March 2020.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 21 May 2020, the Company has been notified by the Stock Exchange of the following Resumption Guidance:

- (a) conduct an appropriate investigation into the Issues raised by the Auditors, announce the findings and take appropriate remedial actions;
- (b) publish all outstanding financial results and address any audit modifications; and
- (c) inform the market of all material information of the Company.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the shareholders and potential investors of the Company that, as at the date of this announcement, the latest development on the progress of the Company's efforts to fulfil the resumption conditions are as follows:

UPDATE ON FORENSIC REVIEW

As disclosed in the Announcements, during the Auditors' audit process for the Group's financial statements for the year ended 31 December 2019 ("**2019 Financial Statements**"), the Auditors have, on 12 March 2020, raised certain Issues in relation to the sales made by the Group to certain distributors and how certain individual distributors and customers settled their payments to the Group.

On 24 March 2020, in response to the Auditors' enquires, the Audit Committee has engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited as the forensic accountant ("**Forensic Accountant**") to conduct a forensic review ("**Forensic Review**") of the Issues.

On 22 April 2020, the Forensic Accountant provided a draft forensic review report to the Audit Committee to report on its initial findings. On 27 April 2020, the Auditors requested the Audit Committee to expand the scope of the Forensic Review with a view to satisfying the Auditors' concerns. Subsequently, the Forensic Accountant performed certain additional procedures as instructed by the Audit Committee.

On 16 June 2020, the Forensic Accountant provided an updated draft forensic review report ("**Updated Draft Report**") to the Audit Committee to report on its findings on their work performed.

As of the date of this announcement, the Auditors are in the process of reviewing the Updated Draft Report and will provide feedbacks on the Updated Draft Report to the Forensic Accountant in the coming weeks. It is expected that the Auditors will resume the audit process of the 2019 Financial Statements upon the Auditors' satisfaction of the results of the Forensic Review. It is currently uncertain as to how long it will take for the Auditors to complete the audit of the 2019 Financial Statements upon the resumption of the auditing process. The Board will make further announcement(s) in respect of the progress of the Forensic Review and the audit process of the 2019 Financial Statements in due course. In the meantime, the Board shall continue to inform the shareholders and potential investors of the Company of all material information of the Company.

FURTHER DELAY IN PUBLICATION OF THE AUDITED 2019 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2019 ANNUAL REPORT

As disclosed in the announcement of the Company dated 24 March 2020, given that the Company announced the unaudited consolidated annual results of the Group for the year ended 31 December 2019 (which have not been agreed by the Auditors), pursuant to Rule 13.49(3)(ii) of the Listing Rules, the Company will be required to comply with the requirements set out in Rule 13.49(2) of the Listing Rules (i.e. the preliminary results announcement shall be based on the Company's financial statements for the financial year which shall have been agreed with the auditors), as soon as the consolidated annual results of the Group for the year ended 31 December 2019 ("**2019 Annual Results**") have been agreed with the Auditors.

Further, pursuant to Rule 13.46(1)(a) of the Listing Rules, the Company is required to send the annual report in respect of the financial year ended 31 December 2019 (the "**2019 Annual Report**") to its shareholders on or before 30 April 2020.

The Board wishes to announce that the Auditors would only resume their audit procedures in respect of the 2019 Financial Statements upon their satisfaction of the Forensic Review results, publication of the audited 2019 Annual Results (which will have been agreed with the Auditors) and despatch of the 2019 Annual Report will be delayed. The Company will publish further announcement(s) to inform the shareholders of the Company of the date of the release of the audited 2019 Annual Results (which will have been agreed with the Auditors) and the date of despatch of the 2019 Annual Report as and when appropriate.

FURTHER ADJOURNMENT OF THE ANNUAL GENERAL MEETING

As a result of the delay in publication of 2019 Annual Results (which will have been agreed with the Auditors) and delay in despatch of the 2019 Annual Report, it is expected that the convening of the annual general meeting of the Company (the "**AGM**") will be delayed until further notice. The Company will publish further announcement(s) to inform the shareholders of the Company of the date of publication of the audited 2019 Annual Results (which will have been agreed with the Auditors), the date of despatch of the 2019 Annual Report and the date of the AGM by way of further announcement(s) as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended at the request of the Company since 9:00 a.m. on 25 March 2020 and will remain suspended until further notice. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 June 2020

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