

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **MODERN BEAUTY SALON HOLDINGS LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Modern Beauty Salon Holdings Limited to be held at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 86 Queensway, Hong Kong, on Tuesday, 15 August 2006 at 11:00 a.m., is set out in this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Modern Beauty Salon Holdings Limited's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular is in English and Chinese. In the case of any inconsistency, the English version shall prevail.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I — Information on Retiring Directors Proposed for Re-election	7
Appendix II — Explanatory Statement for the Repurchase Mandate	10
Appendix III — AGM Notice	13

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 86 Queensway, Hong Kong, on Tuesday, 15 August 2006 at 11:00 a.m.
“AGM Notice”	the notice convening the AGM
“Articles”	the Articles of Association of the Company
“Board”	the board of directors of the Company
“Companies Law”	the Companies Law (2004 Revision) of the Cayman Islands
“Company”	Modern Beauty Salon Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 19 August 2005, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Issue Mandate”	the proposed general and unconditional mandate granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution granting such mandate (as extended by adding to it the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate)
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	14 July 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the proposed general and unconditional mandate granted to the Directors to exercise all the powers of the Company to purchase Shares up to a maximum of 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of nominal value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

Board of Directors

Executive Directors:

Ms. Tsang Yue, Joyce *Chairperson and Chief Executive Officer*

Mr. Lee Soo Ghee *Vice Chairperson*

Ms. Yuen Siu Ping *Chief Operating Officer*

Mr. Hung Fan Kwan *Chief Financial Officer*

Mr. Yip Kai Wing *Chief Technology Officer*

Independent Non-executive Directors:

Mr. Wong See Hong

Mr. Yu How Yuen

Mr. Cheng Kai Tai, Allen

Company Secretary:

Hui Hon Wa

Registered office:

PO Box 309 GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

6th Floor

Sino Industrial Plaza

9 Kai Cheung Road

Kowloon Bay

Kowloon

Hong Kong

20 July 2006

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the AGM Notice and provide you with information of the resolutions to be proposed at the AGM for the approval of (i) re-election of retiring Directors; (ii) granting of the Issue Mandate to issue Shares; and (iii) granting of the Repurchase Mandate to repurchase Shares.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Article 130 of the Articles, two of the executive Directors, Mr. Hung Fan Kwan and Mr. Yip Kai Wing shall retire by rotation at the AGM and, being eligible, have offered themselves for re-election at the AGM.

Pursuant to Article 115 of the Articles, three independent non-executive Directors, Mr. Wong See Hong, Mr. Yu How Yuen and Mr. Cheng Kai Tai, Allen shall hold office only until the AGM and, being eligible, have offered themselves for re-election at the AGM.

Details of the retiring Directors who are proposed to be re-elected at the AGM are provided in Appendix I to this circular.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to the ordinary resolutions passed by the then Shareholders on 20 January 2006, the Directors were granted general mandates to (i) repurchase Shares on the Stock Exchange up to 72,000,000 Shares being 10% of the share capital of the Company on the basis of 720,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange on 9 February 2006; (ii) allot, issue and otherwise deal with Shares not exceeding 144,000,000 Shares representing 20% of the nominal value of the share capital of the Company on the basis of 720,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange on 9 February 2006; and (iii) allot, issue and otherwise deal with Shares repurchased pursuant to the repurchase mandate. No Shares have been repurchased, allotted, issued or otherwise dealt with pursuant to these general mandates.

Under the terms of the repurchase mandate and the Listing Rules, such repurchase mandate will lapse at the conclusion of the AGM.

At the AGM, separate ordinary resolutions will be proposed to seek the approval of the Shareholders to renew these general mandates to enable the Directors to:

- (i) repurchase Shares up to a maximum of 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution;
- (ii) allot, issue and deal with further Shares up to a maximum of 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution; and
- (iii) subject to the passing of the aforesaid ordinary resolutions, extend the mandate granted to the Directors under (ii) above by adding to it an amount of the nominal value of the share capital of the Company not exceeding the aggregate nominal value of the Shares purchased pursuant to the Repurchase Mandate.

An explanatory statement as required by the relevant provisions of the Listing Rules concerning the repurchase by companies of their own securities on the Stock Exchange is set out in Appendix II to this circular.

LETTER FROM THE BOARD

AGM

The AGM Notice is set out in Appendix III to this circular.

A form of proxy for use at the AGM is also enclosed with this circular. To be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the AGM.

RIGHT TO DEMAND A POLL

Pursuant to Article 90 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

- (i) the Chairman of the meeting; or
- (ii) at least five Shareholders present in person (or, in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (iii) any Shareholder or Shareholders present in person (or, in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or
- (iv) any Shareholder or Shareholders present in person (or, in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATIONS

The Board considers that the proposals for re-election of the retiring Directors, Issue Mandate and Repurchase Mandate are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Tsang Yue, Joyce
Chairperson

The following are the particulars of the retiring Directors proposed to be re-elected at the AGM:

A. EXECUTIVE DIRECTORS

MR. HUNG Fan Kwan, aged 42, is the Chief Financial Officer, Qualified Accountant and an executive Director of the Group. Mr. Hung is responsible for all the financial and accounting matters of the Group. Mr. Hung graduated from the Hong Kong Polytechnic University in 1987 with a Professional Diploma in Accountancy and is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has about four years' experience in the audit field gained from Coopers and Lybrand (currently known as PricewaterhouseCoopers) and another 13 years of experience in finance and business operation acquired from a number of private companies and listed groups in Hong Kong. Mr. Hung joined the Group in February 2004.

Mr. Hung has entered into a service contract with the Company for a period of three years from 9 February 2006. Mr. Hung did not receive any director's fee for his appointment as the executive Director. He is entitled to the following director's emoluments for the year ended 31 March 2006:

	<i>HK\$</i>
Director's emoluments	
Salary, share based compensation, allowance and benefits	835,119
Contributions to retirement benefits schemes	<u>12,000</u>
	<u><u>847,119</u></u>

The remuneration of Mr. Hung is determined by the Board on the basis of the Company's performance and profitability, the duties, responsibility and contribution of Mr. Hung, the remuneration benchmark in the industry and the prevailing marketing conditions. As at the Latest Practicable Date, Mr. Hung does not have any interest in the Shares within the meaning of Part XV of the SFO.

MR. YIP Kai Wing, aged 32, is the Chief Technology Officer and an executive Director of the Group. Mr. Yip is responsible for all the computer and information system matters of the Group. Mr. Yip brings with him about seven years of experience in the system integration, information system, network operation and telecommunications industries. He graduated from the Chinese University of Hong Kong in 1997 with a Bachelor Degree in Social Science and was awarded a Microsoft Certified Professional Systems Engineer, as well as CheckPoint Certified Administrator and Turbolinux Engineer in 2002. Mr. Yip joined the Group in March 2002.

Mr. Yip has entered into a service contract with the Company for a period of three years from 9 February 2006. Mr. Yip did not receive any director's fee for his appointment as the executive Director. He is entitled to the following director's emoluments for the year ended 31 March 2006:

	<i>HK\$</i>
Director's emoluments	
Salary, share based compensation, allowance and benefits	455,974
Contributions to retirement benefits schemes	<u>12,000</u>
	<u>467,974</u>

The remuneration of Mr. Yip is determined by the Board on the basis of the Company's performance and profitability, the duties, responsibility and contribution of Mr. Yip, the remuneration benchmark in the industry and the prevailing marketing conditions. As at the Latest Practicable Date, Mr. Yip does not have any interest in the Shares within the meaning of Part XV of the SFO.

B. INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. WONG See Hong, aged 53, was appointed as an independent non-executive Director in February 2006. Mr. Wong graduated from the Hong Kong University of Science and Technology in Hong Kong in November 1998 with a Master Degree of Science in Investment Management and obtained from the University of Singapore a Bachelor Degree in Business Administration in 1977. Mr. Wong is the Managing Director and Country Executive of ABN AMRO Bank, Singapore. He is also the Vice Chairman of the Singapore Foreign Exchange Market Committee, a Council Member of the Association of Banks in Singapore and Vice Chairman of Financial Industry Competency Standards Committee, as well as a member of the Market Surveillance and Compliance Panel of Energy Market Company in Singapore.

Mr. Wong is appointed for a term of three years commencing from 9 February 2006 with a director's fee of HK\$120,000 per annum, which is determined with reference to the remuneration benchmark in the industry. He is entitled to a proportional director's fee of HK\$20,000 for the year ended 31 March 2006. Other than director's fee, Mr. Wong is not entitled to any other emoluments.

As at the Latest Practicable Date, Mr. Wong does not have any interest in the Shares within the meaning of Part XV of the SFO.

MR. YU How Yuen, aged 50, was appointed as an independent non-executive Director in February 2006. Mr. Yu is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants as well as an associate of the Institute of Chartered Accountants in England and Wales. He is a part-time senior lecturer of Hong Kong Shue Yan College. Mr. Yu is a sole proprietor of Yu How Yuen & Co., Certified Public Accountants.

Mr. Yu is appointed for a term of three years commencing from 9 February 2006 with a director's fee of HK\$120,000 per annum which is determined with reference to the remuneration benchmark in the industry. He is entitled to a proportional director's fee of HK\$20,000 for the year ended 31 March 2006. Other than director's fee, Mr. Yu is not entitled to any other emoluments.

As at the Latest Practicable Date, Mr. Yu does not have any interest in the Shares within the meaning of Part XV of the SFO.

MR. CHENG Kai Tai, Allen, aged 42, was appointed as an independent non-executive Director in February 2006. Mr. Cheng graduated from Jinan University in the People's Republic of China with a Master Degree of Management in January 2004. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of the Institute of Chartered Accountants in England and Wales, and a fellow of the Association of Chartered Certified Accountants. Mr. Cheng has practiced as a Certified Public Accountant in Hong Kong for over 10 years. Mr. Cheng is an independent non-executive director of Lo's Enviro-Pro Holdings Limited, the shares of which are listed on the Stock Exchange.

Mr. Cheng is appointed for a term of three years commencing from 9 February 2006 with a director's fee of HK\$120,000 per annum which is determined with reference to the remuneration benchmark in the industry. He is entitled to a proportional director's fee of HK\$20,000 for the year ended 31 March 2006. Other than director's fee, Mr. Cheng is not entitled to any other emoluments.

As at the Latest Practicable Date, Mr. Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO.

C. GENERAL INFORMATION

Saved as disclosed above (i) the retiring Directors do not hold any directorship in other public listed companies in Hong Kong in the past three years or any position in the Group, nor he/she has any relationship with any Directors, senior management or substantial or controlling Shareholders, and (ii) there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matters that need to be brought to the attention of the Shareholders in connection with their re-election.

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration of the proposal of the Repurchase Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all the powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of the resolution to approve the Repurchase Mandate.

The Repurchase Mandate will continue to be in force until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Companies Law and the Articles; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earlier.

(a) Share capital

As at the Latest Practicable Date, the number of Shares in issue was 720,000,000 Shares. Accordingly, the exercise of the Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as at the date of the passing of the resolution to approve the Repurchase Mandate) would enable the Company to repurchase 72,000,000 Shares (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution).

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the articles of association of the Company and the laws of the Cayman Islands. Under the Cayman Islands laws, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the Listing Rules and the applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements as at 31 March 2006) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

(e) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries, in the event that the Repurchase Mandate is approved by Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so in the event that the Company is authorized to make purchases of Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. To the best of the knowledge and belief of the Directors, Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. together are beneficially interested in 540,000,000 Shares, representing 75% of the issued share capital of the Company as at the Latest Practicable Date. In the event that the Directors should exercise in full the power to repurchase the Shares which is proposed to be granted pursuant to the Repurchase Mandate, assuming the present shareholding otherwise remained the same, the interests of Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. together in the Company would be increased to approximately 83% of the issued share capital of the Company. The Directors are aware that such increase will reduce the amount of Shares held by the public to less than 25 per cent. The Company has no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25 per cent. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No repurchase of Shares (whether on the Stock Exchange or otherwise) have been made by the Company from 9 February 2006 (the date on which the Shares were listed on the Stock Exchange) to the Latest Practicable Date.

(f) **Share prices**

During the period from 9 February 2006 (the date on which the Shares were listed on the Stock Exchange) to the Latest Practicable Date, the highest and lowest traded prices for Shares recorded on the Stock Exchange were as follows:

Year	Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006	February	1.08	0.78
	March	1.08	0.91
	April	0.96	0.83
	May	1.13	0.92
	June	1.13	0.99
	July (up to the Latest Practicable Date)	1.44	1.08



MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

NOTICE IS HEREBY GIVEN that an annual general meeting of Modern Beauty Salon Holdings Limited (the “Company”) will be held at Tien Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 86 Queensway, Hong Kong, on Tuesday, 15 August 2006 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2006.
2. To declare a final dividend for the year ended 31 March 2006.
3. (A) (a) To re-elect Mr. Hung Fan Kwan as director.

(b) To re-elect Mr. Yip Kai Wing as director.

(c) To re-elect Mr. Wong See Hong as director.

(d) To re-elect Mr. Yu How Yuen as director.

(e) To re-elect Mr. Cheng Kai Tai, Allen.

(B) To authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint PricewaterhouseCoopers as auditors for the year ending 31 March 2007 and to authorise the board of directors to fix their remuneration.
5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares of the Company of HK\$0.10 each on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures

Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal value of shares of the Company of HK\$0.10 each which the directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Law (2004 Revision) of the Cayman Islands or any other applicable law of Cayman Islands to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

(a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above,

otherwise than pursuant to or in consequence of (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company or warrants to subscribe for shares of the Company; or (iv) any scrip dividends or similar arrangement, providing for the allotment and issue of shares in lieu of the whole or part of a dividend or shares in accordance with the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Law (2004 Revision) of the Cayman Islands or any other applicable law of Cayman Islands to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** subject to the passing of the resolution nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to resolution no. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company of HK\$0.10 each

repurchased by the Company under the authority granted pursuant to resolution no. 5 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

By order of the Board
Hui Hon Wa
Company Secretary

Hong Kong, 20 July 2006

As at the date hereof, the Board of Directors of the Company consists of five executive Directors, Ms. Tsang Yue, Joyce, Mr. Lee Soo Ghee, Ms. Yuen Siu Ping, Mr. Hung Fan Kwan and Mr. Yip Kai Wing and three independent non-executive Directors, Mr. Wong See Hong, Mr. Yu How Yuen and Mr. Cheng Kai Tai, Allen.

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. Any member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
3. The register of members of the Company will be closed from Wednesday, 9 August 2006 to Tuesday, 15 August 2006, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for voting at the meeting and the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 8 August 2006.
4. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. A form of proxy for the meeting is enclosed with this circular.