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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)**

**AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**HIGHLIGHTS:**

- Revenue decreased by 6.3% to HK\$410.7 million.
- Profit before tax decreased by 75.7% to HK\$9.0 million.
- Net profit decreased by 64.6% to HK\$7.8 million.
- Final Dividend of HK\$0.003 per share was proposed for the year ended 31 December 2020 (2019: Nil).

**RESULTS**

The board of directors (the “**Board**”) of Natural Beauty Bio-Technology Limited (“**Natural Beauty**” or the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2020*

*(With comparatives for the year ended 31 December 2019)*

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	<b>410,673</b>	438,413
Cost of sales		<u>(170,248)</u>	<u>(172,843)</u>
<b>Gross profit</b>		<b>240,425</b>	265,570
Other income and other gains	6	<b>13,475</b>	5,957
Impairment losses on goodwill		–	(3,541)
Impairment losses, net of reversal	7	<b>(2,053)</b>	(4,297)
Distribution and selling expenses		<b>(149,839)</b>	(149,683)
Administrative expenses		<b>(84,221)</b>	(72,492)
Other expenses and other losses		<u>(7,146)</u>	<u>(3,183)</u>
<b>Profit from operations</b>		<b>10,641</b>	38,331
Finance costs		<u>(1,658)</u>	<u>(1,329)</u>
<b>Profit before tax</b>		<b>8,983</b>	37,002
Income tax expense	8	<u>(1,225)</u>	<u>(15,094)</u>
<b>Profit for the year</b>	9	<u><b>7,758</b></u>	<u>21,908</u>
<b>Other comprehensive income:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension plans		<u>151</u>	<u>114</u>
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>35,528</u>	<u>(6,084)</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>35,679</b></u>	<u>(5,970)</u>
<b>Total comprehensive income for the year</b>		<u><b>43,437</b></u>	<u>15,938</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<u><b>7,758</b></u>	<u>21,908</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<u><b>43,437</b></u>	<u>15,938</u>
<b>Earnings per share</b>			
Basic	11(a)	<u><b>HK cents 0.39</b></u>	<u>HK cents 1.09</u>
Diluted	11(b)	<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

(With comparatives at 31 December 2019)

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		309,540	268,191
Investment properties		8,817	7,928
Right-of-use assets		57,037	76,772
Goodwill		28,818	27,383
Intangible assets		14,054	15,017
Deposits for purchase of property, plant and equipment		2,982	–
Deferred tax assets		10,243	2,181
		<u>431,491</u>	<u>397,472</u>
<b>Current assets</b>			
Inventories		103,280	85,492
Trade and other receivables	12	130,896	124,762
Contract costs		699	429
Amount due from related parties		–	134
Pledged bank deposits		3,628	3,415
Bank and cash balances		161,978	145,696
		<u>400,481</u>	<u>359,928</u>
<b>Current liabilities</b>			
Trade and other payables	13	123,338	103,688
Amount due to related parties		329	370
Contract liabilities		11,830	27,376
Borrowings		54,273	14,556
Lease liabilities		5,213	7,566
Current tax liabilities		9,682	4,660
		<u>204,665</u>	<u>158,216</u>
<b>Net current assets</b>		<u>195,816</u>	<u>201,712</u>
<b>Total assets less current liabilities</b>		<u>627,307</u>	<u>599,184</u>

	<i>Note</i>	<b>2020</b> <b><i>HK\$'000</i></b>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings		<b>13,254</b>	10,400
Lease liabilities		<b>2,281</b>	20,339
Retirement benefit obligations		<b>542</b>	652
		<u><b>16,077</b></u>	<u>31,391</u>
<b>NET ASSETS</b>		<u><b>611,230</b></u>	<u>567,793</u>
<b>Capital and reserves</b>			
Share capital		<b>200,210</b>	200,210
Reserves		<b>411,020</b>	367,583
<b>TOTAL EQUITY</b>		<u><b>611,230</b></u>	<u>567,793</u>

Notes:

## 1. GENERAL INFORMATION

Natural Beauty Bio-Technology Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 June 2001 as an exempted company with limited liability. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong. The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Group is principally engaged in (a) manufacturing and selling of skin care, beauty and aroma-therapeutic products, health supplements, make-up products and beauty apparatus and (b) provision of skin treatments, beauty and spa services, medical cosmetology services, skin care consulting and beauty training.

In the opinion of the directors of the Company, as at 31 December 2020, Far Eastern Silo & Shipping (Panama) S.A, Insbro Holdings Limited and Next Focus Holdings Limited are substantial corporate shareholders of the Company.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### ***Amendments to HKAS 1 and HKAS 8 Definition of Material***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

#### ***Amendments to HKFRS 3 Definition of a Business***

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements.

### ***Amendment to HKFRS 16, COVID-19-Related Rent Concessions***

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19 Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

#### **(b) New and revised HKFRSs in issue but not yet effective**

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-Current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. REVENUE

##### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and service lines for the year is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
Sales of goods	394,807	423,261
Service income	<u>15,866</u>	<u>15,152</u>
	<u><b>410,673</b></u>	<u><b>438,413</b></u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines and geographical regions:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Primary geographic markets</b>		
The People's Republic of China (the "PRC")	212,480	303,756
Taiwan	194,161	131,080
Others	<u>4,032</u>	<u>3,577</u>
	<u><b>410,673</b></u>	<u><b>438,413</b></u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	394,807	423,261
Products and services transferred over time	<u>15,866</u>	<u>15,152</u>
	<u><b>410,673</b></u>	<u><b>438,413</b></u>

(b) **Transaction price allocated to the remaining performance obligation for contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and the expected timing of recognising revenue as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within one year	<u><b>11,830</b></u>	<u>27,376</u>

**5. SEGMENT INFORMATION**

The Group has three (2019: three) reportable segments as follows:

1. The PRC
2. Taiwan
3. Others (Hong Kong and Malaysia)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other reportable segment includes certain inactive operations. None of the segments meets any of the quantitative thresholds for determining reportable segment. The information of the other operating segments is included in the 'others' column.

Segment profits or losses do not include central administration costs, directors' salaries and interest income.

The Chief Operating Decision Maker ("CODM") makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

**Information about reportable segment profit or loss, assets and liabilities:**

	<b>The PRC</b> <i>HK\$'000</i>	<b>Taiwan</b> <i>HK\$'000</i>	<b>Others</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2020</b>				
Revenue from external customers	206,469	194,646	9,558	410,673
Segment (loss)/profit	(8,307)	33,431	322	25,446
Depreciation of property, plant and equipment	18,419	7,088	84	25,591
Depreciation of right-of-use assets	4,581	4,715	576	9,872
Amortisation of intangible assets	1,797	–	–	1,797
Loss on disposal of property, plant and equipment	1,982	1,158	–	3,140
Gain on disposals of right-of-use assets	(89)	–	(4)	(93)
(Reversal of)/allowance for obsolete inventories	(837)	2,143	181	1,487
Inventories write-off	11,059	–	–	11,059
Allowance for trade receivables	<u>2,052</u>	<u>1</u>	<u>–</u>	<u>2,053</u>
	<i>The PRC</i> <i>HK\$'000</i>	<i>Taiwan</i> <i>HK\$'000</i>	<i>Others</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>Year ended 31 December 2019</b>				
Revenue from external customers	303,756	131,556	3,101	438,413
Segment profit/(loss)	35,588	13,162	(235)	48,515
Depreciation of property, plant and equipment	17,201	5,448	41	22,690
Depreciation of right-of-use assets	5,143	1,167	84	6,394
Impairment losses on goodwill	3,541	–	–	3,541
Amortisation of intangible assets	1,816	–	–	1,816
Loss on disposal of property, plant and equipment	225	–	–	225
(Reversal of)/allowance for obsolete inventories	(153)	896	16	759
Inventories write-off	5,718	–	–	5,718
Allowance/(reversal of allowance) for trade receivables	<u>4,372</u>	<u>20</u>	<u>(16)</u>	<u>4,376</u>

**Reconciliations of segment revenue, profit or loss and assets:**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	<u>410,673</u>	<u>438,413</u>
<b>Profit or loss</b>		
Total profit of reportable segments	25,446	48,515
Unallocated corporate expenses	(18,205)	(13,094)
Unallocated income	<u>1,742</u>	<u>1,581</u>
Consolidated profit before tax	<u>8,983</u>	<u>37,002</u>

**Geographical information:**

The Group's information about its non-current assets by location of assets are detailed below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>		
The PRC	359,225	317,739
Taiwan	59,688	76,545
Others	<u>2,335</u>	<u>1,007</u>
Consolidated total	<u>421,248</u>	<u>395,291</u>

*Note:* Non-current assets excluded deferred tax assets.

**Revenue from major customers:**

Revenue from one customer of the Group's Taiwan segment represents approximately HK\$76,343,000 (2019: HK\$36,258,000) of the Group's total revenue.

## 6. OTHER INCOME AND OTHER GAINS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income on bank deposits	1,742	1,581
Fair value gain on investment properties	379	137
Rental income from investment properties	213	238
Rental income from other properties and equipment	2,405	2,371
Gain on disposal of right-of-use assets	93	–
Government grants ( <i>note</i> )	7,771	1,438
Others	<u>872</u>	<u>192</u>
	<u><b>13,475</b></u>	<u><b>5,957</b></u>

*Note:* The government grants mainly represent unconditional tax refunds received from the local government in compensation for taxes incurred and paid by the PRC operating subsidiaries of the Group.

## 7. IMPAIRMENT LOSSES, NET OF REVERSAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment/(reversal of impairment) loss recognised on:		
Trade receivables	2,053	4,376
Other receivables	<u>–</u>	<u>(79)</u>
	<u><b>2,053</b></u>	<u><b>4,297</b></u>

## 8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – PRC Enterprise income tax (“EIT”)		
Provision for the year	267	4,486
Under provision in prior years	<u>692</u>	<u>109</u>
	<u>959</u>	<u>4,595</u>
Current tax – Taiwan Corporate income tax		
Provision for the year	7,361	3,182
Under provision in prior years	<u>5</u>	<u>7</u>
	<u>7,366</u>	<u>3,189</u>
Current tax – Hong Kong Profits Tax and others		
Provision for the year	–	84
(Over)/under provision in prior years	<u>(5)</u>	<u>498</u>
	<u>(5)</u>	<u>582</u>
Withholding tax	<u>733</u>	<u>3,912</u>
Deferred tax	<u>(7,828)</u>	<u>2,816</u>
	<u><u>1,225</u></u>	<u><u>15,094</u></u>

PRC EIT has been provided at a rate of 25% (2019: 25%). The statutory withholding income tax rate for non-PRC resident is 10% (2019: 10%).

Pursuant to the relevant laws and regulations in the PRC and Taiwan, dividend withholding tax is imposed at a rate of 10% (2019: 10%) and 21% (2019: 21%) on dividends that are declared in respect of profits earned by the PRC and Taiwan subsidiaries respectively and that are received by non-local resident entities. No withholding tax on dividends were recognised for the PRC (2019: Nil) and Taiwan (2019: HK\$2,419,000) for the year ended 31 December 2020.

Corporate Income Tax in Taiwan has been provided at a rate of 20% (2019: 20%).

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2019: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2019: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2019: 16.5%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group's subsidiaries operate, based on existing legislation, interpretation and practices in respect thereof.

## 9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amortisation of intangible assets	1,797	1,816
Amortisation of contract costs	369	1,147
Auditor's remuneration for audit services	7,818	4,589
Impairment for trade and other receivables	2,053	4,297
Allowance for obsolete inventories (included in cost of sales)	1,487	759
Inventories write-off (included in cost of sales)	11,059	5,718
Cost of inventories recognised as an expense	117,242	131,492
Direct operating expenses of properties and equipment that generate rental income	291	327
Depreciation of property, plant and equipment	25,591	22,690
Depreciation of right-of-use assets (included in cost of sales, distribution and selling expenses and administrative expenses)	9,872	6,394
Fair value gain on investment properties	(379)	(137)
Impairment losses on goodwill	–	3,541
Loss on disposals of property, plant and equipment	3,140	225
(Loss)/gain on disposals of right-of-use assets	(93)	89
Advertising and promotion expenses	33,862	40,179
Research and development cost	5,605	5,051
Net exchange loss	<u>1,694</u>	<u>1,244</u>

Cost of inventories sold included staff cost, depreciation and operating lease charges of approximately HK\$63,156,000 (2019: HK\$61,742,000) which are included in the amounts disclosed separately.

## 10. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2020 of HK\$0.003 per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting (2019: Nil).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$7,758,000 (2019: HK\$21,908,000) and the weighted average number of ordinary shares of approximately 2,002,100,932 (2019: 2,002,100,932) in issue during the year.

### (b) Diluted earnings per share

No diluted earnings per share for the year ended 31 December 2020 and 2019 is presented as the Company had no potential ordinary shares outstanding.

## 12. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	122,723	105,494
Less: Allowance for credit loss	<u>(9,011)</u>	<u>(6,678)</u>
	113,712	98,816
Prepayments	12,026	21,229
Deposits	2,903	2,341
Other receivables	1,810	2,376
Right-of-return assets	<u>445</u>	<u>–</u>
	<u><u>130,896</u></u>	<u><u>124,762</u></u>

The Group allows an average credit period of 30 to 120 days to its trade customers who are qualified for credit sales. The credit period provided to customers can vary based on a number of factors including the customer's credit profile and sales promotion policy.

The ageing analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 180 days	102,343	96,474
Over 180 days	<u>11,369</u>	<u>2,342</u>
	<u><u>113,712</u></u>	<u><u>98,816</u></u>

The carrying amounts of the Group's net trade receivables are denominated in the following currencies:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong dollars	74	42
Renminbi (“RMB”)	52,153	59,733
New Taiwan dollar (“NT\$”)	61,151	38,678
Ringgit Malaysia	334	363
	<u>113,712</u>	<u>98,816</u>

### 13. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	26,147	26,242
Deposits from franchisees	29,322	25,164
Other tax payables	7,662	10,448
Accruals	44,599	27,004
Other payables	14,428	14,830
Refund liabilities	1,180	–
	<u>123,338</u>	<u>103,688</u>

The ageing analysis of the Group's trade payables, based on the date of receipt of goods or service consumed, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	25,539	26,211
91 days to 365 days	12	17
Over 365 days	596	14
	<u>26,147</u>	<u>26,242</u>

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
RMB	4,893	8,344
NT\$	20,531	17,898
United States dollars	723	–
	<u>26,147</u>	<u>26,242</u>

## EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2020:

### Qualified Opinion

In our opinion, except for the effects on the corresponding figures of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Qualified Opinion

The Group's consolidated financial statements for the year ended 31 December 2019 form the basis for the corresponding figures presented in the current year's consolidated financial statements.

Certain subsidiaries of the Group in Mainland China (“**Relevant Subsidiaries**”) sold cosmetic products to customers while offering them rights of return in exchange for different products (“**Goods Exchange Promises**”) in later periods. The Relevant Subsidiaries recorded certain goods exchange (i.e. goods being returned from customers and replaced by different goods of same sales value) of approximately HK\$4.2 million (inclusive of value-added tax) during the year ended 31 December 2019. Because of the insufficient information available in relation to the approval documents of these goods exchange and the fact that the Relevant Subsidiaries had not maintained timely and complete records of Goods Exchange Promises in prior reporting periods, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether these exchanged goods were related to Goods Exchange Promises made before the year ended 31 December 2019 and consequently whether they were properly recorded in 2019. There were no alternative audit procedures that we could adopt to determine whether any adjustment to these amounts was necessary for the Group's 2019 consolidated financial statements.

Any adjustments that might be found necessary as a result of the matters described above might have a consequential effect on the Group's results and cashflows for the year ended 31 December 2019.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Overview

Revenue of the Group in 2020 decreased by 6.3% to HK\$410.7 million compared with HK\$438.4 million in 2019. The decrease was mainly due to a decrease of HK\$28.5 million in product sales, such segment contributed to 96.1% of the Group's total revenue.

Revenue in the PRC market decreased by 32.0% from HK\$303.8 million in 2019 to HK\$206.5 million in 2020, revenue in the Taiwan market increased by 48.0% to HK\$194.6 million compared with HK\$131.6 million in 2019.

Revenue from other regions, including Hong Kong, Malaysia and Macau, increased by 208.2% from HK\$3.1 million in 2019 to HK\$9.6 million in 2020. Contribution from these regions remained at an insignificant level of just 2.3% of the Group's revenue.

The Group's overall gross profit margin decreased from 60.6% in 2019 to 58.6% in 2020 mainly due to the change of the revenue mixture of the Group's product/beauty apparatus/service packages, and the increase in the proportion of lower-margin products in 2020.

#### Revenue by activities

	2020		2019		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Products	<b>394,807</b>	<b>96.1%</b>	423,261	96.5%	(28,454)	(6.7%)
Services	<b>15,866</b>	<b>3.9%</b>	15,152	3.5%	714	4.7%
Total	<b><u>410,673</u></b>	<b><u>100.0%</u></b>	<u>438,413</u>	<u>100.0%</u>	<u>(27,740)</u>	<u>(6.3%)</u>

#### Products

The Group is principally engaged in manufacturing and sales of a range of products, including skin care, beauty and aroma-therapeutic products, health supplements and make-up products under the "Natural Beauty" brand and new beauty apparatus. Product sales are the Group's key revenue source and primarily generated from franchised spas, online and other sales platforms, self-owned spas and concessionary counters at department stores. Product sales in 2020 amounted to HK\$394.8 million, or 96.1% of the Group's total revenue, representing a decrease of HK\$28.5 million or by 6.7% when compared with product sales of HK\$423.3 million in 2019. The decrease in product sales was mainly driven by the decrease in revenue in such segment in the PRC market by 32.2% to HK\$198.1 million in 2020 compared with HK\$292.2 million in 2019.

## Services

Service income is derived from the self-owned spas' services, medical cosmetology services, training and other services.

The Group provides skin treatment, beauty and spa services through its self-owned spas. The Group's strategy is to establish self-owned spas as model outlets in strategic locations to stimulate franchisees to join in. As at 31 December 2020, the Group has two self-owned spas and two self-owned medical cosmetology centers in the PRC and one self-owned spa in Malaysia.

The Group does not share any service income generated from spas run by franchisees under its current franchise arrangements. In 2020, service income increased by 4.7% to HK\$15.9 million compared with HK\$15.2 million in 2019. The increase in service income was mainly driven by the increase in revenue of spa services and medical cosmetology service income by 4.5% to HK\$15.2 million compared with HK\$14.5 million in 2019.

Service income	2020		2019		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Training income	89	0.6%	436	2.9%	(347)	(79.6%)
Spa/Medical cosmetology service income	15,165	95.5%	14,509	95.8%	656	4.5%
Others	612	3.9%	207	1.4%	405	195.7%
Total	<u>15,866</u>	<u>100.0%</u>	<u>15,152</u>	<u>100.0%</u>	<u>714</u>	<u>4.7%</u>

## The PRC Market

The Group's revenue in the PRC market decreased by 32.0% in 2020 to HK\$206.5 million compared with HK\$303.8 million in 2019. The decrease was mainly due to a decrease in the sales of products. Gross margin on product sales decreased from 67.6% in 2019 to 63.7% in 2020. The key reasons are the changes in the mixture of products with different marginal gross profit and the revenue mixture of the Group's product/beauty apparatus/service package in the PRC in 2020.

## Taiwan Market

The Group's revenue in the Taiwan market increased by 48.0% from HK\$131.6 million in 2019 to HK\$194.6 million in 2020. The significant increase in total sales of the Taiwan market was mainly driven by the increase in revenue from product sales through direct-sale stores and online and other sales platforms. Gross profit margin on product sales increased from 65.9% in 2019 to 68.4% in 2020. The key reason of the increase in gross margin is that the marginal gross profit of the existing sales platforms is higher than the marginal gross profit of the original channels.

Benefited from the operation strategy of Eastern Media International Corporation (“EMI”) Group, the Group's products were sold through the distribution channels of EMI. In 2020, sales revenue from TV shopping, E-commerce and telemarketing channels in the Taiwan market contributed HK\$113.4 million to the Group, accounting for 60.5% of the product sales in Taiwan.

<b>Revenue by geographical region</b>	<b>2020</b>	2019	Changes	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
<b>PRC</b>				
Products	<b>198,083</b>	292,242	(94,159)	(32.2%)
Services	<b>8,386</b>	11,514	(3,128)	(27.2%)
<b>PRC Total</b>	<b><u>206,469</u></b>	<u>303,756</u>	<u>(97,287)</u>	<u>(32.0%)</u>
<b>Taiwan</b>				
Products	<b>187,324</b>	127,923	59,401	46.4%
Services	<b>7,322</b>	3,633	3,689	101.5%
<b>Taiwan Total</b>	<b><u>194,646</u></b>	<u>131,556</u>	<u>63,090</u>	<u>48.0%</u>
<b>Others</b>				
Products	<b>9,400</b>	3,096	6,304	203.6%
Services	<b>158</b>	5	153	3,060.0%
<b>Others Total</b>	<b><u>9,558</u></b>	<u>3,101</u>	<u>6,457</u>	<u>208.2%</u>

## **Other income and other gains**

Other income and other gains increased by 126.2% from HK\$6.0 million in 2019 to HK\$13.5 million in 2020, mainly due to an increase of government grants in 2020 by 440.4% compared with that in 2019. Other income and other gains in 2020 mainly comprised interest income, rental income from properties and equipment and government grants of HK\$1.7 million, HK\$2.6 million and HK\$7.8 million respectively.

## **Selling and administrative expenses**

Distribution and selling expenses as a percentage of the Group's revenue increased to 36.5% in 2020 compared with 34.1% in 2019. The distribution and selling expenses increased by HK\$0.1 million from HK\$149.7 million in 2019 to HK\$149.8 million in 2020. Staff costs in relation to distribution work increased by HK\$7.9 million to HK\$66.3 million in 2020 from HK\$58.4 million in 2019. Other key expenses included advertising expenses of HK\$31.2 million, rental expenses of HK\$7.7 million, depreciation and amortisation charges of HK\$13.7 million, transportation charges of HK\$4.6 million, and travelling and entertainment charges of HK\$5.6 million in 2020.

Total administrative expenses increased by HK\$11.7 million, or 16.2%, to HK\$84.2 million in 2020 compared with HK\$72.5 million in 2019. Administrative expenses mainly comprised staff costs and retirement benefits (including directors' emoluments) of HK\$27.3 million, legal and professional fees of HK\$28.5 million, depreciation and amortisation charges of HK\$9.5 million and office and utilities expenses of HK\$4.6 million in 2020.

## **Other expenses and other losses**

Other expenses and other losses increased by HK\$3.9 million, from HK\$3.2 million in 2019 to HK\$7.1 million in 2020. Other expenses and other losses mainly included losses on disposal of property, plant, and equipment of HK\$3.1 million, exchange loss of HK\$1.7 million, and related expenses of rental of other properties of HK\$1.8 million in 2020.

## **Profit before tax**

Taking into account of the pre-tax profit margin decreased to 2.2% in 2020 from 8.4% in 2019 in the Group, profit before tax decreased by 75.7% from HK\$37.0 million in 2019 to HK\$9.0 million in 2020.

## **Taxation**

Taxation expenses decreased to HK\$1.2 million in 2020 compared with HK\$15.1 million in 2019. The effective tax rates of the Group in 2019 and 2020 were 40.8% and 13.6% respectively.

## **Profit for the year**

Profit for the year decreased by 64.6% from HK\$21.9 million in 2019 to HK\$7.8 million in 2020.

## **Liquidity and financial resources**

Cash generated from operating activities in 2020 was approximately HK\$30.1 million (HK\$18.9 million in 2019). As at 31 December 2020, the Group had cash and cash equivalents of approximately HK\$154.5 million (HK\$135.6 million as at 31 December 2019) with approximately HK\$67.5 million of external bank borrowings (HK\$25.0 million as at 31 December 2019).

In terms of gearing, the Group's gearing ratios (defined as total debt divided by shareholders' equity) in 2019 and 2020 were 4.4% and 11.0% respectively. Current ratios of the Group (defined as current assets divided by current liabilities) as at 31 December 2019 and 31 December 2020 were 2.27 times and 1.96 times respectively. As at 31 December 2020, the Group had no material contingent liabilities, other than those disclosed in its consolidated financial statements and the notes thereto. With the cash and bank balances in hand, the Group's liquidity position remains strong to meet its working capital requirements.

As at 31 December 2020, the Group's secured bank borrowings with maturities falling due within one year, in the second to fifth years without repayment on demand clause and in the second to fifth years with repayment on demand clause were HK\$16.5 million (2019: HK\$1.1 million), HK\$13.3 million (2019: HK\$10.4 million) and HK\$37.7 million (2019: HK\$13.4 million) respectively, and therefore the Group's net cash (exclude time deposits with maturities of over three months but less than one year) amounted to HK\$87.0 million (2019: HK\$110.6 million). These bank borrowings were denominated in Renminbi ("RMB") and New Taiwan Dollars ("NTD") at floating rates during the year. The Group did not hedge its exposure to interest rate risk via interest rate swap.

## **Pledge of assets**

As at 31 December 2020, the Group's secured short-term and long-term bank borrowings were secured by certain freehold land, buildings and right-of-use assets related to leasehold land, with carrying amounts of HK\$104.2 million (HK\$102.3 million as at 31 December 2019).

## Treasury policies and exposure to fluctuations in exchange rates

Most of the Group's revenues are denominated in RMB and NTD as its operations are mainly located in the PRC and Taiwan. As at 31 December 2020, approximately 67.2% (81.5% as at 31 December 2019) of the Group's bank balances and cash was denominated in RMB, while approximately 26.6% (9.7% as at 31 December 2019) was denominated in NTD. The remaining 6.2% (8.8% as at 31 December 2019) was denominated in United States Dollars, Hong Kong Dollars and Malaysian Ringgit. The Group continues to adopt a conservative approach in its foreign exchange exposure management. For the year ended 31 December 2020, the Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.

## BUSINESS REVIEW

### Distribution channels

For revenue by sales channel, the Group achieved HK\$289.8 million sales from franchised/self-owned spas, medical cosmetology centers and counters in 2020 which decreased by HK\$99.9 million compared to year 2019 (2019: HK\$389.7 million), representing 70.6% of the Group's total revenue (2019: 88.9%).

For sales from E-commerce, TV shopping and telemarketing channels, the Group achieved HK\$120.9 million sales which increased by HK\$72.2 million compared to 2019 (2019: HK\$48.7 million), representing 29.4% of the Group's total revenue (2019: 11.1%).

Store Number by Ownership	Franchisee-owned Spa	Self-owned Spa	Total Spa	Self-owned Counter	Self-owned Medical Cosmetology Center	Total
<b>As at 31 December 2020</b>						
PRC	856	2	858	9	2	869
Taiwan	320	0	320	0	0	320
Others	27	1	28	0	0	28
<b>Total</b>	<b>1,203</b>	<b>3</b>	<b>1,206</b>	<b>9</b>	<b>2</b>	<b>1,217</b>

Store Number by Ownership	Franchisee-owned Spa	Self-owned Spa	Total Spa	Self-owned		Total
				Self-owned Counter	Medical Cosmetology Center	
As at 31 December 2019						
PRC	862	3	865	9	2	876
Taiwan	272	8	280	0	0	280
Others	<u>27</u>	<u>0</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>27</u>
Total	<u>1,161</u>	<u>11</u>	<u>1,172</u>	<u>9</u>	<u>2</u>	<u>1,183</u>

The Group derives its income principally from its network of distribution channels, including spas and concessionary counters in department stores. As at 31 December 2020, there were 1,206 spas, 2 medical cosmetology centers and 9 concessionary counters. Of these, 1,203 were franchised spas, while 3 spas, 2 medical cosmetology centers and 9 concessionary counters were directly operated and owned by the Group. No concessionary counters were entrusted to third-party operators. Franchised spas are owned by the franchisees who are responsible for the capital investment in these spas. They are obliged to use only Natural Beauty or “NB” products in their spas. A wide array of services including hydrotherapy, facial treatment, body care and skin care analysis, are provided in all spas, while skin care analysis is widely available at the concessionary counters in department stores.

Group-wide, a total of 133 (2019: 143) new stores were opened and 99 (2019: 22) stores were closed during the year ended 31 December 2020.

## Research and Development

The Group puts significant emphasis on research and development which allows it to maintain its competitive edge, continuously improve the quality of its existing products and develop new products. The Group has been collaborating with overseas skin-care companies on technological development. The bio-technology materials the Group use for its NB products are imported from Europe, Japan and Australia. The Group’s R&D team comprises a number of overseas consultants with experience and expertise in cosmetics, medicine, pharmacy and bio-chemistry. NB products are constantly enhanced and modified by the application of new ingredients developed by the team. The Group draws on its collaboration of experts with different expertise and experiences to continue to create high-quality beauty and skin care products. NB principally use natural ingredients, and adopt a unique formula, adapt to the physiological structure and characteristics of the skin, the use of advanced biotechnology R & D products, can more effectively play beauty efficacy. To promote NB to go international.

Natural Beauty has collaborated with a leading researcher in the field of human genome and stem cell technology for the development of an anti-aging NB-1 product family and other products for spot removal, whitening, allergy-resistance and slimming. The stem cell technology is patented in the United States to protect the uniqueness of the NB-1 products.

## **Products**

In 2020, the Group's flagship NB-1 series products accounted for 25% of total product sales, which reached HK\$99.3 million. Based on the continuous research and strategic planning of the beauty market, the Group kept up with the latest market trend and successfully launched probiotic solid drinks, which generated HK\$6.2 million for the healthy food category, consolidated the share of health products in overall performance. The group also successfully refurbished NB-1 classic products, bringing in HK \$25.4 million, increasing the overall performance of NB-1.

## **Human Resources**

As at 31 December 2020, the Group had a total of 546 employees, of whom 379 were based in the PRC, 148 in Taiwan and 19 in other countries and regions. Total remuneration (excluding directors' emoluments) in 2020 was approximately HK\$130.0 million (HK\$123.1 million in 2019), including retirement benefit related costs of HK\$2.9 million (HK\$8.9 million in 2019). Competitive remuneration packages are maintained to attract, retain and motivate capable staff members and are reviewed on a regular basis.

## **Capital Expenditures**

The Group's capital expenditure of HK\$73.9 million in 2020 was mainly related to the new plant construction in the PRC amounting to HK\$41.8 million, opening of new stores, renovation and equipment amounting to HK\$29.3 million and office and self-owned spa centre renovation amounting to HK\$2.8 million.

## **Right-of-use Assets and Lease Liability**

Hong Kong Financial Reporting Standards No. 16 – Lease (HKFRS 16) came into effect on 1 January 2019. At the commencement date, the Group should recognise a right-of-use asset and a lease liability. The related right-to-use assets and lease liabilities are mainly located in the PRC and Taiwan. As at 31 December 2020, the Group's right-of-use assets were HK\$57.0 million (HK\$76.8 million as at 31 December 2019) and its lease liabilities were HK\$7.5 million (HK\$27.9 million as at 31 December 2019). In 2020, depreciation charges of right-of-use assets amounted to HK\$9.9 million and interest charges of lease liabilities amounted to HK\$0.9 million.

## CHANGE OF AUDITOR

Deloitte Touche Tohmatsu (“**Deloitte**”), who had acted as auditor of the Company in the preceding years, resigned as auditor of the Company with effect from 31 July 2020 and RSM Hong Kong, following the resignation of Deloitte, was appointed as new auditor of the Company with effect from 25 August 2020 to fill the casual vacancy following the resignation of Deloitte as auditor of the Company, and to hold office until the conclusion of the next annual general meeting of the Company.

## OUTLOOK

During the period, the Group’s business development continued to use group resources to improve service quality, product research, multi-channel layout, franchising, e-commerce, telemarketing, TV shopping, and foundry businesses, which grew rapidly through revenue diversification.

### Important market development strategy

- Taiwan: Using the Group’s abundant media resources to advertise its brands and products, and successfully selling the Group’s products in all virtual retail channels of the Group, the growth momentum of revenue continued to increase.
  
- Mainland China: Continue to grow as a franchise chain, deploy new channels for TV shopping, e-commerce, etc., and introduce European and Korean brands to promote e-commerce business, while expanding the group’s multi-brand and multi-national product richness.

Looking to the future, the Group will continue to enhance its competitiveness, consolidate its core business, and at the same time explore new business opportunities for innovation, and establish a steady, innovative and continuous growth.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

Accordingly, the Board has established the audit committee, the executive committee, the remuneration committee and the nomination committee with defined terms of reference which are of no less exacting terms than those set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. These committees (saved for the executive committee) are chaired by independent non-executive Directors.

## **Audit Committee and Review of Annual Financial Statements**

The audit committee has adopted terms of reference (Audit Committee Charter) which are in line with the code provisions of the CG Code. The audited consolidated financial statements of the Company for the year ended 31 December 2020 have been reviewed by the audit committee which is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made. The audit committee is authorised by the Board to investigate any activity within its terms of reference and to obtain outside legal or other independent professional advice.

## **Remuneration Committee**

The remuneration committee has adopted terms of reference (Remuneration Committee Charter) which are in line with the code provisions of the CG Code. The main duties of the remuneration committee include determining the policy and structure for the remuneration of executive Directors, assessing performance of executive Directors and approving the terms of executive Directors' service contracts, and determining or making recommendations to the Board on the Company's remuneration packages of individual executive and non-executive Directors and senior management.

## **Nomination Committee**

The nomination committee has adopted terms of reference (Nomination Committee Charter) which are in line with the code provisions of the CG Code. The nomination committee is responsible for, including but not limited to, determining the policy for the nomination of Directors, reviewing the structure, size, composition and diversity of the Board annually and making recommendations to the Board on selection of candidates for directorships pursuant to the Board Diversity Policy and Director Nomination Policy of the Company. It also assesses the independence of independent non-executive Directors. The nomination committee has performed corporate governance functions set out in code provision D.3.1 of the CG Code for the year ended 31 December 2020.

## **Executive Committee**

The executive committee is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters arising between regularly scheduled Board meetings, and to review financial, marketing, retail, operation and other business performance, as well as to review and approve annual budget and key performance indicators (KPIs) and track performance.

## Compliance with the Listing Rules and the CG Code

The Board is of the view that throughout the year of 2020, save as the non-compliance with the Listing Rules in relation to financial reporting as stated in the paragraph below, the Company applied the principles and complied with all the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules.

During the year ended 31 December 2020, the Company announced the unaudited annual results of the Company for the year ended 31 December 2019 which had yet to be agreed with the auditor. As the Company required additional time to complete the forensic review, address the issues for completion of the audit for the consolidated financial statements for the year ended 31 December 2019 and finalise the outstanding audited results announcements and reports for the year ended 31 December 2019, the Company breached the financial reporting provisions under 13.49(2), 13.49(6), 13.46(2)(a) and 13.48(1) in respect of delay in publication of the audited 2019 annual results and the 2020 interim results and delay in despatch of the 2019 annual report and 2020 interim report. Further, the Company failed to convene an annual general meeting within the period of 6 months after the financial year ended on 31 December 2019.

Audit for the financial statements ended 31 December 2019 had been completed. The announcements in relation to the audited annual results for the year ended 31 December 2019 and the interim results for the six months ended 30 June 2020 were published on 30 November 2020 and 3 December 2020 respectively. The 2019 annual report and 2020 interim report were published on 11 December 2020. Further, the annual general meeting was convened on 15 January 2021, with the audited financial statements for the year ended 31 December 2019 laid before the meeting.

The Company has held one extraordinary general meeting (“**EGM**”) on 16 November 2020 during the year ended 31 December 2020. The Company was unable to convene an annual general meeting (“**AGM**”) within the period of 6 months after the financial year ended 31 December 2019, which was subsequently held on 15 January 2021.

Code provision E.1.2 stipulates that the chairman of the board of a listed issuer should attend the AGM. The chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees to attend. In their absence, the chairman of the board should invite another member of the committee or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the AGM.

On the AGM held on 15 January 2021, Mr. CHEN Ruey-Long, the chairman of the audit committee and Mr. YANG Shih-Chien, the chairman of the nomination committee, were unable to attend the Company’s AGM. The Board arranged for Mr. LU Chi-Chant, an independent non-executive Director and a member of the audit committee and nomination committee, who is well versed in all business activities and operations of the Group, to attend the 2020 AGM to respond to shareholders’ questions.

## **Compliance with the Model Code**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all Directors, all Directors have confirmed that the required standards of the Model Code have been complied with throughout the year ended 31 December 2020 and up to the date of this announcement.

The Company has adopted written guidelines (the "**Company's Guidelines**"), which are equally stringent as the Model Code, in respect of securities transactions by relevant employees of the Company who are likely to be in possession of unpublished inside information of the Company pursuant to code provision A.6.4. No incident of non-compliance with the Model Code or the Company's Guidelines by the Company's relevant employees has been noted after making reasonable enquiry.

## **REVIEW OF AUDITED 2020 ANNUAL FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the year ended 31 December 2020 have been reviewed by the audit committee which is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2020.

## **FINAL DIVIDEND**

The Board has proposed the payment of a final dividend of HK\$0.003 per share for the year ended 31 December 2020 ("**Final Dividend**") (2019: Nil). The proposed Final Dividend, if approved by the shareholders of the Company at the forthcoming AGM, will be paid on Wednesday, 28 July 2021 to the shareholders whose names appear on the register of members of the Company on Friday, 4 June 2021.

## **AGM**

The forthcoming AGM of the Company will be held on Tuesday, 25 May 2021. The Company will despatch a circular containing, among other matters, further information relating to the forthcoming AGM to shareholders of the Company as soon as practicable.

## **CLOSURES OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed for the following periods:

- (a) For the purpose of determining the identity of shareholders who are entitled to attend and vote at the 2021 AGM, the Register of Members of the Company will be closed from Tuesday, 18 May 2021 to Tuesday, 25 May 2021, both days inclusive. In order to be eligible for attending and voting at the 2021 AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 May 2021; and
- (b) For the purpose of determining the identity of shareholders who qualify for the Final Dividend, the Register of Members of the Company will be closed from Thursday, 3 June 2021 to Friday, 4 June 2021, both days inclusive. In order to qualify for the Final Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 2 June 2021.

## **PUBLICATION OF AUDITED ANNUAL RESULTS ON THE STOCK EXCHANGE'S AND THE COMPANY'S WEBSITE**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.ir-cloud.com/hongkong/00157/irwebsite](http://www.ir-cloud.com/hongkong/00157/irwebsite)). The Annual Report for the year ended 31 December 2020 of the Company containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange and that of the Company in due course.

## **SCOPE OF WORK OF RSM HONG KONG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the auditor, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

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

Hong Kong, 24 March 2021

*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.*