
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in B.A.L. Holdings Limited (變靚D控股有限公司*), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer 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.

B.A.L. HOLDINGS LIMITED 變靚D控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8079)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent financial adviser to
the Independent Board Committee and Independent Shareholders**



South China Capital Limited

A letter from the Board is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from South China Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 15 of this circular.

A notice convening a extraordinary general meeting of B.A.L. Holdings Limited to be held at Room 1401, 14/F, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong at 4:00 p.m. on 14 June 2007 is set out from pages 23 to 24 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Standard Registrars Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

23 May 2007

* for identification purposes only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“chief executive”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	B.A.L. Holdings Limited a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM
“Completion”	completion of the Shareholders Agreement, which shall take place on or before 25 July 2007
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$25,000,000 in respect of the Subscription
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Independent Shareholders, or any adjournment thereof, to be convened at which the Shareholders Agreement and the transactions contemplated therein will be considered and, if thought fit, approved
“First Credit”	First Credit Limited, being a wholly-owned subsidiary of First Holdings
“First Holdings”	First Holdings Consortium Ltd
“First Holdings Shares”	ordinary shares of US\$1 each in the share capital of First Holdings
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Listing Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Shareholders Agreement and the transactions contemplated therein

DEFINITIONS

“Independent Financial Adviser” or “South China Capital”	South China Capital Limited, being a deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as set out in Schedule 5 to the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Shareholders Agreement and the transactions contemplated therein
“Independent Shareholders”	Shareholders other than Mr. Chan and his associates
“Latest Practicable Date”	21 May 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in the circular
“Mr. Chan”	Mr. Chan Boon Ho, Peter, being a substantial Shareholder
“Nutriplus”	Nutriplus Cosmetics International Limited, a company incorporated in Hong Kong and is a wholly owned subsidiary of the Company
“Other Subscribers”	Subscribers other than Nutriplus and Win Action pursuant to the Shareholders Agreement
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of the shares of the Company
“Shareholders Agreement”	the shareholders agreement dated 27 April 2007 entered into between Nutriplus, Win Action and Other Subscribers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Nutriplus
“Subscription Date”	27 April 2007
“Subscription Price”	HK\$25,000,000 to be paid on the Subscription Shares
“Subscription Shares”	3,205,129 new ordinary shares in the issued share capital of First Holdings subscribed by Nutriplus
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“supervisor(s)”	has meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Win Action”	Win Action Limited, a company incorporated in the British Virgin Islands of which Mr. Chan is the ultimate beneficial owner
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of United States of America

B.A.L. HOLDINGS LIMITED
變靚D控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8079)

Executive Directors:

Ms. Siu York Chee, Doreen (*Chairperson*)

Mr. Leung Kwok Kui

Independent non-executive Directors:

Mr. Hung Anckes Yau Keung

Dr. Siu Yim Kwan, Sidney

Registered office:

Ugland House

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place of
business in Hong Kong:*

Room 1401, 14/F

Guardian House

32 Oi Kwan Road

Wanchai

Hong Kong

23 May 2007

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the Company's announcements dated 30 April 2007 and 2 May 2007. The Company announced that on 27 April 2007, Nutriplus, a wholly-owned subsidiary of the Company, Win Action and Other Subscribers entered into the Shareholders Agreement, pursuant to which Nutriplus, Win Action and Other Subscribers irrevocably subscribes for and undertakes to fully pay up the shares of First Holdings.

The purpose of this circular is to provide you with further information relating to the Shareholders Agreement and to seek your approval of the resolution set out in the notice of EGM.

A notice for convening the EGM is set out on pages 23 to 24 of this circular.

* for identification purposes only

LETTER FROM THE BOARD

THE SHAREHOLDERS AGREEMENT

Date: 27 April 2007

Parties: Nutriplus

Win Action

Other Subscribers

Pursuant to the Shareholders Agreement, each of the subscribers irrevocably subscribes for and undertakes to fully pay up new First Holdings Shares. The Shareholders Agreement also sets out the terms governing the management of the Company and to regulate the respective rights and obligations of the shareholders in First Holdings.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, First Holdings and the Other Subscribers and their ultimate beneficial owners (as the case may be) are third parties independent of the Company and connected persons of the Company.

Pursuant to the Shareholders Agreement, if the EGM is not passed on or before the 90th day from the date of the Shareholders Agreement, the Subscription will be cancelled unless all parties to the Shareholders Agreement agreed in writing to extend by another 90 days. If the Subscription is cancelled, any payments made by Nutriplus must be refunded to Nutriplus within 14 days and the Subscription Shares will be cancelled.

Subscription Shares

On the Subscription Date, a total of 12,948,717 First Holdings Shares were issued and allotted to Nutriplus, Win Action and Other Subscribers. 3,205,129 and 1,923,076 First Holdings Shares representing approximately 24.75% and 14.85% respectively of the issued share capital of First Holdings as at the Subscription Date were issued and allotted to Nutriplus and Win Action respectively.

The Subscription Shares will rank *pari passu* in all respects with the First Holdings Shares in issue, including the right to any dividends or distributions.

Pursuant to the Shareholders Agreement, no shareholder of First Holdings shall dispose of or permit or suffer a transfer of the whole or any part of its shares held by it or any interest therein without the approval in writing of the majority shareholders made by a majority vote over 50% of the shareholders in the shareholders' meeting of First Holdings.

Subscription Price

The Subscription Price of HK\$25,000,000 was determined after arm's length negotiation between Nutriplus and First Holdings. The Subscription Price is HK\$7.80 per share at par value of First Holdings.

LETTER FROM THE BOARD

The Subscription Price will be satisfied by the internal resources of the Group. On the Subscription Date, HKD2,500,000 was paid and the balance of HKD22,500,000 is payable on call.

The completion of the Shareholders Agreement is conditional upon the approval of the Independent Shareholders voting by way of poll at the EGM.

INFORMATION ON FIRST HOLDINGS

First Holdings is a limited liability company organized under the law of British Virgin Islands with an authorized capital of US\$300,000,000 divided into 300,000,000 shares of US\$1 each and the existing share capital is US\$1 with one issued share.

First Holdings currently holds 100% shareholding in First Credit which is a limited liability company organized under the laws of Hong Kong and is engaged in the principal business of money lending and the provision of credit such as personal loans, mortgage loans, car loans and the provision of any other forms of credit. First Credit was incorporated in Hong Kong and both First Holdings and First Credit have not yet commenced business. First Credit is now in the process of obtaining the relevant licenses required for the business of money lending and the provision of credits and pending regulatory approval from the relevant departments such as Companies Registry, Police Licensing Office and Licensing Court.

Pursuant to the Shareholders Agreement, First Holdings intends to use the proceeds from the subscription of the new First Holdings Shares for the working capital of First Credit.

REASONS FOR THE SUBSCRIPTION

The principal activities of the Group are the retails of beauty products and provision of beauty services in Hong Kong, Macau and China. Since most of the Group's customers require installment payment services for the beauty services, the Directors believe that the consumer financial services to be provided by First Credit will provide synergies to the Group's beauty business. On the other hand, the customers of First Credit will be mostly consumers and thus will provide a source of potential customers for the Group's beauty services.

The Directors consider that the entering into of the Shareholders Agreement is beneficial to the Group. The Directors also consider that the Shareholders Agreement has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Subscription is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE SUBSCRIPTION

Upon Completion, the Company will own as to approximately 24.75% of First Holdings. The investment in First Holdings will be treated as an associate company under equity accounting. The Company expects that the cooperation with First Holdings will broaden the revenue and income base of the Group. Furthermore, given also the possible synergy effects between the Company and First Holdings, the Directors expect that the Group's future financial performance would be enhanced. Since First Holdings and First Credit have not yet commenced operation, the entering into of the Shareholders Agreement would not have material impact on the assets and liabilities of the Group.

GENERAL

The Subscription constitutes a discloseable transaction for the Company under Rule 19.06(2) of the GEM Listing Rules. As one of the subscribers, namely Win Action, of which the ultimate beneficial owner, Mr. Chan, is also a substantial Shareholder, the Shareholders Agreement also constitutes a connected transaction for the Company under Rules 20.13 of the GEM Listing Rules .

The Shareholders Agreement is conditional upon the approval of the Independent Shareholders voting by way of poll at the EGM. Mr. Chan and his associates will abstain from voting at the EGM on the proposed resolution approving the Shareholders Agreement and the transactions contemplated therein.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Shareholders Agreement and the transaction contemplated therein. South China Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Shareholders Agreement and the transactions contemplated therein.

The text of the letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders containing its recommendation and the principal factors it has taken into account in arriving at its recommendation are set out on pages 10 to 15 of this circular.

The Independent Board Committee, having taken into account the advice of South China Capital, consider that the terms of the Shareholders Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommend the Independent Shareholders to vote in favour of the resolution approving the Shareholders Agreement and the transactions contemplated therein. The text of the letter from the Independent Board Committee is set out on page 9 of this circular.

The Directors consider that the terms of the Shareholders Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

THE EGM

A notice convening the EGM to be held at Room 1401, 14/F, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong at 4:00 p.m. on 14 June 2007 for the purpose of considering, and, if thought fit, approving the Shareholders Agreement and the transactions contemplated therein is set out on pages 23 to 24.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

FURTHER INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

By Order of the Board
B.A.L. Holdings Limited
Siu York Chee
Chairperson

B.A.L. HOLDINGS LIMITED
變靚D控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8079)

23 May 2007

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular dated 23 May 2007 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to give our advice on the terms of the Shareholders Agreement and the transactions contemplated therein, details of which are set out in the letter from the Board included in the Circular.

South China Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Shareholders Agreement and whether they are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 10 to 15 of the Circular.

Having taken into account the advice of South China Capital, we consider that the terms of the Shareholders Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Shareholders Agreement and the transactions contemplated therein.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Mr. Hung Anckes Yau Keung Dr. Siu Yim Kwan, Sidney

Independent non-executive Directors

* for identification purposes only

LETTER FROM SOUTH CHINA CAPITAL

Set out below is the text of a letter received from South China Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Shareholders Agreement for the purpose of inclusion in this circular.



South China Capital Limited
28/F., Bank of China Tower
No. 1 Garden Road
Central
Hong Kong

23 May 2007

*To: The independent board committee and the independent shareholders
of B.A.L. Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Shareholders Agreement, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 23 May 2007 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 April 2007, Nutriplus, a wholly-owned subsidiary of the Company entered into the Shareholders Agreement with Win Action and Other Subscribers. Pursuant to the Shareholders Agreement, each of the subscribers irrevocably subscribes for and undertakes to fully pay up the new shares of First Holdings.

As one of the applicable percentage ratios exceeds 5%, the Shareholders Agreement constitutes a discloseable transaction for the Company under Rule 19.06(2) of the GEM Listing Rules. One of the subscribers, Win Action, of which the ultimate beneficial owner, Mr. Chan, is also a substantial Shareholder. Accordingly, the Shareholders Agreement also constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules and is therefore subject to the Independent Shareholders’ approval at the EGM under Chapter 20 of the GEM Listing Rules.

An Independent Board Committee comprising Mr. Hung Anckes Yau Keung and Dr. Siu Yim Kwan, Sidney (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the terms of the Shareholders Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as

a whole and how the Independent Shareholders should vote in respect of the relevant resolution to approve the Shareholders Agreement and the transactions contemplated therein at the forthcoming EGM. We, South China Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 17.92 of the GEM Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquires, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscription, we have taken into consideration the following principal factors and reasons:

(1) Background of the Subscription

On 27 April 2007, Nutriplus, a wholly-owned subsidiary of the Company entered into the Shareholders Agreement with Win Action and Other Subscribers. Pursuant to the Shareholders Agreement, each of the subscribers irrevocably subscribes for and undertakes to fully pay up the new shares of First Holdings. Nutriplus will subscribe for 3,205,129 new shares of First Holdings for a consideration of HK\$25,000,000, representing approximately 24.75% of the entire issued share capital of First Holdings.

LETTER FROM SOUTH CHINA CAPITAL

Completion of the Shareholders Agreement is subject to and conditional upon the passing of a resolution by the Independent Shareholders of the Company, approving the Subscription on or before 25 July 2007, which is the 90th day of the Shareholders Agreement and the Subscription can be extended by another 90 days as agreed by with all parties to the Shareholders Agreement in writing. If the condition above could not be fulfilled, the Shareholders Agreement will be lapsed. Any payments that have already been made by Nutriplus must be refunded within 14 days and the Subscription Shares will be cancelled accordingly.

As noted in the announcement of the Company dated 1 March 2007, the Company has successfully raised a total of approximately HK\$36.11 million (the “Placing”), to which the net proceeds of approximately HK\$13.14 million and HK\$22.97 million were raised through the placing and top up subscription agreement and the subscription agreement respectively. The Company planned to use the net proceeds as general working capital and/or possible investment in future.

(2) Business overview of the Group

The Group is principally engaged in retails of beauty products and provision of beauty services in Hong Kong, Macau and China.

The following table set out the revenue from each of the business segments of the Group as extracted from the annual report of the Company for the year ended 31 October 2006 (the “2006 Annual Report”):

	For the year ended 31 October 2006 HK\$000	For the year ended 31 October 2005 HK\$000	Year-on-year change
Revenue			
Beauty services and sale of beauty products	130,293	100,597	29.52%
Clinical services	8,844	—	—
Tuition fees of beauty courses	7,244	1,067	578.91%
Total	<u>146,381</u>	<u>101,664</u>	<u>43.99%</u>

In addition, according to the 2006 Annual Report, the revenue of the Group for the year ended 31 October 2006 increased by approximately 43.99% compared to previous financial year. The businesses of the Group have been divided into three business segments, which are operation of beauty services and sale of beauty products, clinical services and beauty courses respectively. The revenue generated from the beauty services and sale of beauty products amounted to approximately HK\$130 million for the year ended 31 October 2006, representing an increase of approximately 30% as compared to previous financial years. The clinical services, which includes plastic surgery and has just commenced in full operation in 2006, the revenue generated from this segment amounted to approximately HK\$9 million for the year

ended 31 October 2006, representing approximately 6% of the Group's total revenue. The revenue generated from the beauty courses reached over HK\$7 million for the year ended 31 October 2006, which accounted for approximately 4.9% of the Group's total revenue. The revenue generated from this segment has surged more than 5 times compared to the previous financial years.

As advised by the Directors, the service fees of different types of services vary with individual customer. Most customers would be tailored for their package according to their own needs. It is difficult to generalize an average service fees for their customers, however, we understand from the Company that the installment payment service is a very usual and common practice in this industry as most customers prefer not to pay a large sum of money upfront. Also, the Directors confirm that the newly commenced clinical services are relatively expensive than any other beauty services and we further noted from the 2006 Annual Report that the business focus of the Group has been switched to medical based beauty service, including plastic surgery. In this regard, the installment payment service is considered to be necessary for the customers of the Company as most medical treatments are relatively expensive compare to the beauty services.

(3) Reasons for the Subscription

First Holdings shall be the holding company of First Credit which shall be engaged in the business of money lending and the provision of credit including but not limited to personal loans, mortgage loans, car loans and the provision of any other forms of credit. As at the Latest Practicable Date, both First Holdings and First Credit have not yet commenced business. Since there is a persistent demand on the installment payment service from the customers of the Company, the Company would like to take this opportunity to transfer these customers to First Holdings and thus expanding the customer base of First Holdings through the Subscription. Moreover, the Directors are of the view that the cooperation with First Holdings could also be regard as a way to promote the beauty business of the Company and thus increasing the popularity of the brand of "Be A Lady". The Directors believe that the Subscription represents an attractive opportunity to broaden the income and customer base of the Group and provide synergies to the Group's beauty business, which is consistent with the Group's strategy.

In view of the (i) increasing revenue generated from each of the business segments of the Group; (ii) installment payment service is usual and common practice in the beauty industry; (iii) the relatively expensive professional clinical services compared to other beauty services; and (iv) the possible synergy effect between the Company and First Holdings; we concur with the Directors and are of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

(4) Principal terms of the Shareholders Agreement

We noted from the Board Letter that the Subscription Price of HK\$25,000,000 was determined after arm's length negotiation between Nutriplus and First Holdings. According to the Shareholders Agreement, First Holdings is a private company incorporated in the British Virgin Island with limited liability. As the contribution amounts to be made by Nutriplus, Win Action and Other Subscribers are in proportion to their respective shareholding interests in First Holdings. We are of the view that the Subscription Price, being approximately 24.75% of shareholding interests in First Holdings has been arrived at on a fair and reasonable basis.

We are not aware of any other terms of the Shareholders Agreement which are uncommon to normal market practice. As such, we are of the view that the terms of the Shareholders Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(5) Management of First Holdings

We have enquired into the Company regarding the proposed board composition of First Holdings and the Directors confirm that there the board composition has not been yet been determined. However, we noted from the Shareholders Agreement that one of the subscribers, Mr. Sin Kwok Lam ("Mr. Sin") shall be the managing director of First Holdings so long as Mr. Sin remains as a director of First Holdings. The Directors explained that such arrangement is mainly due to Mr. Sin's expertise in the business of money lending and provision of credit industry. According to our personal interview with Mr. Sin and the personal profile of Mr. Sin, we noted that Mr. Sin has over 8 years experiences in the money lending and provision of credit industry. Mr. Sin graduated from Oklahoma City University, United States in 1993 with a master degree in business administration and is also an associate member of the Institute of Bankers, UK. From 1996 to 2005, Mr. Sin was the Director and General Manager of Wing Hang Credit Limited, a subsidiary of Wing Hang Bank principally engaged in the business of customer credit such as personal loan, mortgage loan, credit card and vehicle finance. Taking into account the relevant experiences that Mr. Sin possesses, we concur with the Directors that Mr. Sin is a suitable personnel as a managing director of First Holdings. In addition, since Mr. Sin is experienced in the business of money lending and provision of credit industry and performed the leading role as a Director and General Manager for Wing Hang Credit Limited and therefore, we are of the view that Mr. Sin is a suitable personnel as a managing director of First Holdings.

(6) Financial effects of the Subscription

Upon Completion, the Company will own as to approximately 24.75% of First Holdings. As referred to in the Board Letter, the investment in First Holdings will be treated as an associate company under equity accounting. Since First Holdings has not yet commenced operation, there will be no immediate effect on the earning of the Group upon Completion.

LETTER FROM SOUTH CHINA CAPITAL

Based on the balance sheet of the Company as at 31 October 2006 as set out in the 2006 Annual Report, the cash and cash equivalents amounted to approximately HK\$20,052,000. In addition, as referred to in the section headed “Background of the Subscription”, the net proceed from the Placing amounted to approximately HK\$36.11 million. On this basis, the Directors confirm that the Company has sufficient internal resources to satisfy its obligation under the Shareholders Agreement to contribute its investment of HK\$25,000,000.

RECOMMENDATION ON THE SHAREHOLDERS AGREEMENT

Having taken into account the above factors and reasons, including but not limited to (i) the possible synergy effect between the Company and First Holdings; (ii) the installment payment service is usual and common practice in the beauty industry; and (iii) the terms of the Shareholders Agreement are common to normal market practice, despite the Subscription is not in the ordinary and usual course of business, we are of the opinion that the Subscription is on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. In addition, we are also of the view that the terms of the Shareholders Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the forthcoming EGM to approve the Shareholders Agreement and the transactions contemplated therein and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
South China Capital Limited
Graham Lam
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(i) Interests and short positions of the directors, supervisors or chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executive and Supervisors of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares

(a) Long positions in the shares of the Company

Name	Type of interest	No. of shares	Approximate percentage of interest
Mr. Leung Kwok Kui	Personal	3,427,954	0.59
Ms. Siu York Chee	Personal	58,647,954	10.15

(b) Long positions in underlying shares of equity derivatives of the Company

As at the Latest Practicable Date, none of the Directors has long position in underlying shares of equity derivatives of the Company.

- (c) Short positions in shares and underlying shares of equity derivatives of the Company

Save as disclosed herein above, as at Latest Practicable Date, none of the Directors has short positions in shares or underlying shares of equity derivatives of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) **Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

As at the Latest Practicable Date, the interest of the shareholders in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(a) *Long position in the shares of the Company*

Name	Number of Shares	Percentage of Issued Share Capital
Everproven Limited (<i>Note 1</i>)	65,230,651	11.29
Deutsche Bank Aktiengesellschaft (<i>Note 2</i>)	36,000,000	6.23
Multi Treasure Ltd (<i>Note 1</i>)	52,180,000	9.03
Galaxy China Opportunities Fund (<i>Note 3</i>)	37,880,000	6.56

Notes:

- 1)
- Everproven Limited and Multi Treasure Ltd are a substantial shareholder of the Company and beneficially owned by Mr. Chan.
- 2)
- The 36,000,000 Shares were held as security interest by Deutsche Bank Aktiengesellschaft.
- 3)
- The 37,880,000 Shares were held as security interest by Galaxy China Opportunities Fund.

(b) *Short positions in the shares and underlying shares of equity derivatives of the Company*

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

(iii) Interests in assets of the Group

Up to the Latest Practicable Date, none of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 October 2006, being the date to which the latest published audited financial statements of the Company were prepared.

(iv) Interests in contracts of the Company

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

(v) Interests in competing business

As at the Latest Practicable Date, none of the Directors or the management shareholders of the Company and their respective associates has an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest which any such person has or may have with the Group pursuant to Rule 11.04 of the GEM Listing Rules.

3. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of Ms. Siu York Chee and Mr. Leung Kwok Kui has entered into a service contract with Company. Their appointments are for a term of five (5) years commencing from 1 September 2004 and shall continue thereafter for a successive term of one (1) year unless and until terminate in accordance with the terms of the service contract. Each of Ms. Siu York Chee and Mr. Leung Kwok Kui receives a remuneration of HK\$50,000 and HK\$30,000 per month under their respective service contract with the Company. Save as disclosed herein, none of the Directors has any existing or proposed service contract (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

4. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against the Company.

5. MATERIAL ADVERSE CHANGE

There has not been any material adverse change in the financial or trading position of the Group since 31 October 2006 when the latest published audited accounts of the Group was made up.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
South China Capital	A deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as set out in Schedule 5 to the SFO

South China Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter or summary of its opinion (as the case may be) and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, South China Capital does not have any shareholding interest in any member of the Group and did not have any the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at Latest Practicable Date, South China Capital does not have any direct or indirect interests in any assets which have been, since 31 October 2006 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 80 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the GEM Listing Rules or (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 demanded (i) by the chairman of the meeting; or (ii) by at least five Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or (v) if required by the GEM Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

8. GENERAL

- (a) The registered address of the Company is at Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 1401, 14th Floor, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer agent of the Company in Hong Kong is Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The Company established an audit committee in October 2001 with terms and reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the annual report and accounts, interim reports and quarterly reports of the Company and internal control system of the Company. The audit committee of the Company comprises two members, including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise. The Board is in the process of identifying a suitable replacement for the office of independent non-executive director and member of the Audit Committee. Further details of the members of the audit committee are set out below.

Mr. HUNG Anckes Yau Keung (“Mr. Hung”), MBA, aged 54, a Certified Public Accountant, was appointed as an independent non-executive Director of the Company in October 2003. Mr. Hung has over 25 years experience in accounting. Mr. Hung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, a member of the Chartered Institute of Management Accountants and the Certified General Accountants Association, and an overseas non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Hung is also a member of the Certified Fraud Examiners of U.S.A.

Mr. Hung is now the practising director of KND & Co. CPA Limited, Certified Public Accountants (Practising). Mr. Hung is the Honorary Treasurer of The Overseas CICPA Members Association since the incorporation of the Association. Mr. Hung is also the Visiting Professor of the Southwestern University of Finance and Economics and the Research Institute of Economics of the Shenzhen University in China.

Dr. SIU Yim Kwan, Sidney (“Dr. Siu”), aged 60, Dr. Siu was appointed as an independent non-executive director of the Company in December 2004. Dr. Siu holds a doctorate degree in Business Management from Armstrong University in the United States. Dr. Siu is the non-executive director of Wang On Group Limited, a listed company in Hong Kong since November 1993.

Dr. Siu is a director of The Association of The Directors & Former Directors of Pok Oi Hospital Ltd, Bright China Foundation Ltd and Chiu Yang Residents Association of Hong Kong Ltd, those companies are non-profitable association and providing community services in Hong Kong.

Dr. Siu is also a director of The Hong Kong Tae Kwon Do Association Ltd, a sport association in Hong Kong and also an executive member of a number of charitable organizations and sports associations.

- (e) The compliance officer of the Company is Ms. Siu York Chee, Doreen.
- (f) The qualified accountant and the company secretary of the Company is Mr. Lo Gun Yuen, Raymond (*CPA, FAIA*).
- (g) In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business in Hong Kong of the Company at 14th Floor, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong from the date of this circular up to and including the date of EGM:

- (a) the articles of association of the Company;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 9 of this circular;
- (c) the letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 10 to 15 of this circular;
- (d) the Director's service contracts;
- (e) the written consents referred to in the section headed "Expert and consent" in this Appendix;
- (f) the Shareholders Agreement; and
- (g) this circular.

NOTICE OF EGM

B.A.L. HOLDINGS LIMITED

變靚D控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8079)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders of B.A.L. Holdings Limited (the “Company”) will be held at Room 1401, 14/F, Guardian House, 32 Oi Kwan Road, Wanchai, Hong Kong on 14 June 2007 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** (i) the Shareholders Agreement (as defined in the circular dated 23 May 2007 despatched to the shareholders of the Company (the “Circular”), a copy of which has been produced to this meeting marked “A” and signed by the Chairman hereof for the purpose of identification, and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and (ii) the directors of the Company be and are hereby authorized to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry and implement the Shareholders Agreement (as defined in the Circular) and all the transactions contemplated thereunder into full effect.”

By Order of the Board of
B.A.L. Holdings Limited
Siu York Chee
Chairperson

Hong Kong, 23 May 2007

Registered Office:

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of Business:

Room 1401, 14/F
Guardian House
32 Oi Kwan Road
Wanchai
Hong Kong

* *for identification purposes only*

NOTICE OF EGM

Notes:

1. A shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Standard Registrars Limited, 26th Floor, Tesbury Centre 28 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. As at the date of this notice of EGM, the Board comprises two executive Directors namely Ms. Siu York Chee, Doreen and Mr. Leung Kwok Kui; and two independent non-executive Directors namely Mr. Hung Anckes Yau Keung and Dr. Siu Yim Kwan, Sidney.
5. The resolution will be voted by way of poll.