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MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

On 5 June 2008, the Purchaser entered into a binding Provisional Agreement with the Vendor for the acquisition of the Property at a consideration HK\$132,800,000. Pursuant to the terms of the Provisional Agreement, the Purchaser and the Vendor will enter into a Formal Agreement for the Acquisition on or before 24 June 2008. The Acquisition is scheduled to be completed on or before 2 December 2008.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Property

Date of the Provisional Agreement : 5 June 2008

Vendor: Ching Ming International Development Limited which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is Independent Third Party and investment holding company holding property in Hong Kong.

The ultimate beneficial owner of the Vendor, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is Independent Third Party.

Purchaser: Rise Luck Development Limited, a wholly-owned subsidiary of the Company.

Summary:

On 5 June 2008, the Purchaser entered into a binding Provisional Agreement with the Vendor for the acquisition of the Property. Pursuant to the terms of the Provisional Agreement the Purchaser will acquire the Property from the Vendor at a consideration of HK\$132,800,000. The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor and was determined with reference to the current market value of properties in the nearby locality, such information being provided by the property agent of the Acquisition. The property agent from whom the Company obtained current market value of the Property, HK\$132,800,000, is an independent third party. The date to which the current market value of HK\$132,800,000 refers is 5 June 2008.

An initial deposit of HK\$5,000,000 was paid by the Purchaser to the Vendor upon the signing of the Provisional Agreement on 5 June 2008 and a further deposit of HK\$8,280,000 is payable by the Purchaser upon the signing of the Formal Agreement on or before 24 June 2008.

The balance of the Consideration amounting to HK\$119,520,000 will be paid upon completion, which is scheduled to take place on or before 2 December 2008. The Acquisition will be funded by internal resources of the Group. Upon completion vacant possession of the Property will be delivered to the Purchaser.

Reasons for and benefits of the Acquisition

The Property is a commercial premises located in Tsim Sha Tsui, Hong Kong. It has a gross floor area of approximately 13,355 square feet. The Property is currently vacant and has not been rented out during the past two years; as a result, the information on the net profits attributable to the Property is not available. The Property is intended to be used by the Group for the purpose of operating beauty and healthcare service centre and related business. The Acquisition was made with a view to cope with the future expansion of the Group.

The Group currently operates two beauty and healthcare service centres in Tsim Sha Tsui which are two of the major servicing locations of the Group's operations in Hong Kong. The Company decided to acquire the Property to secure the business strategy of operating a service network in Tsim Sha Tsui. Further, in view of the strong financial position of the Group, acquiring the Property would enable the Group to achieve considerable rental saving and is believed to be for the long term benefit of the Group as a whole.

The Directors are of the view that the Acquisition is in the interests of the Company and the terms of acquisition in the Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole. The Directors have compared the market value of the properties nearby to arrive at the conclusion that the consideration is fair and reasonable, such information being provided by the property agent of the Acquisition. The property agent from whom the Company obtained current market value of the Property, HK\$132,800,000, is an independent third party. The date to which the current market value of HK\$132,800,000 refers is 5 June 2008.

The Company has not acquired any asset from the Vendor, their ultimate beneficial owners and associates (as defined in the Listing Rules) in the past 12 months and the Company has not acquired any properties adjacent to the Property that makes the Acquisition subject to aggregation under Rule 14.22 of the Listing Rules.

General

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the provision of beauty and healthcare services. The principal activity of the Purchaser is property investment for rental income.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular in connection with the Acquisition will be dispatched to the shareholders of the Company as soon as practicable.

Definitions

In this announcement, the following terms have the following meanings:

“Acquisition”	Acquisition of the Property by the Purchaser pursuant to the terms of the Provisional Agreement;
“Board”	The board of directors of the Company
“Company”	Modern Beauty Salon Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange;
“Consideration”	HK\$132,800,000;
“Directors”	The directors of the Company;

“Formal Agreement”	The formal agreement expected to be signed by the Purchaser and the Vendor on or before 24 June 2008 for the acquisition of the Property;
“Group”	The Company and its subsidiaries;
“Independent Third Party(ies)”	Independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	Kowloon Inland Lot No.10103 (Ground Floor, Mezzanine Floor, First Floor, Second Floor, Third Floor, Fourth Floor, Fifth Floor, Sixth Floor, Seventh Floor, Eighth Floor, Ninth Floor, Tenth Floor, Eleventh Floor, Caretaker’s Flat on the Roof), No.5 Minden Avenue, Kowloon, Hong Kong;
“Provisional Agreement”	The binding provisional agreement dated 5 June 2008 for the acquisition of the Property;
“Purchaser”	Rise Luck Development Limited, a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Ching Ming International Development Limited which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is Independent Third Party and an investment holding company holding property in Hong Kong.

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

Hong Kong, 12 June 2008

As at the date of this announcement, the Board of the Company consists of six executive Directors, Ms. Tsang Yue, Joyce, Mr. Lee Soo Ghee, Ms. Yuen Siu Ping, Mr. Yip Kai Wing, Mr. Kwong Chi Ching and Ms. Mok Hin Yuk and three independent non-executive Directors, Mr. Cheng Kai Tai, Allen, Mr. Yip Ki Chi Luke and Mr. Soo SK Sean.