

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

If you have sold or transferred all your shares in **MODERN BEAUTY SALON HOLDINGS LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Modern Beauty Salon Holdings Limited to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong, on TUESDAY, 28 August 2012 at 11:00 a.m., is set out in Appendix II to this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Modern Beauty Salon Holdings Limited's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular is in English and Chinese. In the case of any inconsistency, the English version shall prevail.

30 July 2012

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	2
Appendix I — Information on the Directors Proposed for Re-election	5
Appendix II — AGM Notice	7

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on TUESDAY, 28 August 2012 at 11:00 a.m.
“AGM Notice”	the notice convening the AGM
“Articles”	the Articles of Association of the Company
“Board”	the board of directors of the Company
“Companies Law”	the Companies Law of the Cayman Islands
“Company”	Modern Beauty Salon Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 19 August 2005, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Issue Mandate”	the proposed general and unconditional mandate granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution granting such mandate
“Latest Practicable Date”	19 July 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

Board of Directors

Executive Directors:

Ms. Tsang Yue, Joyce
(Chairperson and Chief Executive Officer)
Mr. Yip Kai Wing
(Chief Technology Officer)
Mr. Leung Man Kit
Mr. Wong Shu Pui

Independent Non-executive Directors:

Ms. Liu Mei Ling, Rhoda
Mr. Hong Po Kui, Martin
Mr. Wong Man Hin, Raymond

Company Secretary:

Mr. Wong Shu Pui

Registered office:

PO Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

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

6th Floor, Sino Industrial Plaza
9 Kai Cheung Road
Kowloon Bay
Kowloon
Hong Kong

30 July 2012

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the AGM Notice and provide you with information of the resolutions to be proposed at the AGM for the approval of (i) re-election of the Directors and (ii) granting of the Issue Mandate to issue Shares.

RE-ELECTION OF DIRECTORS

Pursuant to Article 130 of the Articles, three Executive Directors, Ms. Tsang Yue, Joyce, Mr. Yip Kai Wing and Mr. Wong Shu Pui shall retire by rotation at the AGM and, being eligible, have offered themselves for re-election at the AGM.

Details of the Directors who are proposed to be re-elected at the AGM are provided in Appendix I to this circular.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 17 August 2011, the Directors were granted general mandates to (i) repurchase Shares on the Stock Exchange up to a maximum of 8% of the aggregate nominal value of the share capital of the Company in issue as at 17 August 2011; (ii) allot, issue and otherwise deal with Shares up to a maximum of 20% of the aggregate nominal value of the share capital of the Company in issue as at 17 August 2011; and (iii) allot, issue and otherwise deal with Shares repurchased pursuant to the repurchase mandate.

No Shares have been repurchased, allotted, issued or otherwise dealt with pursuant to these general mandates. Under the terms of these mandates and the Listing Rules, such mandates will lapse at the conclusion of the AGM.

At the AGM, separate ordinary resolutions will be proposed to seek the approval of the Shareholders to renew the general mandate to issue Shares to enable the Directors to:

- (i) allot, issue and deal with further Shares up to a maximum of 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution, i.e., to issue a maximum of 174,799,238 shares based on the issued share capital of the Company comprising 873,996,190 shares as at the Latest Practicable Date on the assumption that no further shares will be issued prior to the date of the forthcoming Annual General Meeting.

AGM

The AGM Notice is set out in Appendix II to this circular.

Pursuant to the amendments to the Rule 13.39(4) of the Listing Rules, which came into force on 1 January 2009, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the AGM is also enclosed with this circular. To be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the AGM.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board considers that the proposals for re-election of the Directors and Issue Mandate are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Tsang Yue, Joyce
Chairperson

APPENDIX I INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

The following are the particulars of the Directors proposed to be re-elected at the AGM:

- (1) **Ms. Tsang Yue, Joyce (“Ms. Tsang”)**, aged 51, is an Executive Director and the Chairperson of the Board, the Chief Executive Officer of the Group, and the Chairpersons of each of the Remuneration Committee (until 10 February 2012) and Nomination Committee of the Company. She is the founder and substantial shareholder of the Company as well as a veteran in the beauty and wellness industry who has profound understanding and distinctive expertise on how to originate and capitalize on the trends and changes in the market. Her wealth of knowledge in the business and her unique vision in corporate management had enabled to spearhead business growth at the Group in a dynamic manner. Ms. Tsang holds a Doctorate in Business Administration (Honoris Causa) from International American University. She is a Fellow of the Hong Kong Institute of Directors. She is the Honorary President of International CICA Association of Esthetics — CIDESCO Section China and the Honorary Fellow of The Professional Valuation Centre of Hong Kong. Ms. Tsang is also devoted to community and welfare activities. She is the director of the board of Pok Oi Hospital since 2009. She is also the founder and chairperson of Grateful Heart Charitable Foundation Limited and the founder and dean of Beauty Expert International College. Ms. Tsang is the School Manager of Pok Oi Hospital Chan Kai Memorial College since 2009. She is the Sub-Committee Chairman, Other Services of The Chinese Manufacturer’s Association of Hong Kong. She is the Honorary President of Carnation Women’s Association. She was awarded “Woman Entrepreneur of the Year” in 2011 from APEA. She was also awarded the “Award of listed company leader 2012”, “Prime Awards for Outstanding Leaders” from “Metro Box magazine”, “The 4th Excellence in Achievement of World Chinese Youth Entrepreneurs” jointly from Yazhou Zhoukan and World Federation of Chinese Entrepreneurs Organization, “《Capital CEO》 2012 Distinguished CEO of the year” and “《Capital Entrepreneur》 2012 Entrepreneur of the year”. Ms. Tsang is the spouse of Mr. Lee Soo Ghee, a former Executive Director of the Company (resigned on 15 September 2010) and currently Chief Administrative Officer of the Company (appointed on 10 February 2012).

No director’s fee is payable to Ms. Tsang for her service as Executive Director, member of Nomination Committee, member of Remuneration Committee and Chairperson of each of the Board and Nomination Committee of the Company, but Ms. Tsang will be entitled to discretionary bonus and such other benefit schemes as the Board may in its discretion determine having regard to, amongst other things, her performance and the operation results of the Group in respect of the relevant financial year of the Company.

As at the Latest Practicable Date, Ms. Tsang is interested or deemed to be interested in 74.07% in the issued share capital of the Company within the meaning of Part XV of the SFO.

APPENDIX I INFORMATION ON DIRECTORS PROPOSED FOR RE-ELECTION

- (2) **Mr. Yip Kai Wing (“Mr. Yip”)**, aged 38, is the Chief Technology Officer and an Executive Director of the Company. Mr. Yip is responsible for all computer and information system matters of the Group. Mr. Yip brings with him about ten years of experience in the system integration, information system, network operation and telecommunications industries. He graduated from the Chinese University of Hong Kong in 1997 with a Bachelor Degree in Social Science and was awarded a Microsoft Certified Professional Systems Engineer, as well as CheckPoint Certified Administrator and Turbolinux Engineer in 2002. Mr. Yip joined the Group in March 2002.

No director’s fee is payable to Mr. Yip for his service as Executive Director of the Company, but Mr. Yip will be entitled to discretionary bonus and such other benefit schemes as the Board may in its discretion determine having regard to, amongst other things, his performance and the operation results of the Group in respect of the relevant financial year of the Company.

As at the Latest Practicable Date, Mr. Yip is interested or deemed to be interested in 0.02% in the issued share capital of the Company within the meaning of Part XV of the SFO.

- (3) **Mr. Wong Shu Pui (“Mr. Wong”)**, aged 45, is an Executive Director of the Company, a solicitor admitted in Hong Kong. He joined the Group in April 2008 as Legal Consultant and has years of experience in many fields. Mr. Wong is now appointed to provide leading legal advice and support to all the Group’s major business projects and activities.

No director’s fee is payable to Mr. Wong for his service as Executive Director of the Company, but Mr. Wong will be entitled to discretionary bonus and such other benefit schemes as the Board may in its discretion determine having regard to, amongst other things, his performance and the operation results of the Group in respect of the relevant financial year of the Company.

As at the Latest Practicable Date, Mr. Wong does not have any interest in the issued share capital of the Company within the meaning of Part XV of the SFO.

GENERAL INFORMATION

Saved as disclosed above, (i) the Directors proposed to be re-elected at the AGM do not hold any directorship in other public listed companies in Hong Kong in the past three years or any position in the Group, nor he/she has any relationship with any Directors, senior management or substantial or controlling Shareholders; and (ii) there is no information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules and there is no other matters that need to be brought to the attention of the Shareholders in connection with their re-election.

**MODERN BEAUTY SALON HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Modern Beauty Salon Holdings Limited (the “Company”) will be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong, on **TUESDAY, 28 August 2012** at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2012.
2. To declare a final dividend for the year ended 31 March 2012.
3. (A) (a) To re-elect Ms. Tsang Yue, Joyce as a director.
(b) To re-elect Mr. Yip Kai Wing as a director.
(c) To re-elect Mr. Wong Shu Pui as a director.
(B) To authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint RSM Nelson Wheeler as auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company or warrants to subscribe for shares of the Company; or (iv) any scrip dividends or similar arrangement, providing for the allotment and issue of shares in lieu of the whole or part of a dividend or shares in accordance with the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of Cayman Islands to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

By order of the Board
Tsang Yue, Joyce
Chairperson

Hong Kong, 30 July 2012

As at the date hereof, the Board consists of four executive Directors, Ms. Tsang Yue, Joyce, Mr. Yip Kai Wing, Mr. Wong Shu Pui and Mr. Leung Man Kit and three independent non-executive Directors, Ms. Liu Mei Ling, Rhoda, Mr. Wong Man Hin, Raymond and Mr. Hong Po Kui, Martin.

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. Any member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
3. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Saturday, 25 August 2012 to Tuesday, 28 August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 24 August 2012.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 5 September 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 3 September 2012 to Wednesday, 5 September 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Friday, 31 August 2012. The payment of final dividend will be made on Monday, 24 September 2012.

4. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. A form of proxy for the meeting is enclosed with this circular.