THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

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 licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Blu Spa Holdings Limited, you should at once hand this circular 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.

BLU SPA HOLDINGS LIMITED
富麗花 • 譜控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8176)

PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent

博大證券有限公司
Partners Capital Securities Limited

A notice convening an extraordinary general meeting of Blu Spa Holdings Limited to be held at the Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Tuesday, 15 September 2009 at 9:00 a.m., is set out on pages 12 to 13 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed hereon and return it to the Company's Shares registrar in Hong Kong, Tricor Secretaries Limited at 26/F., 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 appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

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

28 August 2009

* *For identification purpose only*

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. 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 trading 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.

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

"Announcement"	the announcement of the Company dated 19 August 2009 in relation to the Placing
"associates"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday, Sunday and public holiday), on which licensed banks in Hong Kong are generally open for business in Hong Kong
"Company"	Blu Spa Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM (Stock Code: 8176)
"connected person"	has the meaning ascribed to it under the GEM Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held on 15 September 2009 at the Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong for the purpose of considering and, if thought fit, approving the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares under the Placing and the transactions contemplated thereunder
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the Council of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Last Trading Day"	19 August 2009, being the last full trading day for the Shares on GEM prior to the issue of the Announcement
"Latest Practicable Date"	26 August 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Long Stop Date"	31 October 2009 or such later time and date as the Placing Agent and the Company shall agree in writing
"Placees"	any institutional, professional or private investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
"Placing Agent" or "PCSL"	Partners Capital Securities Limited, a licensed corporation to carry out type 1 regulated activities within the meaning of the SFO
"Placing Agreement"	a conditional placing agreement entered into between the Company and the Placing Agent dated 19 August 2009 in relation to the Placing
"Placing Period"	the period of three months from the date of the Placing Agreement (or such other termination date as the Placing Agent may determine and notify the Company in writing)
"Placing Price"	HK$0.80 per Share
"Placing Shares"	a maximum of 175,000,000 Shares to be issued and allotted pursuant to the Placing Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholders"	holder(s) of the Share(s)
"Specific Mandate"	a specific mandate to allot and issue Shares to be sought from the Shareholders at the EGM to satisfy the Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to this term under the GEM Listing Rules
"%"	per cent

For the purpose of this circular, the exchange rate used for conversion between HK$ and RMB is 1:0.88.

BLU SPA HOLDINGS LIMITED
富麗花•譜控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8176)

Executive Directors:
Mr. Cheung Tsun Hin, Samson *(Chairman)*
Ms. Chan Choi Har, Ivy *(Vice Chairman)*

Non-executive Directors:
Mr. Chan Shun Kuen, Eric
Mr. Ji He Qun

Independent Non-executive Directors:
Mr. Chan Sze Hon
Mr. Lam Wai Pong
Mr. Yeung Mario Bercasio

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 2303, 23/F.
World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

28 August 2009

To the Shareholders

Dear Sir or Madam,

PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL

INTRODUCTION

Reference is made to the Announcement in relation to the placing of a maximum of 175,000,000 Placing Shares, on a best effort basis, at the Placing Price of HK$0.80 per Placing Share by the Placing Agent. The purpose of this circular is to provide you with further details of the Placing and the notice of EGM.

* *For identification purpose only*

THE PLACING AGREEMENT

Date:	19 August 2009 (after the trading hours)
Issuer:	The Company
Placing Agent:	PCSL

PCSL is the placing agent, who has conditionally agreed to place a maximum of 175,000,000 Placing Shares on a best effort basis on terms and conditions of the Placing Agreement.

The Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent from and not connected with the Company and/or its connected persons.

The Placing Agent will place the Placing Shares to not less than six Placees, who are expected to be institutional, professional or private investors, and who and (where a corporation) whose ultimate beneficial owner(s) will not be connected persons of the Company and will be independent from and not connected with the Company and/or its connected persons. It is expected that none of the Placees will become controlling or substantial shareholder immediately after completion of the Placing.

Placing commission

The Placing Agent will receive a placing commission of 3% on the gross proceeds from the Placing upon its completion. The Placing commission was determined after arm's length negotiation between the Company and the Placing Agent by reference to the size, the current and expected market condition and the time allowed for the Placing Agent to procure Placees for the Placing.

The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

Placing Shares

The maximum of 175,000,000 Placing Shares represent approximately (i) 37.04% of the Company's existing issued share capital of 472,400,000 Shares; and (ii) approximately 27.03% of the Company's issued share capital as enlarged by the issue of the Placing Shares. Based on the estimated expenses of approximately HK$4.5 million for the Placing, the gross proceeds and the net proceeds from the Placing will be HK$140.0 million and approximately HK$135.5 million respectively. On that basis, the net price per Placing Share will be approximately HK$0.774.

The Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM. The Placing Shares will, when fully paid, be allotted and issued in accordance with the memorandum and articles of association of the Company and with the relevant rules and regulations applicable to the Company in Hong Kong and Cayman Islands and will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto the record date of which falls on or after the date of allotment and issue of the Placing Shares.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares. Holders of the Placing Shares will be entitled to receive all future dividends and distributions the record date of which falls on or after the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK$0.80 per Share represents:

(i) a discount of approximately 15.8% to the closing price of HK$0.95 per Share on the Last Trading Day;

(ii) a discount of approximately 13.8% to the average closing price of HK$0.928 per Share in the last 5 trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 12.4% to the average closing price of HK$0.913 per Share in the last 10 trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and the Placing is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Placing

The Placing is conditional upon the following, inter alia, conditions:

(i) the passing of the following resolutions by the Shareholders at the EGM in relation to the Placing Agreement and the transaction contemplated hereunder:

    (a) the issue and allotment under the Specific Mandate of the Placing Shares; and

    (b) the Placing Agreement and the transaction contemplated thereunder; and

(ii) the GEM Listing Committee having granted (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked prior to the date of completion of the Placing Agreement.

If any of the above conditions are not fulfilled on or before 31 October 2009, the obligations and liabilities for the Company and the Placing Agent under the Placing Agreement shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing Agreement.

Completion of the Placing

Subject to the fulfilment of the conditions precedent under the Placing Agreement, completion of the Placing shall take place on the second Business Day after the end of Placing Period (or such other termination date as the Placing Agent may determine and notify the Company in writing).

Termination

If at any time on or prior to 5:00 p.m. on the Completion Date:

(i) there develops, occurs or comes into force:

(a) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group; or

(b) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or

(c) any significant change (whether or not permanent) in local, national or international market conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or

(d) any material litigation or clam being instigated against any member of the Group; or

(ii) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the warranties and undertakings of the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement; or

(iii) there is any adverse change in the business or in the condition (financial or otherwise) of the Company, or the Group which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

Then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 5:00 p.m. on the date of completion of the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation and the liabilities as prescribed in the Placing Agreement.

Application for listing

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF NET PROCEEDS

The principal activities of the Company are development, distribution and marketing of personal care treatment products.

Assuming all the Placing Shares are issued at the Placing Price, the gross proceeds from the Placing will amount to HK$140.0 million and the net proceeds are estimated to be approximately HK$135.5 million after deducting the relevant expenses to be incurred in relation to the Placing. The Company intends to apply the net proceeds from the Placing towards the possible acquisition of a property for setting up a beauty professional training institute of the Group and general working capital purposes. The Group has identified a property in Guangdong Province and is in the process of performing due diligence and is in negotiation with the relevant vendor about the terms of the possible acquisition. **As the possible acquisition is subject to negotiation and formal agreement, shareholders of the Company and/or potential investors should note that the possible acquisition may or may not proceed and should therefore exercise caution when dealing in the shares in the Company.** In the event that the said possible acquisition materialises, further announcement will be made to provide further details of the possible acquisition. On the other hand, in the event that the possible acquisition does not proceed, the Company intends to apply the net proceeds from the Placing for future investment opportunities which are expected to improve the profitability and/or broaden the revenue streams and general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the Placing Agreement was entered into under normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past 12 months from the Latest Practicable Date:

Date of announcement	Description	Net Amount raised (approximately)	Proposed use of proceeds	Actual use of proceeds
27 April 2009	Subscription of new shares	HK$15.15 million	For general working capital	For general working capital

Save as disclosed above, the Company has not conducted any fund raising activities during the past 12 months immediately prior to the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure before and after completion of the Placing Agreement assuming there is no change in the existing shareholding of the Company except for the Placing.

Shareholders	As at the date of the Announcement *(Shares)*	Per cent. *(approximately)*	Immediately after the Placing *(Shares)*	Per cent. *(approximately)*
Queensbury Global Limited *(Note 1)*	245,682,200	52.01%	245,682,200	37.95%
XO-Holdings Limited *(Note 2)*	11,065,787	2.34%	11,065,787	1.71%
Ms. Ivy Chan *(Note 2)*	3,500,000	0.74%	3,500,000	0.54%
Mr. Ji He Qun *(Note 3)*	13,100,000	2.77%	13,100,000	2.02%
Public:				
– Placees	–	–	175,000,000	27.03%
– Other public Shareholders	199,052,013	42.14%	199,052,013	30.75%
Sub-total	*199,052,013*	*42.14%*	*374,052,013*	*57.78%*
Total	472,400,000	100.00%	647,400,000	100.00%

Notes:

1. Queensbury Global Limited is owned as to 88.38% by Million Fortune Group Limited. Million Fortune Group Limited is owned as to 87% by Ms. Samantha Keung, a chief executive officer of the Company.

2. The issued share capital of XO-Holdings Limited is beneficially owned as to 65% by Ms. Ivy Chan, a Director.

3. Those 13,100,000 Shares are held by the spouse of Mr. Ji He Qun, a Director.

General

As at the Latest Practicable Date, the existing authorized share capital of the Company consists of 1,000,000,000 Shares out of which 472,400,000 Shares are issued and fully paid.

THE EGM

A notice convening the EGM to be held at the Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong at 9:00 a.m. on 15 September 2009 for the purpose of considering, and, if thought fit, approving the transactions contemplated under the Placing Agreement and the Specific Mandate, is set out on pages 12 to 13 of this circular. The voting in respect of the approval of the resolution contained in the notice of the EGM will be conducted by way of a poll.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Placing Agreement as at the Latest Practicable Date. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution relating to the Placing.

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 form of proxy in accordance with the instructions printed thereon and return it to the Company's Shares registrar in Hong Kong, Tricor Secretaries Limited at 26/F., 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 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 at any adjourned meeting should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. 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.

RECOMMENDATION

The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolution approving the Placing and the Specific Mandate at the EGM.

ADDITIONAL INFORMATION

As at the Latest Practicable Date, the Board comprises two executive Directors, namely Mr. Cheung Tsun Hin, Samson and Ms. Chan Choi Har, Ivy, two non-executive Directors, namely Mr. Chan Shun Kuen, Eric and Mr. Ji He Qun, and three independent non-executive Directors, namely Mr. Chan Sze Hon, Mr. Lam Wai Pong and Mr. Yeung Mario Bercasio.

Yours faithfully,
By order of the Board
Blu Spa Holdings Limited
Cheung Tsun Hin, Samson
Chairman

BLU SPA HOLDINGS LIMITED
富麗花•譜控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8176)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of the shareholders of Blu Spa Holdings Limited (the "Company") will be held at the Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong at 9:00 a.m. on 15 September 2009 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional placing agreement (the "Placing Agreement") dated 19 August 2009 between the Company and Partners Capital Securities Limited (the "Placing Agent") pursuant to which, inter alia, the Company agrees to place, through the Placing Agent, on a best efforts basis, up to a maximum of 175,000,000 new shares of the Company at a price of HK$0.80 per share (the "Placing Shares") to not less than six placees (a copy of which has been produced to the meeting marked "A" and initialled by the Chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;

(b) the allotment and issue of the Placing Shares pursuant to and in accordance with the terms and conditions of the Placing Agreement be and is hereby approved; and

(c) the directors of the Company (the "Directors") be and is hereby authorised to exercise all the powers of the Company and take such actions or execute such documents to effect the allotment and issue of the Placing Shares and to do such other things and to take all such action the Directors may consider necessary or desirable for the purpose of giving effect to and/or to implement the transaction contemplated in the resolution"

By order of the Board
Blu Spa Holdings Limited
Cheung Tsun Hin, Samson
Chairman

Hong Kong, 28 August 2009

* *For identification purpose only*

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1– 1111
Cayman Islands

Principal place of business in Hong Kong:
Room 2303, 23/F.
World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.

2. A form of proxy in respect of the EGM is enclosed herewith. Whether or not you intend to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon.

3. In order to be valid, the form of proxy when duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority must be delivered to the Company's Shares registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

4. Where there are joint registered holders of any shares of the Company ("Shares"), any one of such holders may vote at the EGM, either personally or by proxy in respect of such Shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any Share stands shall for this purpose be deemed joint holders thereof.