

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 stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Natural Beauty Bio-Technology Limited**, you should at once hand this circular, together with 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.

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Natural Beauty Bio-Technology Limited
自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

PROPOSALS FOR
(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS
(3) GRANT OF OPTIONS
(4) AMENDMENTS TO THE EXISTING SHARE OPTION SCHEME
(5) ADOPTION OF NEW SHARE OPTION SCHEME
(6) TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Natural Beauty Bio-Technology Limited to be held at 3:00 p.m. on 13 May 2011 (Friday) at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 55 to 59 of this circular. A form of proxy for use in connection with the annual general meeting is enclosed herewith. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

8 April 2011

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DEFINITIONS

“AGM”	the annual general meeting of the Company to be held at 3:00 p.m. on 13 May 2011 (Friday) at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and if thought fit, approving, inter alia, the resolutions proposed in this circular
“AGM Notice”	the notice convening the AGM set out on pages 55 to 59 of this circular
“Announcement”	the announcement of the Company dated 4 April 2011
“Articles”	the articles of association of the Company (as amended from time to time)
“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“Chief Executive”	has the meaning ascribed to it under the Listing Rules
“Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Company”	Natural Beauty Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any full-time employee of the Group and the Chief Executive, any executive or non-executive director of the Group at the time when an Option is granted to such person as determined by the Board at its absolute discretion
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 11 March 2002

DEFINITIONS

“Grantee”	any Eligible Person who accepts an offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) his/her personal representatives
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Tseng and his Associates
“Latest Practicable Date”	4 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Limit”	the maximum limit of Shares issued and to be issued upon the exercise of the share options granted to any Subject Grantee (including both exercised and outstanding share options) in any 12-month period under the Existing Share Option Scheme, representing 1% of the Shares in issue
“Memorandum”	the memorandum of association of the Company (as amended from time to time)
“Mr. Tseng”	Mr. John Hsin Sheng TSENG, the chief executive officer of the Company
“New Issue Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and otherwise deal with new Shares and other securities with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix IV

DEFINITIONS

“Options”	the options proposed to be granted to Mr. Tseng under the Existing Share Option Scheme to subscribe for 40,042,019 Shares, subject to approval by the Independent Shareholders
“Option Share(s)”	the Share(s) which Mr. Tseng is entitled to subscribe for upon the exercise of the Options, subject to the terms of the grant of the Options
“Repurchase Mandate”	a general and unconditional mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares in the capital of the Company up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of a nominal value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Grantees”	Mr. Tseng and seventeen other employees and senior management of the Group
“%”	per cent.

LETTER FROM THE BOARD



自然美
natural beauty

Natural Beauty Bio-Technology Limited
自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00157)

Executive Directors:

Dr. TSAI Yen-Yu (*alias TSAI Yen-Pin*) (*Chairman*)
Mr. LEE Ming-Ta (*alias LEE Ming-Tah*)

Non-Executive Directors:

Dr. SU Chien-Cheng
Dr. SU Sh-Hsyu
Mr. Patrick Thomas SIEWERT
Mr. Gregory Michael ZELUCK
Ms. FENG Janine Junyuan
Ms. NG Shieu Yeing Christina

Independent Non-Executive Directors:

Mr. Francis GOUTENMACHER
Ms. Su-Mei THOMPSON
Mr. CHEN Ruey-Long
Mr. YANG Tze-Kaing

Registered office:

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business

in Hong Kong:
Unit 3512, 35/F, The Center
99 Queen's Road Central
Central
Hong Kong

8 April 2011

To the Shareholders

Dear Sirs or Madams,

PROPOSALS FOR
(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS
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(4) AMENDMENTS TO THE EXISTING SHARE OPTION SCHEME
(5) ADOPTION OF NEW SHARE OPTION SCHEME
(6) TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the AGM relating to:

- a) grant of the New Issue Mandate to issue Shares;

LETTER FROM THE BOARD

- b) grant of the Repurchase Mandate for repurchase by the Company of its own Shares;
- c) grant of general extension mandate to extend the New Issue Mandate to include Shares repurchased under the Repurchase Mandate;
- d) re-election of Directors;
- e) grant of Options to Mr. Tseng;
- f) amendments to the Existing Share Option Scheme;
- g) adoption of the New Share Option Scheme; and
- h) termination of the Existing Share Option Scheme.

The AGM Notice is also enclosed in this circular.

GENERAL MANDATE TO ISSUE SECURITIES

At the last annual general meeting of the Company held on 24 May 2010, the Directors were given a general mandate to allot and issue new Shares. The mandate will expire at the conclusion of the AGM. At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares, and to make or grant offers, agreements or options which might require the exercise of such powers, with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of the existing share capital of the Company in issue on the date of passing the relevant resolution. In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares without the prior approval of the Stock Exchange. The New Issue Mandate may only continue in force during the period ending on the earlier of the date of the next annual general meeting or the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in a general meeting of the Company. As at the Latest Practicable Date, on the basis of 2,002,100,932 existing Shares in issue, the New Issue Mandate could result in up to 400,420,186 new Shares being issued by the Company. The Directors have no present intention to issue any new Shares pursuant to the New Issue Mandate. Save as disclosed above, the Company did not obtain any other general mandate or special mandate to issue securities in the past 12 months.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 24 May 2010, the Directors were given a general mandate to repurchase Shares. The mandate will expire at the conclusion of the AGM. At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all the powers of the Company to repurchase issued and fully-paid Shares. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing the relevant resolution. On the basis of 2,002,100,932 existing Shares in issue as at the Latest Practicable Date, the Repurchase Mandate could result in up to 200,210,093 Shares being repurchased by the Company. The Company's authority is restricted to purchases on the Stock Exchange in accordance with the Listing Rules. The Repurchase Mandate allows the Company to make or agree to make purchases only during the period ending on the earlier of the date of the next annual general meeting or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company. An explanatory statement giving the particulars required under the Listing Rules in respect of the Repurchase Mandate to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution is set out in the Appendix I of this circular. Save as disclosed above, the Company did not obtain any other general mandate to repurchase Shares in the past 12 months.

GENERAL EXTENSION MANDATE

In addition, if the New Issue Mandate and the Repurchase Mandate are granted, an ordinary resolution will be proposed at the AGM that the Directors be granted an extension of New Issue Mandate, which provides that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the New Issue Mandate.

RE-ELECTION OF THE DIRECTORS

Pursuant to Article 117 of the Articles, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then a number not less than one-third, shall retire from office by rotation at the AGM and being eligible, offer themselves for re-election. Dr. TSAI Yen-Yu (alias TSAI Yen-Pin) (Chairperson and executive Director), Dr. SU Sh-Hsyu (non-executive Director), Mr. Gregory Michael ZELUCK (non-executive Director) and Mr. Patrick Thomas SIEWART (Vice Chairman and non-executive Director) will retire by rotation and, being eligible, offer themselves for re-election.

Particulars of Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

PROPOSED GRANT OF OPTIONS

General

The Board (including all independent non-executive Directors) announced that on 4 April 2011, the Company has granted options to the Subject Grantees pursuant to the Existing Share Option Scheme to subscribe for up to an aggregate of 90,895,381 Shares subject to the acceptance of the Subject Grantees and in the case of Mr. Tseng, subject also to the approval by the Independent Shareholders at the AGM. The grant of options is within the limit of the scheme mandate of the Existing Share Option Scheme previously granted by the Shareholders. Details of such grant are set out below:

Subject Grantees	Position held with the Company	Number of options shares
Mr. Tseng	Chief executive officer	40,042,019
Subject Grantees (other than Mr. Tseng)	Employees or senior management of the Group	<u>50,853,362</u>
	Total	<u>90,895,381</u>

Save as disclosed above, none of the Subject Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective Associate(s).

Grant of Options to Mr. Tseng

The Board proposes to seek the Independent Shareholders' approval at the AGM on the grant of the Options to Mr. Tseng pursuant to the Existing Share Option Scheme to subscribe for an aggregate of 40,042,019 Shares (representing approximately 2.000% of the issued share capital of the Company as at the Latest Practicable Date and approximately 1.91% of the issued capital of the Company on a fully diluted basis).

According to Rule 17.04(1) of the Listing Rules and the Existing Share Option Scheme, each grant of options to a Director, chief executive or substantial shareholder of the Company, or any of their respective Associates, must be approved by the independent non-executive Directors.

All independent non-executive Directors attended the Board meeting held on 4 April 2011 and all of them voted in favour of the resolutions approving the grant of the Options to Mr. Tseng, subject to the approval of the grant of the Options by the Independent Shareholders at the AGM.

As the Option Shares to be issued to Mr. Tseng upon exercise in full of the Options by him are in excess of the Maximum Limit, according to Rule 17.03(4) of the Listing Rules, approval of the Independent Shareholders is required for the grant of the Options to Mr. Tseng. As at the Latest Practicable Date, neither Mr. Tseng nor his Associates holds any Share and as a result, they are not entitled to vote on the resolution approving the proposed grant of Options at the AGM.

LETTER FROM THE BOARD

The Options proposed to be granted to Mr. Tseng are in accordance with the terms of the Existing Share Option Scheme and a summary of the terms of the Options are set out below:

Duration

The life of the Options will be 10 years from the date of grant, i.e. 4 April 2011, subject to the approval by the Independent Shareholders at the AGM.

Vesting and Performance Targets

The Options will be vested over a period of 4 years commencing on the date falling on the publication of the audited financial results of the Group pursuant to Rules 13.49(1) to (4) of the Listing Rules for the financial year 2011. The Options that will vest and the number of Option Shares to which Mr. Tseng is entitled to subscribe for are subject to, (i) Mr. Tseng remaining as an Eligible Person at the time of each vesting of the Options, and (ii) the achievement of certain performance targets of the Company, i.e. the Option that will vest and the number of Option Shares to which Mr. Tseng is entitled may be less if the pre-determined performance targets of the Company for any particular period cannot be achieved. The Options shall only become exercisable after vesting. The Company will notify Mr. Tseng of the performance targets of the Company separately in writing.

The vesting of the Option is as follows:

- a maximum of 40% of the Options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2011, subject to achieving all performance targets as stipulated by the Board for that year;
- an additional maximum of 20% of the Options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2012, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 60% of the Options will then be vested and become exercisable, which includes the up to the maximum of 40% of the options vested for the financial year 2011;
- an additional maximum of 20% of the Options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2013, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 80% of the Option will then be vested and become exercisable, which includes the aggregate up to the maximum of 60% of the options vested for the financial years 2011 and 2012;

LETTER FROM THE BOARD

- the remaining 20% of the Options will be vested and become exercisable on or after the date of the publication of the audited financial results of the Group for the financial year 2014, subject to achieving all performance targets as stipulated by the Board for that year and an aggregate maximum of 100% of the options will then be vested and become exercisable, which includes the aggregate up to the maximum of 80% of the Option vested for the financial years 2011, 2012 and 2013

For the purpose of calculating the proportion of the option vested in any financial year, if the actual performances of the Company for that year (the “**First Year**”) is lower than the performance targets of the First Year, but the cumulative actual performances of the Company for the First Year and the following year meets or exceeds the cumulative performance targets of such two consecutive years, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) will be vested for each such year. If the cumulative actual performances of the Company for the First Year and the following year does not meet the cumulative performance targets of such two consecutive years, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) with respect to the First Year will not be vested and will lapse, and the option entitlement of the Mr. Tseng will be reduced by that percentage accordingly and in such circumstances, if the actual performances of the Company in the following year alone meets or exceeds the performance targets of such year, the relevant proportion of the option (up to the maximum percentage for that particular year as determined by the Board as soon as possible after publication of the financial results of the Group) for the following year will be vested, otherwise if the actual performances of the Company in the following year alone also does not meet the performance targets of such year, the performances in such year (except the last year) will be taken into account and treated as the First Year to be considered together with the performances in the next following year, and the processes shall be repeated accordingly in the coming years.

Right attached to the Option Shares to be issued on exercise of the Options

The Shares falling to be issued upon the exercise of the Options shall rank *pari passu* with the Shares then in issue in all respects, including voting rights, the entitlement to dividends and distributions (including distributions made upon the liquidation of the Company) paid or made on or after the date when the name of Mr. Tseng is registered on the register of members of the Company. The Options themselves, however, do not carry any right to voting, dividend, transfer or other rights (including those arising on the liquidation of the Company) prior to their being exercised and the underlying Option Shares being issued.

Exercise Period

All vested Options may be exercised by Mr. Tseng within a period of 10 years commencing from the date of grant of the Options.

LETTER FROM THE BOARD

Subscription Price

The Options are exercisable at the subscription price of HK\$1.90 per Share, which is the highest of (i) HK\$0.10, being the nominal value of a Share; (ii) HK\$1.90, being the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant of the Options on 4 April 2011; and (iii) HK\$1.85, being the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange from 28 March 2011 to 1 April 2011, both dates inclusive (being the five trading days immediately preceding the date of the grant of Options).

Consideration on acceptance of the Options

The consideration payable by Mr. Tseng upon acceptance of the grant of the Options is HK\$1.00.

AMENDMENTS TO THE TERMS OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted on 11 March 2002 and will expire on 10 March 2012. The Directors propose to amend certain terms of the Existing Share Option Scheme in relation to, inter alia, the circumstances giving rise to the rights of the grantees to exercise the option and the circumstances whereby the options granted shall lapse. As the proposed amendments are considered to be material in nature and to the advantages of the Subject Grantees, according to Notes (1) and (2) to Rule 17.03(18) of the Listing Rules, any such amendments shall be approved by Shareholders at a general meeting. The Directors therefore propose to seek Shareholders' approval of the proposed amendments to the Existing Share Option Scheme at the AGM.

According to the Existing Share Option Scheme, if any proposed amendment to the Existing Share Option Scheme is to the advantage of grantees or prospective grantees, to the extent that they are also Shareholders and eligible to vote in the resolution for the proposed amendments, such grantees or prospective grantees and their Associates shall abstain from voting in the resolutions proposed for the amendments. Save and except Mr. Chan Yan Kwan Andy, Mr. Wang Kuang-Jui, Ms. Chu Pin-Chan and Ms. Yuan Mei Ying who are Shareholders and shall, together with their Associates (in aggregate holding 739,437 Shares representing 0.037% of the issued share capital of the Company as at the Latest Practicable Date), abstain from voting in the relevant resolution, no Shareholder will be required to abstain from voting on the resolution to approve the same.

If the Shareholders approve the amendments to the terms of the Existing Share Option Scheme at the AGM, all options granted pursuant to the Existing Share Option Scheme will be subject to the Existing Share Option Scheme as amended and varied. Alternatively if the Shareholders do not approve the amendments to the Existing Share Option Scheme at the AGM, all options granted will be subject to the terms of the Existing Share Option Scheme as they are as at the Latest Practicable Date.

Details of the proposed amendments to the Existing Share Option Scheme are set out in Appendix III to this circular. There will be no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme after the proposed amendments.

LETTER FROM THE BOARD

REASONS FOR THE GRANT OF OPTIONS TO MR. TSENG AND THE PROPOSED AMENDMENTS TO THE EXISTING SHARE OPTION SCHEME

The Directors consider that in order to enhance the Company's capability to attract, motivate and retain its senior management and key employees, and to closely align the interests of such personnel with the interests of the Company and the Shareholders, it is important that the Company provides such personnel with further incentives by offering them an opportunity to obtain an ownership interest in the Company. Such incentives would create more value for the Company and its Shareholders by maximizing the enthusiasm of such personnel and bring their initiatives into full play.

Accordingly, the Options are granted, subject to the approval by the Independent Shareholders, to Mr. Tseng in recognition of his past contributions to the Group and as an incentive and motivation to Mr. Tseng for his continuing contributions and commitment to the development of the Group in the future.

However, the Existing Share Option Scheme which was adopted on 11 March 2002 will expire on 10 March 2012 and the Board has proposed to adopt the New Share Option Scheme to be approved by the Shareholders at the AGM. In respect of the grant of options to the Subject Grantees (including Mr. Tseng) on 4 April 2011 (subject to Independent Shareholders' approval in respect of the grant of Options to Mr. Tseng), the Board considers that it will better serve the purpose of the Company to motivate the Subject Grantees by aligning the terms of the Existing Share Option Scheme to those of the New Share Option Scheme proposed to be adopted at the AGM.

In addition, since the grant of Options to Mr. Tseng exceeds the Maximum Limit and is required to be separately approved by the Independent Shareholders at a general meeting of the Company, the Board considers that it can avoid unnecessary time, costs and expenses and is in the best interest of the Company and the Shareholders to grant the options to the Subject Grantees (including Mr. Tseng) under the Existing Share Option Scheme (to be amended to align with the terms of the New Share Option Scheme subject to Shareholder's approval at the AGM) at the AGM.

The amendments to the Existing Share Option Scheme include certain amendments to the provisions relating to the lapse of options, subject to the Board's discretion. The reason for making such amendments is that the Board would like to retain a certain degree of flexibility in determining whether the options shall lapse, especially in circumstances where the Board considers that notwithstanding the "cause" of termination or that the option holder resigns "without good reasons", if the Board is of the view that the contribution made by the said option holder in the past outweighs the wrong he has done, the Board can still allow the option to continue and not to lapse automatically. The Directors, each owing fiduciary duty to the Company, will carefully and diligently consider all relevant circumstances on a case by case basis before making any decision and Shareholders can be assured that the Directors will not make any decision lightly. Similar terms also appear in the New Share Option Scheme.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Directors proposed to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme (as amended and varied). As the Existing Share Option Scheme will expire in 2012, the adoption of the New Share Option Scheme with a validity period of 10 years gives the Company more flexibility in its long term planning of rewarding employees or senior management of the Group by way of grant of share options to Eligible Persons. As at the Latest Practicable Date, save as those options granted at the Board meeting held on 4 April 2011 (including the Options granted to Mr. Tseng that are subject to approval by the Independent Shareholders at the AGM), there are no outstanding options granted under the Existing Share Option Scheme and none of the outstanding options granted pursuant to the Existing Share Option Scheme has been exercised.

Adoption of the New Share Option Scheme is conditional upon (i) the approval by the Shareholders to adopt the New Share Option Scheme, and (ii) the Stock Exchange granting approval to the listing of and permission to deal in the Shares which may fall to be issued upon the exercise of the options granted pursuant to the New Share Option Scheme.

The Company will make an application to the Stock Exchange to seek for approval for the listing of, and permission to deal in, Shares which may fall to be issued pursuant to the exercise of the options which may be granted pursuant to the New Share Option Scheme.

The exercise price of the options granted under the New Share Option Scheme shall be a price determined by the Board at its absolute discretion subject to the minimum amount as set out in the terms of the New Share Option Scheme, and the Board may specify in the offer letter granting the options any performance targets that need to be achieved as well as the minimum period for which an option must be held before it can be exercised. The Directors believe that in providing the Board with the discretion to determine the exercise price of the options, set performance targets and prescribe the vesting period before options can be exercised, the Group will be in a better position to attract and retain valuable human resources and to achieve the purposes of the New Share Option Scheme. Unless otherwise determined by the Board, a Grantee is not required to hold the options for a minimum period of time before exercising or to achieve any performance target before any exercise of such options.

As at the Latest Practicable Date, the number of Shares in issue is 2,002,100,932. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the date on which the New Share Option Scheme is adopted conditionally by resolutions of the Shareholders at the AGM, the number of Shares issuable pursuant to the New Share Option Scheme and any other share option schemes of the Company on the date of approval of the New Share Option Scheme will initially be 200,210,093 Shares, being 10% of the total number of Shares in issue on the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

LETTER FROM THE BOARD

A summary of the material terms of the New Share Option Scheme is set out in Appendix IV to this circular. A resolution will be proposed at the AGM to approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme (as amended and varied) and to grant to the Directors a general authority to grant options under the New Share Option Scheme for subscription of Shares up to 10% of the issued share capital of the Company as at the date of the AGM. No Shareholder has a material interest in the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme that will be required to abstain from voting for the resolution to approve the same.

Conditional upon the Shareholders approving the adoption of the New Share Option Scheme, the Existing Share Option Scheme shall be terminated by the Shareholders at the AGM. Notwithstanding the termination of the Existing Share Option Scheme, the provisions of the Existing Share Option Scheme (as amended and varied subject to the approval by the Shareholders of the amendments to the Existing Share Option Scheme) shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted pursuant thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme (as amended and varied) and the options granted prior to the termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme (as amended and varied).

VALUE OF OPTIONS

The Directors consider that it is not appropriate to state the value of all options that can be granted under the New Share Option Scheme, assuming that the options had been granted on the Latest Practicable Date, as there are a number of variables crucial for the calculation of the value of such options, such as the subscription price, performance targets (if any), which cannot be reasonably determined or fixed at this stage. The Directors consider that if the value of all options that can be granted under the New Share Option Scheme as at the Latest Practicable Date is to be calculated and provided, the calculation would only be based on a number of speculative assumptions and the value of the options would not be meaningful and would be misleading to the Shareholders.

ANNUAL GENERAL MEETING

The Company will convene the AGM at 3:00 p.m. on 13 May 2011 (Friday) at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at which resolutions will be proposed for the purpose of considering and if thought fit, approving, inter alia, the resolutions proposed in this circular. The notice of the AGM is set out on pages 55 to 59 of this circular.

For the resolution to approve the grant of Options, since the Options to be granted to Mr. Tseng exceed the Maximum Limit, Mr. Tseng and all his Associates are required to abstain from voting and only the Independent Shareholders shall be entitled to vote on the resolution to approve the grant of Options to Mr. Tseng. As at the Latest Practicable Date, neither Mr. Tseng nor his Associates holds any Share and as a result, they are not entitled to vote on the resolution approving the grant of the Options at the AGM.

For the resolution to approve the proposed amendments to the Existing Share Option Scheme, save and except Mr. Chan Yan Kwan Andy, Mr. Wang Kuang-Jui, Ms. Chu

LETTER FROM THE BOARD

Pin-Chan and Ms. Yuan Mei Ying who are Shareholders and shall, together with their Associates (in aggregate holding 739,437 Shares representing 0.037% of the issued share capital of the Company as at the Latest Practicable Date), abstain from voting in the relevant resolution, no Shareholder will be required to abstain from voting on such resolution.

No Shareholder has a material interest in the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme (as amended and varied) that will be required to abstain from voting for the resolution to approve the same.

Save and except the termination of the Existing Share Option Scheme is conditional upon the approval by the Shareholders of the adoption of the New Share Option Scheme, the grant of options (including the grant to Mr. Tseng) pursuant to the Existing Share Option Scheme, amendments to the terms of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are not inter-conditional upon each other.

As at the Latest Practicable Date, none of the Directors acted as trustee of the New Share Option Scheme or have any direct or indirect interest in the trustees (if any) of the New Share Option Scheme.

A form of proxy for use in connection with the AGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding 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 AGM should you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by a poll. Therefore, all resolutions proposed at the AGM shall be voted by poll. The result of the poll will be published on the HKExnews website at www.hkexnews.hk and the Company's website at www.nblife.com/ir on the same day of the AGM.

RECOMMENDATION

The Directors believe that the New Issue Mandate, the Repurchase Mandate, the extension of the New Issue Mandate and the re-election of Directors are in the best interests of the Company as well as the Shareholders. In addition, the Directors, including the independent non-executive Directors, believe that the amendments to the Existing Share Option Scheme, adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are fair and reasonable and in the best interests of the

LETTER FROM THE BOARD

Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend that the Shareholders should vote in favour of all resolutions in relation to the aforesaid matters as set out in the AGM Notice.

In addition, in light of the reasons mentioned in the paragraph “Reasons for the Grant of Options to Mr. Tseng and the Proposed Amendments to the Existing Share Option Scheme”, the Board and all independent non-executive Directors consider that the terms of the grant of Options to Mr. Tseng are fair and reasonable so far as the Company is concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board and all independent non-executive Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions as set out in the AGM Notice for approving the grant of Options to Mr. Tseng.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

As at the date of this circular, the Board comprises Dr. TSAI Yen-Yu and Mr. LEE Ming-Ta as executive Directors, Dr. SU Chien-Cheng, Dr. SU Sh-Hsyu, Mr. Patrick Thomas SIEWART, Mr. Gregory Michael ZELUCK, Ms. FENG Janine Junyuan and Ms. NG Shieu-Yeing Christina as non-executive Directors and Mr. Francis GOUTENMACHER, Ms. Su-Mei THOMPSON, Mr. CHEN Ruey-Long and Mr. YANG Tze-Kaing as independent non-executive Directors.

DOCUMENTS FOR INSPECTION

Copies of the proposed amendments to the Existing Share Option Scheme and proposed New Share Option Scheme will be available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the Company’s principal place of business in Hong Kong at Unit 3512, 35/F, The Center, 99 Queen’s Road Central, Central, Hong Kong up to and including the date of the AGM (and any adjournment thereof, as the case may be) for a period of not less than 14 days before the date of the AGM.

By order of the Board
Natural Beauty Bio-Technology Limited

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully-paid share capital of the Company was 2,002,100,932 shares of HK\$0.10 each.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 200,210,093 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In making repurchases, the Company may only apply funds legally available for such purposes in accordance with its Memorandum and Articles and the laws of the Cayman Islands. The Company may not purchase shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

On the basis of the consolidated financial position of the Company as at 31 December 2010 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of issued Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position but that there would not be any material adverse impact on the gearing position of the Company in the event that purchases of all the Shares, the subject of the Repurchase Mandate, were to be carried out in full during the period of the Repurchase Mandate. The Directors do not propose to exercise the Repurchase Mandate to such extent as could, in the circumstance, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors or, to the best of their knowledge and belief having made all reasonable enquiries, any of their Associates has any present intention, in the event that the proposal is approved by the Shareholders, to sell their Shares to the Company or its subsidiaries under the Repurchase Mandate. No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell his/her/its Shares to the Company or its subsidiaries nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company or its subsidiaries in the event that the Company is authorised to make purchases of the Shares.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Cayman Islands, and in accordance with the regulations set out in the Memorandum and Articles.

6. EFFECT OF THE CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of substantial shareholders of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Code.

APPENDIX I	EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE
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As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the shareholders who were interested in 5% or more of the issued share capital of the Company, according to the register of interests required to be kept by the Company under section 336 of SFO, were as follows:

Name of Shareholder	Note	Current percentage interest in the issued share capital of the Company	Percentage interest in the issued share capital of the Company in the event the Repurchase Mandate is exercised in full	Number of shares beneficially held
Efficient Market Investments Limited	1	41.88%	46.54%	838,530,000
Adventa Group Limited	1	11.82%	13.13%	236,580,000
Fortune Bright Group Limited	1	11.82%	13.13%	236,580,000
Standard Cosmos Limited	2	65.63%	72.93%	1,314,030,000
Starsign International Limited	2	65.63%	72.93%	1,314,030,000
Next Focus Holdings Limited	3	65.63%	72.93%	1,314,030,000
Dr. TSAI Yen-Yu	3	65.63%	72.93%	1,314,030,000
Mr. LEE Ming-Ta	4	65.63%	72.93%	1,314,030,000
Dr. SU Chien-Cheng	5	65.63%	72.93%	1,314,030,000
Dr. SU Sh-Hsyu	5	65.63%	72.93%	1,314,030,000
CA NB Limited	6	65.63%	72.93%	1,314,030,000
CA North Beach Limited	6	65.63%	72.93%	1,314,030,000
Carlyle Asia Partners III, L.P.	6	65.63%	72.93%	1,314,030,000
Martin Currie Inc.	7	6.52%	7.24%	130,491,000
Martin Currie Investment Management	7	4.73%	5.26%	94,805,000
Martin Currie Ltd	7	11.25%	12.50%	225,296,000
Martin Currie (Holdings) Ltd	7	11.25%	12.50%	225,296,000
Keywise Capital Management (HK) Limited		10.10%	11.22%	202,170,000

Notes:

1. Efficient Market Investments Limited, Adventa Group Limited and Fortune Bright Group Limited are beneficially wholly-owned by Standard Cosmos Limited.
2. Starsign International Limited is the sole shareholder of Standard Cosmos Limited, which, in turn, is the sole shareholder of Efficient Market Investments Limited, Adventa Group Limited and Fortune Bright Group Limited. As such, the 1,311,690,000 Shares of the Company collectively held by Efficient Markets Investments Limited, Adventa Group Limited and Fortune Bright Group Limited and 2,340,000 Shares of the Company held directly by Standard Cosmos Limited (totalling 1,314,030,000 Shares of the Company) are attributable to Standard Cosmos Limited and Starsign International Limited.

3. Dr. Tsai Yen-Yu directly owns 40% of Next Focus Holdings Limited, which, in turn, directly owns 50% of Starsign International Limited. As such, the 1,314,030,000 shares of the Company in which Starsign International Limited is interested are attributable to Dr. Tsai Yen-Yu.
4. Mr. Lee Ming-Ta is the spouse of Dr. Tsai Yen-Yu and accordingly, is deemed to be interested in the 1,314,030,000 Shares of the Company attributable to Dr. Tsai Yen-Yu pursuant to Section 316 of the SFO.
5. Each of Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu is taken to be interested in the 1,314,030,000 Shares of the Company which are indirectly owned by Starsign International Limited pursuant to Sections 317 and 318 of the SFO by virtue of Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu being parties to a shareholders' agreement dated 15 October 2009 which imposes obligations or restrictions on the parties thereto with respect to their use, retention or disposal of their interest in shares of the Company.
6. Carlyle Asia Partners III, L.P. is the sole shareholder of CA North Beach Limited, which, in turn, is the sole shareholder of CA NB Limited. CA NB Limited directly owns 50% of Starsign International Limited. As such, the 1,314,030,000 Shares of the Company in which Starsign International Limited is interested are attributable to CA NB Limited, CA North Beach Limited and Carlyle Asia Partners III, L.P..
7. Martin Currie (Holdings) Limited is the sole shareholder of Martin Currie Ltd, which, in turn, is the sole shareholder of Martin Currie Inc and Martin Currie Investment Management. Martin Currie Inc and Martin Currie Investment Management directly hold 130,491,000 (approximately 6.52%) and 94,805,000 (approximately 4.73%) of the Shares of the Company, respectively. As such, the 225,296,000 Shares of the Company (approximately 11.25%) held by Martin Currie Inc and Martin Currie Investment Management are attributable to Martin Currie Ltd and Martin Currie (Holdings) Limited.

On the basis of the current shareholding of the Company, an exercise of the Repurchase Mandate in full will result in Efficient Market Investments Limited, Standard Cosmos Limited, Starsign International Limited, Next Focus Holdings Limited, Dr. Tsai Yen-Yu, Mr. Lee Ming-Ta, Dr. Su Chien-Cheng, Dr. Su Sh-Hsyu, CA NB Limited, CA North Beach Limited and Carlyle Asia Partners III, L.P. becoming obliged to make a mandatory offer under Rule 26 of the Code. The Directors have no intention to exercise the Repurchase Mandate to such extent that would give rise to an obligation on them to make a mandatory offer under Rule 26 of the Code or result in the amount of Shares held by the public being reduced to less than 25%.

7. SHARE PRICES

The highest and lowest traded prices for the Shares on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2010		
April	1.43	1.36
May	1.57	1.35
June	1.44	1.36
July	1.67	1.36
August	1.52	1.35
September	2.00	1.40
October	2.35	1.78
November	2.55	2.20
December	2.30	1.83
2011		
January	2.10	1.81
February	1.98	1.60
March	1.97	1.63
April (up to the Latest Practicable Date)	1.92	1.80

8. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding this document, the Company had not repurchased any Shares whether on the Stock Exchange or otherwise.

Set out below are details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM.

Chairperson and Executive Director: Dr. TSAI Yen-Yu (alias TSAI Yen-Pin) (“Dr. Tsai”)

Dr Tsai, founder and Chairperson of the Company, aged 63, the wife of Mr. LEE Ming-Ta (an executive Director) and mother of Dr. Su Chien-Cheng and Dr. Su Sh-Hsyu (both are non-executive Directors), is an executive Director and is responsible for the strategic development of the Group. Save as disclosed above, Dr. Tsai did not hold any directorship in other listed public companies in the past three years.

After Dr. Tsai’s re-election at the forthcoming AGM, she will continue to serve on the board of Directors for a period of approximately 3 years until she is due to retire by rotation again in accordance with the Articles. Dr. Tsai entered into a service contract dated 11 March 2008 with the Company which provides for a term of employment of a fixed term of 3 years from 11 March 2008 which had expired on 10 March 2011 and renewed for approximately nine months to 31 December 2011 with the same terms effective 11 March 2011 (“Tsai Service Contract”). Pursuant to the Tsai Service Contract, Dr. Tsai is entitled to a Director’s remuneration at the rate of HK\$1,000,000 per annum and a discretionary bonus to be determined by the board of Directors at its sole discretion provided that the aggregate amount of bonus payable to all the Directors (including the executive and non-executive Directors) in the financial year will not exceed 15% of the audited consolidated profits of the Group attributable to Shareholders (after tax and minority interests but before extraordinary items) for that financial year. In determining the basis of remuneration and bonus under the Tsai Service Contract, the Company had taken into consideration the contribution of Dr. Tsai as one of the founders of the Group, her experience in the relevant business of the Group, the then market rate and the financial position of the Group as a whole.

As at the Latest Practicable Date, Dr. Tsai directly owns 40% of Next Focus Holdings Limited, which, in turn, indirectly owns 50% of Standard Cosmos Limited. Standard Cosmos Limited is therefore a controlled corporation of Dr. Tsai pursuant to section 316 of the SFO. Dr. Tsai is also a party to an agreement under section 317 of the SFO being parties to a shareholders’ agreement dated 15 October 2009 which imposes obligations or restrictions on the parties thereto with respect to their use, retention or disposal of their interest in the Shares. As such, the 1,314,030,000 Shares attributable to Standard Cosmos Limited are attributable to Dr. Tsai.

Save as disclosed above, as at the Latest Practicable Date, Dr. Tsai was not interested in and did not have any short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to Dr. Tsai’s re-election that need to be brought to the attention of the Shareholders.

Non-Executive Director: DR. SU Sh-Hsyu

Dr. SU Sh-Hsyu, aged 37, the daughter of Dr. TSAI Yen-Yu (Chairperson and an executive Director) and Mr. LEE Ming-Ta (executive Director) and the younger sister of Dr. SU Chien-Cheng (non-executive Director), is also a non-executive Director. Dr. SU Sh-Hsyu was an executive Director and a re-designated as a non-executive Director on 24 November 2009. Dr. SU Sh-Hsyu graduated from the London School of Economics with a Master of Science degree in industrial relations, personnel management and human resources management and obtained her PhD in international and comparative education from Columbia University in New York, United States. Dr. SU Sh-Hsyu had been actively engaged in the marketing and business development of the Group in Taiwan and China during the period from 2004 to 2009.

Dr. SU Sh-Hsyu did not hold any directorship in other listed public companies in the last three years.

Dr. SU Sh-Hsyu is taken to be interested in the 1,314,030,000 Shares which are indirectly owned by Starsign International Limited pursuant to sections 317 and 318 of the SFO by virtue of Dr. SU Sh-Hsyu being a party to a shareholders' agreement dated 15 October 2009 which imposes obligations or restrictions on the parties thereto with respect to their use, retention or disposal of their interest in the Shares.

Save as disclosed above, Dr. SU Sh-Hsyu does not have any relationship with any other director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, save as disclosed above, Dr. SU Sh-Hsyu was not interested in and did not have any interest or short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Dr. SU Sh-Hsyu renewed her service contract with the Company on the same terms for another three years on 21 September 2010. Dr. SU Sh-Hsyu is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles. The director fee of Dr. SU Sh-Hsyu was HK\$600,000 for the year ended 31 December 2010. Except for the director fee, other emoluments of approximately HK\$897,226 was received by Dr. SU Sh-Hsyu from the Group for the year ended 31 December 2010.

The director's fee payable to Dr. SU Sh-Hsyu will be fixed by the Board pursuant to the authority granted by the Shareholders at the AGM. The emoluments of the Directors are recommended by the Remuneration Committee and approved by the Board with reference to the Company's performance and profitability, as well as any remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed, there are no other matters related to the appointment that need to be brought to the attention of the Shareholders in connection with Dr. SU Sh-Hsyu's re-election and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

Non-Executive Director: Mr. Gregory Michael ZELUCK

Mr. Gregory Michael ZELUCK, aged 49, is currently a managing director of Carlyle and is a co-head of the Fund. Mr. Zeluck has been working at Carlyle since July 1998 and has been a managing director since then. At Carlyle, Mr. Zeluck has overseen investments in a variety of companies across Asia, including, without limitation, Taiwan Broadband Communications Co., Ltd, Eastern Broadcasting Company Limited, Pacific China Holdings Limited, kbco Co., Ltd., Ta Chong Bank Limited and the Company. Mr. Zeluck currently sits on the board of directors of a number of companies in which Carlyle has made investments with its funds, including, without limitation, Caribbean Group, Hyundai Communications & Network Co. Limited, Eastern Broadcasting Company Limited, kbco Co., Ltd. and Ta Chong Bank Limited, a company listed on the Taiwan Stock Exchange (Stock code: 2847). Prior to joining Carlyle, Mr. Zeluck worked in Merrill Lynch's Asian high yield team and spent 13 years in Lehman Brothers' corporate finance and merchant banking groups, approximately four of which were spent in Asia. Mr. Zeluck received a Bachelor of Arts degree from Princeton University, graduating magna cum laude in East Asian studies. He was appointed as the Group's non-executive Director on 24 November 2009.

Carlyle Asia Partners III, L.P. is the sole shareholder of CA North Beach Limited, which, in turn, is the sole shareholder of CA NB Limited. CA NB Limited directly owns 50% of Starsign International Limited. As such, the 1,314,030,000 Shares in which Starsign International Limited is interested are attributable to CA NB Limited, CA North Beach Limited and Carlyle Asia Partners III, L.P. Mr. Zeluck is a director of CA NB Limited and Starsign International Limited. Both CA NB Limited and Starsign International Limited being parties to a shareholders' agreement dated 15 October 2009 which imposes obligations or restrictions on the parties thereto with respect to their use, retention or disposal of their interest in the Shares pursuant to sections 317 and 318 of the SFO.

As at the Latest Practicable Date, save as disclosed above, Mr. Zeluck was not interested in and did not have any interest or short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Mr. Zeluck did not enter into any service contract with the Company.

Save as disclosed, there are no other matters related to the appointment that need to be brought to the attention of the Shareholders in connection with Mr. Zeluck's re-election and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

Vice Chairman and Non-Executive Director: Mr. Patrick Thomas SIEWERT

Mr. Patrick Thomas SIEWERT, aged 55, is currently a senior director of Carlyle based in Hong Kong. Mr. Siewert has been working at Carlyle since April 2007. Mr. Siewert currently sits on the board of directors of a variety of companies in which Carlyle has made investment with its funds, including, without limitation, C.P. Pokphand Company Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 43), China Fishery Group Limited, a company listed on the Stock Exchange of Singapore (Stock code: B0Z) and Zhejiang Kaiyuan Hotel Management Co., Ltd. Mr. Siewert also sits on the board of directors of Avery Dennison Corporation, a company listed on the New York Stock Exchange (Stock Code: AVY) and Computime International Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 320). Mr. Siewert has also been the chairman of Eastern Broadcasting Company Limited since August 2008. Prior to joining Carlyle, Mr. Siewert worked at The Coca-Cola Company from 2001 to 2007 as group president and chief operating officer Asia, and was previously the president of Kodak Professional and senior vice president of Eastman Kodak Company. Mr. Siewert received a Master of Science degree in service management from Rochester Institute of Technology and a Bachelor of Science degree in business administration from Elmhurst College. He was appointed as the Group's non-executive director on 24 November 2009 and Vice Chairman on 1 February 2010.

Carlyle Asia Partners III, L.P. is the sole shareholder of CA North Beach Limited, which, in turn, is the sole shareholder of CA NB Limited. CA NB Limited directly owns 50% of Starsign International Limited. As such, the 1,314,030,000 shares of the Company in which Starsign International Limited is interested are attributable to CA NB Limited, CA North Beach Limited and Carlyle Asia Partners III, L.P. Mr. Siewert is a director of CA NB Limited and Starsign International Limited. Both CA NB Limited and Starsign International Limited being parties to a shareholders' agreement dated 15 October 2009 which imposes obligations or restrictions on the parties thereto with respect to their use, retention or disposal of their interest in the Shares pursuant to sections 317 and 318 of the SFO.

As at the Latest Practicable Date, save as disclosed above, Mr. Siewert was not interested in and did not have any interest or short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Mr. Siewert did not enter into any service contract with the Company.

Save as disclosed, there are no other matters related to the appointment that need to be brought to the attention of the Shareholders in connection with Mr. Siewert's re-election and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

This Appendix III sets out the proposed amendments to the terms of the Existing Share Option Scheme requiring the approval of the Shareholders at the AGM.

1. Definition

Existing provision

N/A – new defined term

“**Eligible Person**” means any full-time employee of the Company or of any Subsidiary, and any executive or non-executive director of the Company or of any Subsidiary at the time when an Option is granted to such person as determined by the Board at its absolute discretion;

Proposed revised provision

“**Chief Executive**” has the meaning ascribed to it under the Listing Rules;

“**Eligible Person**” means any full-time employee of the Company or of any Subsidiary, and Chief Executive, any executive or non-executive director of the Company or of any Subsidiary at the time when an Option is granted to such person as determined by the Board at its absolute discretion;

4. Duration and Administration

Existing provision

4.5 Unless the Board otherwise determined and stated in the Offer, an Eligible Person to whom any Option is granted is not required to achieve any performance target before any exercise of his Option.

Proposed revised provision

4.5 Unless the Board otherwise determined and stated in the Offer, an Eligible Person to whom any Option is granted is not required to hold the Option for a minimum period of time before exercising or to achieve any performance target before any exercise of his Option.

5. Grant of Option

Existing provision

5.6 An offer must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in the newspapers. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Exchange in accordance with paragraph 12 of the Listing Agreement) for the approval of the interim or annual results; and
- (ii) the deadline for publishing of interim or annual results announcement under the Listing Agreement,

and ending on the date of the results announcement, no option may be granted.

Proposed revised provision

5.6 An offer must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in accordance with the relevant requirements in the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules,

and ending on the date of the results announcement, no option may be granted.

- | | |
|---|---|
| <p>5.9 In addition to shareholders' approval in a general meeting set out in Clause 9.1(ii) and (iii) and Clause 9.3, any grant of Options to a director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) or any of their respective Associates must be approved by all the independent non-executive directors of the Company (excluding an independent non-executive director who is the Grantee of the Options).</p> | <p>5.9 In addition to shareholders' approval in a general meeting set out in Clause 9.1(ii) and (iii) and Clause 9.3, any grant of Options to a director, Chief Executive or substantial shareholder (as such term is defined in the Listing Rules) or any of their respective Associates must be approved by all the independent non-executive directors of the Company (excluding an independent non-executive director who is the Grantee of the Options).</p> |
| <p>5.10 (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, of HK\$5 million,</p> | <p>5.10 (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,</p> |
| <p>5.11.2 (b) a recommendation from the independent non-executive directors (excluding any independent non-executive director who is a Grantee) as to voting;</p> | <p>5.11.2 (b) a recommendation from the independent non-executive directors (excluding any independent non-executive director who is a Grantee) to the independent shareholders as to voting;</p> |

6. Subscription Price

Existing provision

- 6.1 The Subscription Price shall be a price determined by the Board at its absolute discretion and notified to an Eligible Person provided that it shall be no less than the higher of:
- 6.1.1 the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a Business Day; and

Proposed revised provision

- 6.1 The Subscription Price shall be a price determined by the Board at its absolute discretion and notified to an Eligible Person provided that it shall be no less than the higher of:
- 6.1.1 the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a Business Day;

6.1.2 the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant Option.

For the purpose of calculating the exercise price where the Company has been listed for less than five Business Days, the Issue Price (as defined in the Prospectus) shall be used as the closing price for any business day falling within the period before listing.

6.1.2 the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the relevant Option; and

6.1.3 the nominal value of the Shares.

7. Exercise of Options

Existing provision

7.1 Except for a transfer to an offeror pursuant to an offer made in accordance with the Hong Kong Code on Takeover and Mergers, an Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

Proposed revised provision

7.1 Except for a transfer to an offeror pursuant to an offer made in accordance with the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, an Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, gift or dispose of any Option, or charge, mortgage, or otherwise create any security interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

- 7.3.1 in the event of the Grantee ceasing to be an Eligible Person for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in Clause 8.1.5, the Grantee may (if the date of cessation of employment is on or after the Commencement Date) exercise the Option at any time on or before the date which is 3 months after the date of cessation in accordance with the provisions of Clause 7.2 up to his or her entitlement at the date of cessation to the extent not already exercised;
- 7.3.1 [Deleted]
- 7.3.2 in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment under Clause 8.1.5 arises, the Personal Representative of the Grantee shall be entitled within a period of 12 months from the date of death of the Grantee to exercise the Option up to the entitlement of such Grantee as at the date of death in part or in full (to the extent not already exercised even though the Option Period has not come into effect);
- 7.3.2 in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment under Clause 8.1.2 arises, the Personal Representative of the Grantee shall be entitled to exercise the Option during the remainder of the Option Period up to the entitlement of such Grantee as at the date of death in part or in full (to the extent which has become vested and exercisable and has not been already exercised);

- 7.3.3 if a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer is made unconditional or becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee shall be entitled to exercise the Option in full (to the extent not already exercised even though the Option Period has not come into effect) at any time within 14 days after the date of the announcement of an unconditional offer or within 3 days after a conditional offer becomes or is declared unconditional (as the case may be) provided that the Grantee may only exercise any Option under this Sub-Clause when the offer is unconditional; 7.3.3 [Deleted]
- 7.3.4 if a general offer by way of scheme of arrangement is made to all the holders of Shares with this Scheme having been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised even though the Option Period has not come into effect) to its full extent or to the extent specified in such notice; 7.3.4 [Deleted]

7.3.5 in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may by notice in writing to the Company prior to the date on which such resolution is passed (such notice to be received by the Company not later than four business days prior to the date of the proposed shareholders' meeting) exercise the Option (to the extent not already exercised even though the Option Period has not come into effect) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise; and

7.3.5 in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may by notice in writing to the Company prior to the date on which such resolution is passed (such notice to be received by the Company not later than four business days prior to the date of the proposed shareholders' meeting) exercise the Option (to the extent which has become vested and exercisable and has not been already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise; and

7.3.6 in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with this Scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by the Company not later than two business days prior to the date of the proposed meeting) exercise the Option (to the extent not already exercised even though the Option Period has not come into effect) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

7.3.6 in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with this Scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by the Company not later than two business days prior to the date of the proposed meeting) exercise the Option (to the extent which has become vested and exercisable and has not been already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

- 7.3.7 (a) the Company may irrevocably commute for or into any other security or other property or cash any Option that is still capable of being exercised, upon giving to the Grantee to whom such Option has been granted at least 21 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent that it has not been exercised, may be exercised by the Grantee by notice in writing to the Company (to the extent not already exercised even though the Option Period has not come into effect) either to its full extent or to the extent specified in such notice and on the expiry of such period of notice, the unexercised portion of the Option not commuted for or into any other security or other property or cash shall lapse and be cancelled without further effect, or
- 7.3.7 (a) the Company may irrevocably commute for or into any other security or other property or cash any Option that is still capable of being exercised, upon giving to the Grantee to whom such Option has been granted at least 21 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent that it has not been exercised and up to the entitlement of such Grantee, may be exercised by the Grantee by notice in writing to the Company (to the extent which has become vested and exercisable and has not been already exercised) either to its full extent or to the extent specified in such notice and on the expiry of such period of notice, the unexercised portion of the Option not commuted for or into any other security or other property or cash shall lapse and be cancelled without further effect, or

N/A – new provision

7.3.8 if any of the events in Clauses 8.1.2, 8.1.3 or 8.1.4 occurs with respect to a Grantee, the Board may determine in its absolute discretion that such Grantee's Option shall not lapse and that such Grantee shall be entitled to exercise all or part of the Option not already exercised (whether or not exercisable at the time of such event) within such period (not to exceed the remainder of the Option Period) as the Board determines.

7.5 Any cancellation of Options granted but not exercised shall require approval of shareholders of the Company in general meeting, and the relevant Grantees and their respective Associates shall abstain from voting. Any vote taken at the general meeting of the Company for approving such cancellation shall be taken by poll. Cancelled Options may be re-issued to any Eligible Person after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of this Scheme, in particular, subject to the maximum number of shares available for subscription referred to in Clause 9 below.

7.5 Options granted but not exercised or lapsed in accordance with terms of this Scheme may be cancelled by the Board with the approval of the Grantees to whom such Options were granted. Cancelled Options may be re-issued to any Eligible Person after such cancellation, provided that re-issued Options shall only be granted in compliance with the terms of this Scheme, in particular, subject to the determination of the Subscription Price and the maximum number of shares available for subscription referred to in Clause 6 above and Clause 9 below respectively. For the purpose of determining the number of available options that may be re-issued or granted, all cancelled options (save for those that have lapsed in accordance with the terms of this Scheme) shall be excluded.

8. Lapse of Options*Existing provision*

8.1.2 the expiry of the periods referred to in Clauses 7.3.1, 7.3.2, 7.3.5, 7.3.6 or 7.3.7;

Proposed revised provision

8.1.2 unless otherwise decided by the Board in its absolute discretion, the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his or her employment for cause, where "cause" means if the Grantee:

- (a) wilfully disobeys any lawful and reasonable order given to the Grantee by the Board; or
- (b) conducts himself in a manner inconsistent with the due and faithful discharge of his duties; or
- (c) is guilty of fraud or dishonesty; or
- (d) commits any material breach or non-observance of his employment agreement or the Company's policies and procedures; or
- (e) is guilty of any gross misconduct or conducts himself (whether in connection with the employment or not) in a way which is harmful to the Company or any of its Subsidiaries; or

- (f) ceases to be entitled to lawfully work in the mainland territory of the People's Republic of China or Hong Kong; or
- (g) is convicted of an offence (other than a motoring offence which does not result in imprisonment) whether in connection with the employment or not; or
- (h) commits (or is reasonably believed by the Board to have committed) a breach of any legislation in force which may affect or relate to the business of the Company or any of its Subsidiaries; or
- (i) becomes of unsound mind, is bankrupted or has a receiving order made against him or makes any general composition with his creditors or takes advantage of any statute affording relief for insolvent debtors; or
- (j) becomes disqualified from being a director of a company or his directorship on the Board terminates without the consent or concurrence of the Company.

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| 8.1.3 subject to the Hong Kong Court not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in Clause 7.3.3; | 8.1.3 unless otherwise decided by the Board in its absolute discretion, the resignation of the Grantee from his position as Eligible Person for any reason other than the following reasons (each, a “good reason”): the Company (i) fails to make a material payment or provide any material benefit under the terms of his employment or engagement, after notice and a reasonable opportunity to cure of no less than thirty days, or (ii) commits a material breach of the terms of his employment or engagement and does not cure such failure or breach after notice and a reasonable opportunity to cure of no less than thirty days; or |
| 8.1.4 subject to the scheme of arrangement becoming effective, the expiry of the period referred to in Clause 7.3.4; | 8.1.4 unless otherwise decided by the Board in its absolute discretion, any breach of the provisions of Clause 7.1. |
| 8.1.5 the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his or her employment on the grounds that he or she has been guilty of persistent or serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence which in the absolute opinion of the directors of the Company involving his or her integrity or honesty or bring the Grantee or the Company and/or its Subsidiaries into disrepute; | 8.1.5 [Deleted] |

- 8.1.6 the date which is 12 months after the date on which the Grantee ceases to be an Eligible Person by reason of death; 8.1.6 [Deleted]
- 8.1.7 the date which is 3 months after the date on which the Grantee ceases to be an Eligible Person by reason of: 8.1.7 [Deleted]
- (a) resignation;
 - (b) retirement;
 - (c) expiry of employment contract;
 - (d) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary;
 - (e) the company by which he is employed and/or of which he is a director (if not the Company) ceasing to be a Subsidiary; or
 - (f) at the discretion of the Board, any reason other than the reasons described in sub-clause 8.1.5 or 8.1.6 or 8.1.7(a) to (e).

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| 8.1.8 the date of the commencement of the winding up of the Company;
or | 8.1.8 [Deleted] |
| 8.1.9 any breach of the provisions of Clause 7.1. | 8.1.9 [Deleted] |
| 8.2 Transfer of employment from one company in the Group to another company in the Group shall not be considered a cessation of employment and it shall not be considered a cessation of employment if a Grantee is placed on such leave of absence as is considered by the relevant company in the Group as continuing intact the employment relationship. | 8.2 Transfer of employment from one company in the Group to another company in the Group in a similar or higher grade shall not be considered a cessation of employment and it shall not be considered a cessation of employment if a Grantee is placed on such leave of absence as is considered by the relevant company in the Group as continuing intact the employment relationship. |
| 8.3 A resolution of the directors of the Company to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in Clause 8.1.7 shall be conclusive and binding on a Grantee. | 8.3 A resolution of the directors of the Company to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in Clause 8.1.2 shall be conclusive and binding on a Grantee. |

9. Maximum Number of Shares Available for Subscription*Existing provision**Proposed revised provision*

9.2 The maximum number of Shares in respect of which Options may be granted at any time (together with option exercised and options then outstanding) under this Scheme and any other share option scheme of the Company shall not in aggregate, exceed such number of Shares representing 30% of the Shares in issue from time to time. No Options may be granted under any schemes of the Company (or the Subsidiary) if this will result in the limit being exceeded.

9.2 The maximum number of Shares in respect of which Options may be granted at any time (together with option exercised and options then outstanding) under this Scheme and any other share option scheme of the Company shall not in aggregate, exceed such number of Shares representing 30% of the Shares in issue from time to time. No Options may be granted under any schemes of the Company (or the Subsidiary) if this will result in the aforesaid limit being exceeded.

9.3 The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to an Eligible Person (including both exercised and outstanding Options) in any 12 month period up to the date of grant to each Eligible Person shall not exceed 1% of the Shares in issue, and any further grant of Options in excess of such limit shall be approved by shareholders in general meeting with such Eligible Person and his Associate abstaining from voting.

9.3 The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to an Eligible Person (including both exercised and outstanding Options) in any 12-month period up to the date of grant to each Eligible Person shall not exceed 1% of the Shares in issue, and any further grant of Options in excess of such limit shall be separately approved by shareholders in general meeting with such Eligible Person and his Associate abstaining from voting.

10. Reorganisation of Capital Structure*Existing provision*

- 10.1 or any combination thereof, as the Company's financial adviser or Auditors shall certify in writing, either generally or as regard any particular Grantee, to have, in their opinion, satisfied the requirement that:

The capacity of the Company's financial adviser or Auditors in this Clause is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees and all persons who may be affected thereby. The costs of the Company's financial adviser or Auditors shall be borne by the Company.

Proposed revised provision

- 10.1 or any combination thereof, as an independent financial adviser or Auditors shall certify in writing, either generally or as regard any particular Grantee, to have, in their opinion, fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplemental guidance attached to the letter from the Stock Exchange to all listed issuers dated 5 September 2005 relating to share option schemes (the "Supplemental Guidance") and satisfied the requirement that:

Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

The capacity of the independent financial adviser or Auditors in this Clause is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees and all persons who may be affected thereby. The costs of the independent financial adviser or Auditors shall be borne by the Company.

13. Alteration of the Scheme*Existing provision*

N/A – new provision

Proposed revised provision

13.4 Notwithstanding anything contrary to this Clause 13, the Board may at any time alter or modify the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority. Any amendment to any terms of the Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

15. Miscellaneous*Existing provision*

15.11 If there is any inconsistency between the contents of this Scheme and the description of this Scheme in the summary circulated to the shareholders of the Company for their approval, such inconsistency must be resolved in favour of the latter.

N/A – new provision

Proposed revised provision

15.11 If there is any inconsistency between the contents of this Scheme and the description of this Scheme in the summary circulated to the shareholders of the Company for their approval, such inconsistency must be resolved in favour of the former.

15.13 A Grantee who is a director of the Company may, subject to and in accordance with the articles of association of the Company and subject as herein otherwise provided, notwithstanding his interest, vote on any Board resolution concerning the Scheme (other than in respect of his own participation therein) and may retain any benefits under the Scheme.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

This Appendix IV sets out further information of the New Share Option Scheme and summarises the terms of the New Share Option Scheme, but does not form part of nor is it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the terms of the New Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material respect with the summary in this Appendix IV.

NEW SHARE OPTION SCHEME

A. Summary of terms

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved by a resolution of the Shareholders at the AGM, notice of which is set out on pages 55 and 59 of this circular:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to advance the interests of the Company and its Shareholders and such other persons by providing to the directors and employees of the Group a performance incentive and/or reward for their continued and improved service with the Group and by enhancing such persons' contribution to the Group.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration by the Board which includes a duly authorised committee thereof and the decision of the Board shall be final and binding on all parties. The Board shall, subject to the terms of the New Share Option Scheme and the Listing Rules, have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the eligibility of the persons who will be awarded options under the New Share Option Scheme, and the number of Shares and subscription price of options awarded thereto; (iii) make such appropriate and equitable adjustments to the terms of options granted under the New Share Option Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the New Share Option Scheme. The interpretation of the New Share Option Scheme by the Board must be in accordance with Chapter 17 of the Listing Rules and any interpretation of the New Share Option Scheme if it amounts to any alteration thereof referred to in the paragraph headed "Period of the New Share Option Scheme" below must comply with the requirements referred to in that paragraph.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(c) *Who may join*

The Board may at any time within ten years after the adoption date of the New Share Option Scheme make an offer to any Eligible Person, as the Board may in its absolute discretion select, to take up an option pursuant to which such Eligible Person may, during the period of the option, subscribe for such number of Shares as the Board may determine at a subscription price determined in accordance with the paragraph headed "Grant of options" below.

(d) *Grant of options*

An offer must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in accordance with the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no option may be granted.

(e) *Price of Shares*

The subscription price shall be such price determined by the Board at its absolute discretion and notified to the Eligible Persons in the offer provided that it shall be no less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets issued for the five Business Days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of the Shares.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(f) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Company shall not in aggregate, exceed such number of Shares representing 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company (or the subsidiary of the Company) if this will result in the aforesaid limit being exceeded.
- (ii) Subject to sub-paragraph (f)(i) above, the total number of Shares available for issue under the options to be granted under the New Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme (the “**Limit**”), unless further Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below, provided that options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Limit.
- (iii) Subject to sub-paragraph (f)(i) above, the Company may seek approval by Shareholders in general meeting to renew the Limit provided that (1) the Limit as renewed shall not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Limit; (2) options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the New Share Option Scheme or exercised options) will not be counted for the purpose of calculating the limit as renewed; and (3) a circular shall be despatched together with the notice of the relevant general meeting.
- (iv) Subject to sub-paragraph (f)(i) above, the Company may also seek separate Shareholders’ approval in general meeting to grant options beyond the Limit provided that (1) the options in excess of the Limit are granted only to participants specified by the Company before such approval is sought; and (2) a circular contains a generic description of the identified participants, the number and terms of the options to be granted, the purpose of granting the options to the identified participants and how these options serve such purpose shall be despatched together with the notice of the relevant general meeting.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(v) Subject to sub-paragraph (f)(i) above, the maximum number of Shares referred to in sub-paragraph (f)(ii) above may be adjusted in such manner as the auditors (acting as experts and not as arbitrators) shall certify in writing to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction or similar reorganisation of the share capital of the Company or otherwise.

(g) *Maximum entitlement of each grantee*

(i) The total number of Shares issued and to be issued upon exercise of the options granted and to be granted to a grantee (including both exercised and outstanding options) in any 12-month period up to the date of grant to each grantee shall not exceed 1% of the Shares in issue (the “**Individual Limit**”), and any further grant of options in excess of the Individual Limit shall be separately approved by Shareholders in general meeting with such grantee and his/her Associate abstaining from voting.

(ii) For the purpose of and in connection with the convening of the general meeting of the Company for considering and (if so thought fit) approving the proposed grant of options as set out in sub-paragraph (g)(i) above, (1) the grantee involved and his/her/its Associates shall be required to abstain from voting in such general meeting; (2) a circular shall be despatched together with the notice of the relevant general meeting, which shall contain the identity of the grantee involved and the number and terms of options granted and to be granted; (3) the number and terms of options to be granted to the grantee involved shall be fixed before the general meeting; and (4) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) *Grant of options to connected persons*

(i) Any grant of options to a Director, Chief Executive or substantial shareholder (as such term is defined in the Listing Rules) or any of their respective Associates must be approved by all the independent non-executive Directors of the Company (excluding an independent non-executive Director who is the grantee or proposed grantee of the options).

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(ii) Where any grant of options to a substantial shareholder (as such term is defined in the Listing Rules) or an independent non-executive Director or any of their respective Associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate over 0.1% of the Shares in issue; and
- (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders in general meeting taken on a poll. All connected persons (as defined in the Listing Rules) of the Company shall be required to abstain from voting in such general meeting, except where any connected person may vote against the relevant resolution at the general meeting provided that his/her/its intention to vote against the proposed grant has been stated in the Shareholders' circular.

(iii) The abovementioned circular must contain the following information:

- (1) details of the number and terms (including the exercise price) of the options to be granted to each grantee, which must be fixed before the Shareholders' meeting, and the date of meeting of the Board proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price;
- (2) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) to the independent Shareholders as to voting;
- (3) information relating to any Directors who are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees; and
- (4) such other information as required by the Stock Exchange.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(i) *Time of exercise of options*

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the offer date. The Board may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held before exercising such option or a performance target which must be achieved before an option can be exercised.

(j) *Rights are personal to grantee*

Except for a transfer to an offeror pursuant to an offer made in accordance with the Code, an option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, gift or dispose of any option, or charge, mortgage, or otherwise create any security interest in favour of any other person over or in relation to any option or enter into any agreement to do so. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

(k) *Rights on cessation of employment by death*

If the grantee of an option is an employee and ceases to be an employee by reason of his or her death before exercising the options in full and none of the events referred to in the paragraph headed "Lapse of Options" below are grounds for termination of his or her employment by the Group, his or her personal representative(s) shall be entitled to exercise the Option during the remainder of the Option Period up to the entitlement of such Grantee as at the date of death in part or in full (to the extent which has become vested and exercisable and has not been already exercised).

(l) *Rights on voluntary winding-up of the Company*

If the Company gives notice to its Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee may by notice in writing to the Company prior to the date on which such resolution is passed (such notice to be received by the Company not later than four business days prior to the date of the proposed shareholders' meeting) exercise the option (to the extent which has become vested and exercisable and has not been already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

(m) Rights on reconstruction or amalgamation of the Company

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the New Share Option Scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the grantee may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by the Company not later than two business days prior to the date of the proposed meeting) exercise the option (to the extent which has become vested and exercisable and has not been already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof.

(n) Cancellation of options

Options granted but not exercised or lapsed in accordance with the terms of the New Share Option Scheme may be cancelled by the Board with the approval of the grantees to whom such options were granted. Cancelled options may be re-issued to any Eligible Person after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the New Share Option Scheme, in particular, subject to determination of the subscription price and the the maximum number of Shares available for subscription referred to in the paragraphs headed "Price of Shares" and "Maximum number of Shares" above. For the purpose of determining the number of available options that may be reissued or granted, all cancelled options (save for those that have lapsed in accordance with the terms of the New Share Option Scheme) shall be excluded.

(o) Effects of alterations to share capital

- (i)* In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise in accordance with the applicable legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or in the event of any distribution of the Company's capital

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

assets to the Shareholders on a pro rata basis (whether in cash or in specie) other than dividend paid out of the net profits attributable to the Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (aa) the number or nominal amount of Shares subject to the option(s) already granted pursuant to the New Share Option Scheme (insofar as it is/they are unexercised);
- (bb) the subscription price of any option(s);
- (cc) the method of exercise of the option,

or any combination thereof, as an independent financial adviser or the Company's auditors shall certify in writing, either generally or as regard any particular grantee, to have, in their opinion, fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplemental guidance attached to the letter from the Stock Exchange to all listed issuers dated 5 September 2005 relating to share option schemes (the "**Supplemental Guidance**") and satisfied the requirement that:

- (aa) such adjustments give the grantee the same proportion of the equity capital of the Company (as interpreted in accordance with the Supplemental Guidance) as that to which that person was previously entitled immediately prior to such adjustment;
 - (bb) no such adjustments be made to the extent that a Share would be issued at less than its nominal value;
 - (cc) the aggregate subscription price payable by the grantee on the full exercise of any option shall remain as nearby as possible the same as (but not greater than) it was before such event; and/or
 - (dd) no such alternations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.
- (ii) Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.
 - (iii) The capacity of the independent financial adviser or the Company's auditors is that of experts and not of arbitrators and

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

their certification shall, in the absence of manifest error, be final, conclusive and binding on the Company and the grantees and all persons who may be affected thereby. The costs of the independent financial adviser or the Company's auditors shall be borne by the Company.

(p) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the date when the name of the grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the date when the name of the grantee is registered on the register of members of the Company other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the grantee is registered on the register of members of the Company, provided always that if the date of exercise of the option falls on a date upon which the register of members of the Company is closed, then the exercise of the option shall become effective on the first Business Day on which the register of members of the Company is re-opened.

A Share allotted upon the exercise of an option shall not carry any voting rights until the name of the grantee has been duly entered into the register of members of the Company as the holder thereof.

(q) Amount payable on acceptance

The amount payable on acceptance of an option is a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof. Such remittance shall in no circumstances be refundable.

The offer of the option shall be deemed to have been accepted by the grantee when the duplicate letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, is received by the company secretary on or before 5:00 p.m. within 28 days from the date of the offer, otherwise the offer shall be deemed to have been irrevocably declined.

(r) Minimum period or performance target

Subject to any terms specifically imposed by the Board, there is no minimum period for which an option must be held nor performance target which must be achieved before the options can be exercised.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(s) Period of the New Share Option Scheme

Subject to earlier termination by the Company in general meeting, the New Share Option Scheme shall be valid and effective for a period of not more than 10 years from the date of its adoption, being the date on which the New Share Option Scheme becomes unconditional and effective. After the expiry of the ten-year period, no further options will be offered or granted but in all other respects the provisions of the New Share Option Scheme shall remain in force and effect in respect of options granted under the New Share Option Scheme but not yet exercised at the time of its termination. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the term of the New Share Option Scheme and which remain unexpired immediately prior to the end of the ten-year period shall continue to be exercisable in accordance with the terms of issue thereafter.

(t) Termination of the New Share Option Scheme

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(u) Lapse of Option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the relevant option period;
- (ii) unless otherwise decided by the Board in its absolute discretion, the date on which the grantee ceases to be an Eligible Person by reason of the termination of his or her employment for cause, where "cause" means if the grantee:
 - (a) willfully disobeys any lawful and reasonable order given to him by the Board; or
 - (b) conducts himself in a manner inconsistent with the due and faithful discharge of his duties; or
 - (c) is guilty of fraud or dishonesty; or

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

- (d) commits any material breach or non-observance of his employment agreement or the Company's policies and procedures; or
 - (e) is guilty of any gross misconduct or conducts himself (whether in connection with the employment or not) in a way which is harmful to the Group; or
 - (f) ceases to be entitled to lawfully work in the mainland territory of the People's Republic of China or Hong Kong; or
 - (g) is convicted of an offence (other than a motoring offence which does not result in imprisonment) whether in connection with the employment or not; or
 - (h) commits (or is reasonably believed by the Board to have committed) a breach of any legislation in force which may affect or relate to the business of the Group; or
 - (i) becomes of unsound mind, is bankrupted or has a receiving order made against him or makes any general composition with his creditors or takes advantage of any statute affording relief for insolvent debtors; or
 - (j) becomes disqualified from being a director of a company or his directorship on the Board terminates without the consent or concurrence of the Company.
- (iii) unless otherwise decided by the Board in its absolute discretion, the resignation of the grantee from his position as Eligible Person for any reason other than the following reasons (each, a "**good reason**"): the Company (1) fails to make a material payment or provide any material benefit under the terms of his employment or engagement, after notice and a reasonable opportunity to cure of no less than 30 days; or (2) commits a material breach of the terms of his employment or engagement and does not cure such failure or breach after notice and a reasonable opportunity to cure of no less than 30 days; or
- (iv) unless otherwise decided by the Board in its absolute discretion, any breach of the provisions of the paragraph headed "Rights are personal to grantee" above.

APPENDIX IV SUMMARY OF THE NEW SHARE OPTION SCHEME

(v) Alterations to the New Share Option Scheme

Subject to the Listing Rules, the New Share Option Scheme may be altered in any respect by resolution of the Board, save that the provisions of the New Share Option Scheme as to:

- (i) the definitions of “Eligible Person”, “Grantee”, “Option Period” and “Term” in Clause 1.1 of the New Share Option Scheme; and
- (ii) the duration and administration of the New Share Option Scheme, the grant of options, (other than the time period referred to in Clauses 5.2, 5.4 and 5.5 of the New Share Option Scheme), the subscription price, the exercise of options, the lapse of options, the maximum number of shares available for subscription, the reorganisation of the capital structure of the Company, the termination and alteration of the New Share Option Scheme;

shall not be altered to extend the class of persons eligible for the grant of options or to the advantage of grantees or prospective grantees, save with the prior approval of Shareholders in general meeting with the grantees and their Associates abstaining from voting. Any alterations to the terms and conditions of the New Share Option Scheme, which is of a material nature or any change to the terms of options granted must be approved by the Shareholders, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme. Any alterations to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting. Any amendment to any terms of the New Share Option Scheme or the options granted shall comply with Chapter 17 of the Listing Rules.

B. Present status of the New Share Option Scheme

The New Share Option Scheme shall take effect subject to and is conditional on:

- (i) the passing of written resolution(s) by the Shareholders in general meeting to approve and adopt the New Share Option Scheme and to terminate the Existing Share Option Scheme, and to authorise the directors of the Company to grant options to subscribe for Shares thereunder; and
- (ii) the Listing Committee of the Stock Exchange approving the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of options in accordance with the terms and conditions of the New Share Option Scheme.

As at the Latest Practicable Date, no Option has been granted or agreed to be granted to the Grantees by the Company under the New Share Option Scheme.

NOTICE OF AGM



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Natural Beauty Bio-Technology Limited
自然美生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00157)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Natural Beauty Bio-Technology Limited (the “Company”) will be held at 3:00 p.m. on 13 May 2011 (Friday) at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements and the Directors’ Report and the Independent Auditor’s Report for the year ended 31 December 2010.
2. a/ To re-elect Dr. TSAI Yen-Yu (alias TSAI Yen-Pin) as an executive director of the Company.

b/ To re-elect Dr. SU Sh-Hsyu as a non-executive director of the Company.

c/ To re-elect Mr. Gregory Michael ZELUCK as a non-executive director of the Company.

d/ To re-elect Mr. Patrick Thomas SIEWERT as a non-executive director of the Company.
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as the Auditor and authorise the Board of Directors (the “Board”) to fix its remuneration.
4. To authorise the Board to fix the remuneration of the directors of the Company (the “Directors”).
5. To declare a final dividend of HK\$0.045 per share for the year ended 31 December 2010.

NOTICE OF AGM

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions:

6. **“THAT**
- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares, to issue warrants to subscribe for shares and to make offers or agreements or grant options which would or might require shares to be issued and allotted, be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors to make offers or agreements or grant options or warrants during the Relevant Period (as defined below) which would or might require shares to be issued and allotted either during or after the end of the Relevant Period (as defined below);
 - (c) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a rights issue; (ii) the exercise of the subscription rights or conversion rights under warrants or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares issued otherwise than pursuant to this Resolution; (iii) the exercise of the subscription rights under any share option scheme or any other option scheme or similar arrangement for the time being adopted by the Company; and (iv) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on the shares of the Company; shall not exceed 20% of the aggregate nominal amount of the existing issued share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
 - (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution; or
- (ii) the passing of an ordinary resolution by shareholders in a general meeting revoking or varying the authority given to the Directors by this Resolution.”

NOTICE OF AGM

7. **“THAT**

- (a) subject to paragraph (b) of this ordinary resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase its own shares on the Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the HK Stock Exchange for this purpose and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate nominal amount of the existing issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution; or
- (ii) the passing of an ordinary resolution by shareholders in a general meeting revoking or varying the authority given to the Directors by this Resolution.”

8. **“THAT** conditional upon Resolutions 6 and 7 above being passed (with or without amendments), the general mandate referred to in Resolution 6 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares repurchased by the Company pursuant to the general mandate referred to in Resolution 7 above provided that such amount shall not exceed 10% of the aggregate nominal amount of the existing issued share capital of the Company as at the date of the passing of this Resolution.”

NOTICE OF AGM

9. **“THAT**
- (a) the grant of options (the “Options”) to Mr. John Hsin Sheng TSENG (“Mr. Tseng”), the chief executive officer of the Company, pursuant to the existing share option scheme of the Company adopted on 11 March 2002 (the “Existing Share Option Scheme”) to subscribe for 40,042,019 shares of HK\$0.10 each (the “Share”) at the subscription price of HK\$1.90 per Share subject to the conditions on the exercise of the Options as described in the circular of the Company dated 8 April 2011 (the “Circular”), which results in the securities issued and to be issued to Mr. Tseng upon the exercise of the Options granted to Mr. Tseng in any 12-month period exceeding 1% of the relevant class of securities in issue be and is hereby approved, confirmed and ratified; and
 - (b) the Directors or a duly authorised committee thereof be and are hereby authorised to do any act or things or to sign, seal, execute and/or deliver any document for and on behalf of the Company as may be necessary, desirable or expedient in the opinion of the Directors or the duly authorised committee in connection with and to give full effect to the grant of Options to Mr. Tseng and the issue of Shares upon exercise of the Options under the Existing Share Option Scheme.”
10. **“THAT** the proposed amendments to the terms of the Existing Share Option Scheme as set out in the Circular be approved, confirmed and adopted.”
11. **“THAT**
- (a) subject to the granting by the Listing Committee of the HK Stock Exchange of the listing of and permission to deal in the Shares which may fall to be issued and allotted by the Company under the new share option scheme of the Company (the “New Share Option Scheme”), a copy of which is submitted to the meeting marked “A” and signed for the purpose of identification by the chairman of the Company, the New Share Option Scheme be and is hereby approved and adopted as the Company’s share option scheme and the Directors be and are hereby authorised to take all such steps as they may deem necessary, desirable or expedient to carry into effect, waive or amend the New Share Option Scheme subject to the terms of the New Share Option Scheme and Chapter 17 of the Rules Governing the Listing of Securities on the HK Stock Exchange (as amended from time to time);
 - (b) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the terms of the New Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this resolution, to issue and allot Shares pursuant to the exercise of the options so granted, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors may deem fit; and

NOTICE OF AGM

(c) conditional upon the New Share Option Scheme becoming unconditional and the termination of the Existing Share Option Scheme, the Directors or a duly authorised committee thereof be and are hereby authorised to do any act or things or to sign, seal, execute and/or deliver any document for and on behalf of the Company as may be necessary, desirable or expedient in the opinion of the Directors or the duly authorised committee in connection with and to give full effect to the grant of options pursuant to the New Share Option Scheme.”

12. “**THAT** conditional upon the New Share Option Scheme becoming unconditional, the Existing Share Option Scheme be terminated with effect from the date on which such resolution shall become unconditional.”

By order of the Board
Natural Beauty Bio-Technology Limited

Hong Kong, 8 April 2011

Notes:

1. The register of members of the Company will be closed from 9 May 2011 (Monday) to 13 May 2011 (Friday), both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the proposed final dividend and entitlement to attend and vote at the AGM, all completed transfer forms together with the relevant share certificates must be lodged with the Company’s branch share registrar, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 May 2011 (Friday).
2. A member of the Company who is a holder of the Share(s), and who is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the AGM and vote in person. In such event, his form of proxy will be deemed to have been revoked.
3. A form of proxy for the AGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time for holding the AGM or any adjournment thereof.
4. With regard to Resolutions 6 and 8 above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company pursuant to the general mandate granted under Resolution 6 above.

As at the date of this notice, the board of the Company comprises Dr. Tsai Yen-Yu and Mr. Lee Ming-Ta as executive directors, Dr. Su Chien-Cheng, Dr. Su Sh-Hsyu, Mr. Patrick Thomas Siewert, Mr. Gregory Michael Zeluck, Ms. Feng Janine Junyuan and Ms. Ng Shieu-Yeung Christina as non-executive directors and Mr. Francis Goutenmacher, Ms. Su-Mei Thompson, Mr. Chen Ruey-Long and Mr. Yang Tze-Kaing as independent non-executive directors.