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MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

SUPPLEMENTAL AGREEMENT IN RELATION TO THE MAJOR AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONVERTIBLE NOTE

On 30 September 2011, after further negotiations, the Purchaser and the Vendor entered into the Supplemental Sale and Purchase Agreement to amend and supplement certain terms of the Sale and Purchase Agreement.

Reference is made to the announcement (the “Announcement”) of Modern Beauty Salon Holdings Limited (the “Company”) dated 5 July 2011 in relation to, among other matters, the major and connected transaction involving the issue of convertible note. Capitalised terms used herein shall have the same meanings as defined in the Announcement.

On 5 July 2011, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor, as the sole beneficial owner of the Sale Share, has conditionally agreed to sell or procure the sale of the Sale Share (representing the entire issued share capital of the Target Company) at the Consideration of HK\$250 million. The Consideration will be satisfied by the issue of the Convertible Note to the Vendor.

On 30 September 2011, after further negotiations, the Purchaser and the Vendor entered into a supplemental sale and purchase agreement (the “Supplemental Sale and Purchase Agreement”) to amend and supplement certain terms of the Sale and Purchase Agreement. Set out below is a summary of the major amendments under the Supplemental Sale and Purchase Agreement:

1. the change of the “Cut Off Date” from 1 August 2011 to 1 November 2011;
2. the change of the long stop date under the Sale and Purchase Agreement from 31 October 2011 to 31 December 2011; and

3. the modification of the manner of the Reorganisation so that:

- (a) the businesses of two of the Singaporean Subsidiaries (“Reorganised Entities”) shall be taken up by another newly set-up Singapore Subsidiary on the Cut Off Date;
- (b) one of the Reorganised Entities shall execute a deed of waiver in favour of Euro King Limited (the “Hong Kong Subsidiary”) to discharge and release the latter fully and absolutely from its obligations to settle any amounts due from it as ascertained in the Special Audit up to a maximum of approximately HK\$70 million; and
- (c) the entire issued share capital of the Hong Kong Subsidiary shall be transferred by the Target Company to the Vendor (or her nominee) at nil consideration so that the Hong Kong Subsidiary shall not form part of the Target Group.

Items (b) and (c) above form part of condition (x) as referred to in the Announcement and the fulfillment of such condition can be waived by the Vendor. Conditions (iv), (v), (vii), (viii), (vi), (xi) and (xii) as referred to in the paragraph headed “Conditions Precedent” in the Announcement are still capable of being waived by the Purchaser. However, the Purchaser does not have any intention to waive any conditions precedent which is capable of being waived by it.

Further, under the Supplemental Sale and Purchase Agreement, one of the conditions of the Convertible Note as originally agreed has been amended so that if on the Maturity Date, following the mandatory conversion provision contained in the conditions of the Convertible Note becomes operative, the public float of the Company as prescribed under the Listing Rules cannot be maintained, the Company shall redeem such portion of the outstanding Convertible Note at 100 per cent. of its face value on the Maturity Date so as to enable the Company to comply with the minimum public float requirement.

In addition, under the Supplemental Sale and Purchase Agreement, the Vendor has also undertaken to, upon request of the newly set-up Singapore Subsidiary, provide funds gratuitously to such company so as to ensure sufficient level of working capital is maintained by it for carrying out the business of the Target Group during a period of three years after Completion.

Save as disclosed above and for the corresponding changes, all other major terms of the Sale and Purchase Agreement remain unchanged and continue to be in full force and effect.

By the order of the Board of
Modern Beauty Salon Holdings Limited
Leung Man Kit
Executive Director

Hong Kong, 30 September 2011

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.