

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

In connection with the Share Offer, Sun Hung Kai International Limited (“Sun Hung Kai”) as stabilizing manager, or any person acting for it, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the last day for the lodging of applications under the Public Offer. Any stabilizing activity will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). However, there is no obligation on Sun Hung Kai or any person acting for it to conduct any such stabilizing activity, which if taken, will be done at the absolute discretion of Sun Hung Kai and may be discontinued at any time. Any primary stabilizing activity is required to be brought to an end within 30 days from the last day for the lodging of applications under the Public Offer.

The number of Shares being offered in the Placing may be increased by up to an aggregate of 27,000,000 additional new Shares through the exercise of the Over-allotment Option granted to the Placing Underwriters by the Company and is exercisable by Sun Hung Kai to cover over-allocations in the Placing up to 30 days from the last day for the lodging of applications under the Public Offer. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the prospectus (the “Prospectus”) of Modern Beauty Salon Holdings Limited (the “Company”) dated 27th January, 2006.



Modern Beauty Salon Holdings Limited **(現代美容控股有限公司)**

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

NEW ISSUE BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	: 180,000,000 new Shares (subject to the Over-allotment Option)
Number of Placing Shares	: 162,000,000 new Shares (subject to re-allocation and the Over-allotment Option)
Number of Public Offer Shares	: 18,000,000 new Shares (subject to re-allocation)
Offer Price	: Not more than HK\$1.08 (payable in full on application and subject to refund) and not less than HK\$0.88 per Offer Share
Nominal value	: HK\$0.10 each
Stock code	: 919

Sponsor and Bookrunner



新鴻基國際有限公司

SUN HUNG KAI INTERNATIONAL LIMITED

Joint Lead Managers



新鴻基國際有限公司

SUN HUNG KAI INTERNATIONAL LIMITED



寶來證券(香港)有限公司

Polaris Securities (Hong Kong) Limited

A Member of Polaris Financial Group

Co-Lead Manager

Taiwan Securities (Hong Kong) Company Limited

Co-Managers

SBI E2-Capital Securities Limited

Barits Securities (Hong Kong) Limited

CCB International Capital Limited

Core Pacific - Yamaichi International (H.K.) Limited

Shenyin Wanguo Capital (H.K.) Limited

Tai Fook Securities Company Limited

CAF Securities Company Limited

CMB International Capital Corporation Limited

Goldbond Securities Limited

VC Brokerage Limited

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as described in the Prospectus and the application forms, and any Shares that may fall to be allotted and issued pursuant to the exercise of options that may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme and the Over-allotment Option. Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence at 9: 30 a.m. on Thursday, 9th February, 2006. Subject to the granting of the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Share Offer comprises the Public Offer of initially 18,000,000 new Shares and the Placing of initially 162,000,000 new Shares. For allocation purposes only, the number of the Public Offer Shares (after taking into account any reallocation of the Offer Shares between the Public Offer and the Placing and deducting 1,800,000 Offer Shares for **PINK** application forms) will be divided into two pools: pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis only to successful applicants who have validly applied for the Public Offer Shares with an aggregate subscription price (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) of HK\$5 million or less. The Public Offer Shares available in pool B will be allocated on an equitable basis only to successful applicants who have validly applied for Public Offer Shares with an aggregate subscription price (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) of more than HK\$5 million and up to the total initial value of pool B. Investors should be aware that allocation ratios for applications in the two pools, as well as allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Where there is over-subscription, allocation of the Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants in each of pool A and pool B, but, subject to that, will be made strictly on a pro rata basis, although this could, where appropriate, include balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares. Any application made for more than 4,000,000 Shares in pool A and 8,100,000

Shares in pool B will be rejected. Multiple or suspected multiple applications within either pool or between pools will be liable to be rejected. In addition, applicants are required to undertake and confirm that they or the relevant beneficial owner(s) have not indicated and will not indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) with, any Placing Shares. Applications where cheques or banker's cashier orders are dishonoured upon first presentation are liable to be rejected. The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation.

Applicants under the Public Offer should pay, on application, the maximum price of HK\$1.08 per Offer Share and a 1% brokerage, a 0.005% Stock Exchange trading fee and a 0.005% SFC transaction levy thereon. Sun Hung Kai (for itself and on behalf of the Underwriters) may, with the consent of the Company, reduce the indicative Offer Price range below that as stated in the Prospectus (which is from HK\$0.88 per Offer Share to HK\$1.08 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Public Offer. If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed upon between Sun Hung Kai (for itself and on behalf of the Underwriters) and the Company by the Price Determination Date (expected to be on or around Friday, 3rd February, 2006 and in any event not later than 12: 00 noon on Tuesday, 7th February, 2006), the Share Offer will not proceed and will lapse.

In connection with the Share Offer, the Company will grant to the Placing Underwriter the Over-allotment Option which is exercisable by Sun Hung Kai (for itself and on behalf of the Placing Underwriters) and expires on the 30th day after the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option the Company may be required to allot and issue up to 27,000,000 additional new Shares to cover any over-allocation in the Placing. If the Over-allotment Option is exercised in full, the additional new Shares will represent approximately 3.6% of the Company's enlarged issued share capital upon exercise in full of the Over-allotment Option. Where the Over-allotment Option is exercised, a press announcement will be made.

In connection with the Share Offer, Sun Hung Kai (for itself and on behalf of the Underwriters) may effect transactions which stabilise or maintain the market price of the Shares at levels above those which might otherwise prevail for a limited period after the issue date. There is no obligation on Sun Hung Kai to conduct such stabilising activity. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end on 5th March, 2006. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including the Securities and Futures (Price Stabilising) Rules of the SFO. The details of the intended stabilisation and how it will be regulated under the SFO are contained in the Prospectus.

The Share Offer is conditional upon fulfillment of the conditions as stated in the section headed "Structure of the Share Offer" in the Prospectus. If the conditions are not fulfilled or waived prior to the times and dates specified in the Prospectus, all application monies received from applicants under the Public Offer will be refunded, WITHOUT INTEREST, on the terms set out under the heading "Refund of your money" in the section headed "How to apply for the Public Offer Shares" in the Prospectus. An announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) in the event that the Share Offer does not proceed.

Applications for the Public Offer Shares will only be considered on the basis of the Prospectus and the **PINK**, **WHITE** or **YELLOW** application forms in accordance with the relevant provisions of the Prospectus. It should be noted that multiple applications or suspected multiple applications or any application for more than 4,000,000 Shares in pool A and 8,100,000 Shares in pool B will be rejected. Only one application on either a **WHITE** or **YELLOW** application form, together with any one application on a **PINK** application form (for eligible full-time employees of the Group) may be made for the benefit of any person.

Applicants who would like to be allotted the Public Offer Shares in their own names should complete and sign the **WHITE** application forms which will be available for collection together with copies of the Prospectus at the venues set out below. Applicants who would like to have the allotted Public Offer Shares issued in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their CCASS investor participant stock accounts or the stock accounts of their designated CCASS participants maintained in CCASS should complete and sign the **YELLOW** application forms, copies of which, together with copies of the Prospectus, may be obtained during normal business hours from 9: 00 a.m. on 27th January, 2006 until 12: 00 noon on 3rd February, 2006 at the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong or the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128—140 Queen's Road Central, Hong Kong. Copies of the Prospectus, together with the **PINK** application forms, have also been made available to full-time employees of the Group at 6th Floor, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong. The **PINK** application forms, completed in accordance with the instructions printed thereon and accompanied by the appropriate remittance cheques or banker's cashier orders, must be returned to the Company at 6th Floor, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong by no later than 4: 00 p.m., 2nd February, 2006.

Preference will be given to applications from full-time employees of the Group in Hong Kong (excluding the Directors, chief executive of the Company, existing beneficial owners of Shares or any of their respective associates) for a maximum of 1,800,000 Shares, representing 10% of the Public Offer Shares initially available for subscription under the Public Offer.

The Company will not issue temporary document of title. No receipt will be issued for application monies paid.

Copies of the Prospectus, together with the **WHITE** application forms, may be obtained during normal business hours in the same period from:

1. **Any Exchange Participant of the Stock Exchange;**
2. **Sun Hung Kai International Limited, Level 12, One Pacific Place, 88 Queensway, Hong Kong;**
3. **Polaris Securities (Hong Kong) Limited, Room 1003-4, 10th Floor, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong;**
4. **Taiwan Securities (Hong Kong) Company Limited, Room 4001-3, 40th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong;**
5. **SBI E2-Capital Securities Limited, 43rd Floor, Jardine House, One Connaught Place, Central, Hong Kong;**

6. **Tai Fook Securities Company Limited, 25th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong;**
7. **Barits Securities (Hong Kong) Limited, Room 3406, 34th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong;**
8. **CAF Securities Company Limited, 13th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong;**
9. **CCB International Capital Limited, Suites 2815-21, 28th Floor, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong;**
10. **CMB International Capital Corporation Limited, 21st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong;**
11. **Core Pacific-Yamaichi International (H.K.) Limited, 36th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Central, Hong Kong;**
12. **Goldbond Securities Limited, 3910B, 39th Floor, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong;**
13. **Shenyin Wanguo Capital (H.K.) Limited, 28th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong; and**
14. **VC Brokerage Limited, 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong**

or any of the following branches of **Standard Chartered Bank (Hong Kong) Limited:**

Hong Kong Island	Central Branch	Shop No. 16, G/F & LG/F, New World Tower, 16-18 Queen's Road Central, Central
	DVR Branch	Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Central
	88 DVR Branch	88 Des Voeux Road Central, Central
	Leighton Centre Branch	Shop 12-16, UG/F Leighton Centre, 77 Leighton Road, Causeway Bay
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Garden, 1027 King's Road, Quarry Bay

Kowloon	Kwun Tong Branch	88-90 Fu Yan Street, Kwun Tong Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok 10 Granville Road, Tsimshatsui 828 Cheung Sha Wan Road, Cheung Sha Wan Shop C, G/F & 1/F, Jade Plaza, No. 298 Sha Tsui Road, Tsuen Wan
	Mongkok Branch	
	Tsimshatsui Branch	
	Cheung Sha Wan Branch	
New Territories	Tsuen Wan Branch	

Completed **WHITE** and **YELLOW** application forms (to which cheques or banker's cashier orders made payable to "Horsford Nominees Limited — Modern Beauty Public Offer" should be securely stapled) should be deposited in the special collection boxes provided at any of the branches of **Standard Chartered Bank (Hong Kong) Limited** referred to above at the following times on the following dates:

Friday, 27th January, 2006 — 9: 00 a.m. to 4: 00 p.m.
Wednesday, 1st February, 2006 — 9: 00 a.m. to 4: 00 p.m.
Thursday, 2nd February, 2006 — 9: 00 a.m. to 4: 00 p.m.
Friday, 3rd February, 2006 — 9: 00 a.m. to 12: 00 noon

The application lists will open from 11:45 a.m. to 12:00 noon on 3rd February, 2006 (or such later date as may apply in case of a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal being in force as described in the section headed "How to apply for the Public Offer Shares" in the Prospectus).

Subject to the terms and conditions set out in the Prospectus and the application forms relating thereto, completed **WHITE** and **YELLOW** application forms must be received by no later than 12: 00 noon on 3rd February, 2006 (or such later date as may apply in the case of a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning being in force in Hong Kong as described in the paragraph headed "Effect of bad weather on the opening of the application lists" in the section headed "How to apply for the Public Offer Shares" in the Prospectus). It is expected that the announcement of the Offer Price, the indication of the level of interest in the Placing, the basis of allocation and the results of applications for the Public Offer Shares (with successful applicants' identification numbers) will be published in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on 8th February, 2006.

If you are applying for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** application form and have indicated your intention on your application form to collect your refund cheque (where applicable) and/or (for applicants using **WHITE** application forms) Share certificate (where applicable) from Tricor Investor Services Limited and have provided all information required by your application form, you may collect the same in person from Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9: 00 a.m. to 1: 00 p.m. on 8th February, 2006 or any other date notified by the Company in the newspapers as the date of despatch of the same. If you do not collect your Share certificate(s) (where applicable) and/or refund cheque(s) (if any) in person within the specified time, it/they will be despatched promptly to you by ordinary post to the address as specified in your application form at your own risk. Applicants being individuals must not authorise any other person to make collection on their behalf. You must show identification documents (which must be acceptable to Tricor Investor Services Limited) to collect

your (where relevant) refund cheque(s) and/or (where relevant) Share certificate(s). Applicants being corporations must attend by their authorised representatives each bearing a letter of authorisation from such corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce at the time of collection evidence of identity acceptable to Tricor Investor Services Limited. If you have applied for less than 1,000,000 Public Offer Shares, or where you have applied for 1,000,000 or more Public Offer Shares and have not indicated on your application forms that you will collect your (where relevant) refund cheque(s) and/or (where relevant) Share certificate(s) in person, your refund cheque(s) and/or Share certificate(s) (if any) will be sent by ordinary post at your own risk to the addresses specified in the relevant application form on or around 8th February, 2006.

If you apply for the Public Offer Shares by using a **YELLOW** application form and your application is wholly or partially successful, your Share certificates will be issued in the name of HKSCC Nominees Limited and deposited into CCASS for credit to your CCASS investor participant stock account or the stock account of any designated CCASS participant as instructed by you in your application form at the close of business on 8th February, 2006, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited. You should check the number of Public Offer Shares allotted to you with your designated CCASS participant if you are applying through a designated CCASS participant, or in the announcement to be published by the Company on 8th February, 2006, and report any discrepancies to HKSCC before 5:00 p.m. on 8th February, 2006 or such other later date as shall be determined by HKSCC or HKSCC Nominees Limited if you are applying as CCASS investor participants. You can also check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) immediately after the credit of the Public Offer Shares to your stock account if you are applying as CCASS investor participants. HKSCC will also make available to CCASS investor participants an activity statement showing the number of Public Offer Shares credited to your CCASS investor participation stock account.

Share certificates will only become valid certificates of title after 8:00 a.m. on the Listing Date upon (i) the Share Offer becoming unconditional and (ii) the right of termination granted to the Sun Hung Kai (for itself and on behalf of the Underwriters) under the Underwriting Agreement as described in the paragraph headed "Grounds for termination" in the section headed "Underwriting" in the Prospectus has not been exercised.

If your application is wholly or partially unsuccessful or the Offer Price as finally determined is less than the indicative maximum Offer Price or any application is revoked or any allocation pursuant thereto has become void or any of the reasons set forth under "Circumstances in which you will not be allotted Public Offer Shares" in the relevant application forms, the Company will refund (in whole or in part, as applicable) your application monies, including relevant brokerage fee, the SFC transaction levy and the Stock Exchange trading fee, to you **WITHOUT INTEREST**. For applicants using **WHITE** or **YELLOW** application forms, all refunds will be made by a cheque crossed "Account payee only", and made out to you or, if you are joint applicants, to the first-named applicant on your application form on the terms set out under "Refund of your application monies" on the application form. The refund cheque will be sent to the address on your application form or if you are joint applicants, to the address of the first-named applicant on your application form by ordinary post and at your own risk on 8th February, 2006 unless otherwise provided herein.

As at date of this announcement, the executive Directors are Ms. Tsang Yue, Joyce, Mr. Lee Soo Ghee, Ms. Yuen Siu Ping, Mr. Hung Fan Kwan and Mr. Yip Kai Wing; the independent non-executive Directors are Mr. Wong See Hong, Mr. Yu How Yuen, Mr. Cheng Kai Tai, Allen.

By Order of the Board
Ms. Tsang Yue, Joyce
Chairperson

Hong Kong, 27th January, 2006

Please also refer to the published version of this announcement in South China Morning Post.