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MODERN BEAUTY SALON HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock code: 919)

**PLACING OF EXISTING SHARES
BY A SUBSTANTIAL SHAREHOLDER**

The directors of the Company have noted the increase in trading volume of the shares of the Company today and wish to state that they are not aware of any reasons for such increase save as disclosed in this announcement.

The Company has been informed by Silver Hendon, a substantial shareholder of the Company and is 100% held by Ms. Tsang Yue Joyce, the Chairperson of the Company, that it appointed Sun Hung Kai Investment Services Limited to place 72,000,000 ordinary shares in the share capital of the Company to independent investors at the placing price of HK\$1.15 per share on 9 October 2006 to broaden the shareholder base of the Company. The placing shares represent approximately 10% of the existing issued share capital of the Company. Upon completion of the placing, Silver Hendon's interests in the Company will be reduced from 172,800,000 shares to 100,800,000 shares or approximately 24% to 14% of the existing issued share capital of the Company.

The Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The directors of Modern Beauty Salon Holdings Limited (the "Company") have noted the increase in trading volume of the shares of the Company today and wish to state that they are not aware of any reasons for such increase save as disclosed in this announcement.

The Company has been informed by Silver Hendon Enterprises Corp. ("Silver Hendon"), a substantial shareholder of the Company and is 100% held by Ms. Tsang Yue Joyce, the Chairperson of the Company, that it appointed Sun Hung Kai Investment Services Limited to place 72,000,000 ordinary shares in the share capital of the Company held by Silver Hendon to independent investors at the placing price of HK\$1.15 per share on 9 October 2006 to broaden the shareholder base of the Company.

The places are independent institutional investors who are not connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) of the Company. Approximately 36% of the 72,000,000 shares were placed to investors based in the US, 25% went to a UK investor and the remaining 39% allocated to Asian investors based in Singapore and the Greater China Region.

The 72,000,000 shares represent approximately 10% of the existing issued share capital of the Company. The placing price of HK\$1.15 per share represents a discount of approximately 7% to the closing price of HK\$1.24 per share as quoted on The Stock Exchange of Hong Kong Limited on 9 October 2006.

Silver Hendon is a substantial shareholder of the Company. Upon completion of the placing, Silver Hendon's interests in the Company will be reduced from 172,800,000 shares to 100,800,000 shares or approximately 24% to 14% of the existing issued share capital of the Company.

The Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

By Order of the Board
Modern Beauty Salon Holdings Limited
Tsang Yue Joyce
Chairperson

Hong Kong, 10 October 2006

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

Please also refer to the published version of this announcement in The Standard.