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MODERN BEAUTY SALON HOLDINGS LIMITED

(現代美容控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

ANNOUNCEMENT

Further to the Company's Announcement dated 6 February 2006, the Company has received the Letter from the Consumer Council dated 7 February 2006 referring to the Meeting and reiterated that 303 complaints had been lodged against the Group during the three years ended 31 March 2005 and the four months ended 31 July 2005.

The Company will meet with the representatives of the Consumer Council again to further discuss, among other matters, means to enhance the communication channels with the Consumer Council in the future.

BACKGROUND

The Company has received the Letter from the Consumer Council dated 7 February 2006. In the Letter, the Consumer Council, among others, summarised the Meeting (including setting out the time and place of the Meeting, the delivery of complaints known to the Consumer Council which were not included in the Company's record, brief explanation of the Consumer Council's internal procedures in handling complaints received, the Company's explanation on matters regarding net profits attributable to expired prepaid beauty packages and the accounting rationale therefor and a request from the Company for a further meeting to discuss means of improvement for the Group) and stated that, as far as the Consumer Council was concerned, it has concluded that the number of complaints lodged against the Group during the three years ended 31 March 2005 and the four months ended 31 July 2005 should be 303 complaints.

THE DISCREPANCIES

The approximate figures of consumer complaints filed with the Consumer Council against the Group during the three years ended 31 March 2005 and the four months ended 31 July 2005 have been set out in the Prospectus based on the Company's record and to the best knowledge, information and belief of the Directors. Further to the Company's Announcement, the Company has reviewed the additional complaint records received from the Consumer Council at the Meeting. The Directors noted that the major reasons for the

customers' complaints set out in the additional complaint records received from the Consumer Council which have not been previously reflected in the Company's record fall within the major reasons for customers' complaints disclosed in the Prospectus, and that no provisions need to be made in the accounts of the Company in relation thereto.

ENHANCING COMMUNICATION CHANNELS

As discussed between the Company and the representatives of the Consumer Council during the Meeting, the Company will meet separately with the representatives of the Consumer Council again to further discuss, among other matters, means to enhance communication channels with the Consumer Council in the future. In this connection, it is the Company's intention that, when the Group is alerted by the Consumer Council that a complaint against the Group has been received by the Consumer Council in the future, the Group will arrange for its staff member from the Customer Services Department to take delivery of the complaint letter from the Consumer Council within the same day with a view to follow up the complaint case as soon as possible. In addition, subject to agreement between the Company and the Consumer Council, it is the Company's intention that the representatives of the Company and those of the Consumer Council will meet from time to time with an aim of resolving the consumer complaints more efficiently and further enhancing the communication channels between the Group and the Consumer Council.

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 6 February 2006
"Company"	Modern Beauty Salon Holdings Limited, an exempted company incorporated in the Cayman Islands
"Directors"	the directors of the Company from time to time
"Group"	the Company and its subsidiaries
"Letter"	a letter from the Consumer Council to the Company dated 7 February 2006
"Meeting"	a meeting held between the Company and the representatives of the Consumer Council dated 4 February 2006
"Prospectus"	the prospectus of the Company in relation to the Share Offer (as defined therein) dated 27 January 2006

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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

Hong Kong, 14 February 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 South China Morning Post.