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MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

CONTINUING CONNECTED TRANSACTION

The Board announces that Modern Beauty Salon (Hong Kong) Limited, a wholly owned subsidiary of the Company, has renewed the Tenancy Agreement on 16 September, 2009 with the Landlord to lease the Premises as service centre.

The Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

In accordance with Rule 14A.34 of the Listing Rules, based on the calculations of the applicable percentage ratios, the Tenancy Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent Shareholders' approval requirements.

As previously disclosed in the announcement dated 15th September, 2006, the Company has been using the Premises as a service centre under a tenancy of three years which expired on 17th September, 2009 ("Previous Tenancy"). The monthly rental payment under the Previous Tenancy was HK\$140,000 inclusive of government rates, government rent and management charges but exclusive of gas, electricity and water charges, and all other outgoings.

The Board of the Company announces that Modern Beauty Salon (Hong Kong) Limited, a wholly owned subsidiary of the Company, as tenant and Luck Elegant Industrial Limited ("Luck Elegant") as landlord has entered into a Tenancy Agreement in respect of the Premises as detailed hereinbelow:-

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:-

Date	: 16 September 2009
Landlord	: Luck Elegant Industrial Limited, a company wholly and beneficially owned by Ms. Tsang Yue, Joyce, a substantial Shareholder of the Company.
Tenant	: Modern Beauty Salon (Hong Kong) Limited, a wholly owned subsidiary of the Company
Premises	: Shops Nos.11-13 on the Ground Floor of Kam Shan Building, Nos.1-5, 9, 13-27 & 31-35 Tai Wai Road, Tai Wai, Shatin, New Territories, Hong Kong (“the Premises”)
Term	: Three years commencing from 18th September 2009 and expiring on 17th September 2012, both dates inclusive.
Rental	: HK\$140,000 per calendar month inclusive of government rates, government rent and management charges but exclusive of gas, electricity and water charges, and all other outgoings.
Deposit	: HK\$420,000

The Tenancy Agreement is a renewal of the Previous Tenancy expired on 17th September, 2009 which was dated 15th September, 2006. The monthly rental payment under the Previous Tenancy was HK\$140,000 inclusive of government rates, government rent and management charges but exclusive of gas, electricity and water charges, and all other outgoings. The annual cap of the Previous Tenancy for the year 2006, 2007, 2008 and 2009 were HK\$900,666, HK\$1,680,000, HK\$1,680,000 and HK\$779,334 respectively and had complied with the Listing Rules.

ANNUAL CAP

Based on the monthly rent of HK\$140,000 under the Tenancy Agreement, the annual cap for each of the financial years ending 31 March 2010, 2011, 2012 and 2013 will be as follows:-

From 18 September 2009 to 31 March 2010	HK\$900,666
From 1 April 2010 to 31 March 2011	HK\$1,680,000
From 1 April 2011 to 31 March 2012	HK\$1,680,000
From 1 April 2012 to 17 September 2012	HK\$ 779,334

Notes: The total rent payable under the Previous Tenancy in respect of the Premises for the period from 1 April 2009 to 17 September 2009 is : HK\$779,334.

REASONS FOR THE TRANSACTION

The Company has operated a service centre on the Premises since September 2006, which has successfully accumulated a substantial valuable customer base over the past few years and achieved satisfactorily business results during the past few years. Accordingly, the Company considers that it is commercially feasible and necessary to renew the tenancy in respect of the Premises so that the Company and its subsidiaries can continue to use the Premises as service centre.

The terms of the Tenancy Agreement were arrived at after arm's length negotiation and on normal commercial terms. The rental of the Tenancy Agreement was determined by reference to the prevailing market rental value of the Premises is HK\$140,000 as at 10th September 2009 as assessed by Asset Appraisal Limited, an independent property valuer.

The Board, including the independent non-executive Directors, considers that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Company and its subsidiaries and in the interests of the Company and its Shareholders as a whole and the terms as contained therein are normal commercial terms, and are fair and reasonable.

CONTINUING CONNECTED TRANSACTION

The principal activity of Luck Elegant is property holding. Luck Elegant is wholly and beneficially owned by Ms. Tsang. Luck Elegant is a connected person of the Company by virtue of it being an associate (as defined in the Listing Rules) of Ms. Tsang. The Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

In accordance with Rule 14A.34 of the Listing Rules, based on the calculations of the applicable percentage ratios, the Tenancy Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent Shareholders' approval requirements.

GENERAL INFORMATION

The principal activities of the Company are investment holding and its subsidiaries are principally engaged in the provision of comprehensive beauty and wellness services at its network of service centres in Hong Kong. The principal activity of Modern Beauty Salon (Hong Kong) Limited is provision of comprehensive beauty and wellness services. The principal activity of Luck Elegant is property holding.

DEFINITIONS

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

“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;
“Connected Person”	Has the meaning ascribed to it in the Listing Rules;
“Directors”	The directors of the Company;
“Luck Elegant”	Luck Elegant Industrial Limited, a company wholly and beneficially owned by Ms. Tsang Yue, Joyce (“Ms. Tsang”), a substantial Shareholder of the Company. Ms. Tsang is also the spouse of Mr. Lee Soo Ghee, Chairperson and Chief Executive Officer of the Company and mother of Mr. Kwong Chi Ching, the Director of the Company.

“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“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;
“Landlord”	Luck Elegant Industrial Limited, a company wholly and beneficially owned by Ms. Tsang Yue, Joyce (“Ms. Tsang”), a substantial Shareholder of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Modern Beauty Salon (Hong Kong) Limited”	Modern Beauty Salon (Hong Kong) Limited, a wholly owned subsidiary of the Company;
“Premises”	Shops Nos.11-13 on the Ground Floor of Kam Shan Building, Nos.1-5, 9, 13-27 & 31-35 Tai Wai Road, Tai Wai, Shatin, New Territories, Hong Kong;
“Shareholder(s)”	Holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenant”	Modern Beauty Salon (Hong Kong) Limited, a wholly owned subsidiary of the Company; and
“Tenancy Agreement”	The tenancy agreement dated 16 September 2009 and entered into between Luck Elegant Industrial Limited being the Landlord and Modern Beauty Salon (Hong Kong) Limited being the tenant.

By order of the Board
Modern Beauty Salon Holdings Limited
Lee Soo Ghee
Chairperson

Hong Kong, 16 September 2009

As at the date of this announcement, the Board consists of eight executive Directors, Mr. Lee Soo Ghee, Ms. Yuen Siu Ping, Mr. Yip Kai Wing, Mr. Kwong Chi Ching, Ms. Chu Shu Ching, Ms. Yeung Ching Yu, Mr. Tung Kwok Lui and Mr. Wong Shu Pui and three independent non-executive Directors, Mr. Cheng Kai Tai, Allen, Mr. Yip Ki Chi Luke and Mr. Soo SK Sean.