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MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

The Board announces that on 30 August 2012, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser for the disposal of the Property at the Consideration of HK\$162,000,000.

The Property is located in Tsimshatsui, Kowloon. Vacant possession of the Property will be delivered to the Purchaser at Completion.

The Disposal constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

THE PROVISIONAL AGREEMENT

1. Date

30 August 2012

2. Parties

- i. Vendor: Rise Luck Development Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holdings; and
- ii. Purchaser: Dragon Advantage Limited, a company incorporated under the laws of Hong Kong with limited liability. According to the Purchaser, it is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons and there was no previous transaction entered into between the Company and the Purchaser before the date of this announcement.

3. Assets to be disposed of

The Property, being ALL THAT piece or parcel of ground registered in the Land Registry as KOWLOON INLAND LOT NO. 10103 and of and in the messuages erections and buildings thereon now known at the date hereof as “ISA Tower”, No. 5 Minden Avenue, Kowloon, Hong Kong, has a saleable floor area of approximately 13,355 square feet. Vacant possession of the Property will be delivered to the Purchaser at Completion. The Property has not been leased out by the Group.

4. Consideration

The Consideration is HK\$162,000,000, among which, HK\$5,000,000 was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit and as part payment of the Consideration, HK\$11,200,000 shall be paid upon entering into of the formal agreement on or before 12 September 2012 as a further deposit and as part payment of the Consideration, and HK\$145,800,000, being the remaining balance of the Consideration, shall be paid upon Completion.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the prevailing market price of similar properties in similar location.

5. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 15 November 2012.

6. Refund of deposit

Pursuant to the Provisional Agreement, in case Completion cannot be proceeded with by reason beyond the control of the Vendor and its controlling shareholder, the Purchaser shall be entitled to a refund of the deposit paid to the Vendor without interest.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are provision of beauty and wellness services and sales of skincare and wellness products.

Due to the recent uncertain factors caused by the European market, the Directors are of the view that the Disposal would benefit the Group by reducing risks and also improve the liquidity of the Group. It is expected that the Group will receive net proceeds from the Disposal (after deducting other expenses in relation to the Disposal) of approximately HK\$160,380,000 and it is intended that such net proceeds will be used for funding potential acquisition and/or general working capital purpose. The management of the Group is in the course of assessing certain potential acquisition targets.

The Group entered into an agreement to acquire the Property in 2008 at a purchase price of HK\$132,800,000. Based on the net book value of the Property of approximately HK\$176,300,000 as at 31 March 2012, the Consideration of HK\$162,000,000, and other

expenses in relation thereto, the Company expects to record an unaudited loss from the Disposal of approximately HK\$15,920,000 upon Completion. Shareholders and investors should note that the final gain/loss as a result of the Disposal is subject to audit.

The Directors, including the independent non-executive Directors, consider that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of the Directors
“Company”	Modern Beauty Salon Holdings Limited (現代美容控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Disposal, being HK\$162,000,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional Agreement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Property”	being ALL THAT piece or parcel of ground registered in the Land Registry as KOWLOON INLAND LOT NO. 10103 and of and in the messuages erections and buildings thereon now known at the date hereof as “ISA Tower”, No. 5 Minden Avenue, Kowloon, Hong Kong with a saleable floor area of approximately 13,355 square feet
“Provisional Agreement”	the provisional sale and purchase agreement dated 30 August 2012 entered into between the Purchaser and the Vendor in relation to the Disposal
“Purchaser”	Dragon Advantage Limited, a company incorporated under the laws of Hong Kong with limited liability
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rise Luck Development Limited, a company incorporated in Hong Kong with limited liability which is principally engaged in property holdings and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

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

Hong Kong, 30 August 2012

As at the date of this announcement, the Board consists of Four Executive Directors, Ms Tsang Yue, Joyce, Mr Yip Kai Wing, Mr Leung Man Kit and Mr Wong Shu Pui and Three Independent Non-executive Directors, Ms Liu Mei Ling, Rhoda, Mr Wong Man Hin, Raymond and Mr Hong Po Kui, Martin.