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MODERN BEAUTY SALON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

CONVERSION OF CONVERTIBLE NOTE AND ISSUE OF NEW SHARES

This announcement is made by Modern Beauty Salon Holdings Limited (“**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

References are made to the circular of the Company dated 30 September 2011 (“**Circular**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

The Company received a conversion notice on 2 March 2012 (“**Conversion Notice**”) in respect of the exercise of conversion right attached to the Convertible Note of a principal amount of HK\$158,000,000 at the Conversion Price of HK\$1.05 per Conversion Share. Accordingly, 150,476,190 new Shares will be issued and allotted to the holder of the Convertible Note which is an associate of Ms. Tsang Yue, Joyce, an executive Director and a controlling Shareholder.

The 150,476,190 Conversion Shares are expected to be issued on 6 March 2012 pursuant to the terms and conditions of the Conversion Note.

Assuming there is no change in the shareholding structure of the Company between the date of this announcement and the completion of the issue and allotment of the 150,476,190 Conversion Shares, the issued share capital of the Company will be increased from 723,520,000 to 873,996,190 and the shareholding of Ms. Tsang Yue, Joyce and her associate in aggregate will be increased from 68.68% to 74.07%.

By the order of the Board of
Modern Beauty Salon Holding Limited
Leung Man Kit, Jonathan
Executive Director

Hong Kong, 5 March 2012.

As at the date hereof, 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.