

DISPOSALS OF DORMANT SUBSIDIARIES

The board of directors (the "Board") of Beauty China Holdings Limited (the "Company") wishes to announce that Colour Zone Limited, the wholly-owned subsidiary of the Company, has on 19 January 2009, entered into sale and purchase agreements ("S&P Agreements") with Tiger Speed Limited (the "Purchaser") to dispose of the entire interests in Colour Cosmetic Limited ("CCL"), Colour Zone Beauty Limited ("CZBL") and Maine Consultants Ltd. ("MCL") (collectively the "Disposed Subsidiaries") (the "Disposals").

The Company has obtained clarification from the Singapore Exchange that the Disposals constitute discloseable transactions under Chapter 10 of the Listing Manual.

1. Rationale of the Disposals

The rationale of the Disposals is to streamline the group structure.

The Disposed Subsidiaries all of which were wholly-owned subsidiaries of Colour Zone Limited prior to the Disposals, have become dormant since 2005 and ceased to be subsidiaries of the Company subsequent to the Disposals. The unaudited combined net liabilities of the Disposed Subsidiaries as at the date of Disposals amounted to HK\$46,985,000, comprising provisions for taxation of HK\$46,218,000. Accordingly, the Disposals resulted a non-cash gain of HK\$46,985,000 to the Company and its subsidiaries (the "Group") for the financial year ending 31 December 2009.

2. Consideration and Use of Proceeds

The total consideration for the Disposals was HK\$3 in cash and arrived at on a "willing buyer and willing seller" basis. The proceeds will be used for the working capital of the Group.

3. Financial Effect of the Disposals

For illustrative purposes only, the Disposals had been assumed to complete on 1 January 2007. The effects of the Disposals on the earnings per share ("EPS") of the Group for the financial year ended 31 December 2007 would be as follows:

	CCL		CZBL		MCL		Combined	
	Before Disposal	After Disposal	Before Disposal	After Disposal	Before Disposal	After Disposal	Before Disposal	After Disposal
Net profit (HK\$'000)	161,863	192,602	161,863	173,744	161,863	163,266	161,863	205,886
Weighted average number of shares ('000)	342,361	342,361	342,361	342,361	342,361	342,361	342,361	342,361
EPS (HK cents)	47.3	56.3	47.3	50.7	47.3	47.7	47.3	60.1

For illustrative purposes only, the Disposals had been assumed to complete on 31 December 2007. The effects of the Disposals on the net tangible assets ("NTA") per share of the Group for the financial year ended 31 December 2007, would be as follows:

	CCL		CZBL		MCL		Combined	
	Before Disposal	After Disposal	Before Disposal	After Disposal	Before Disposal	After Disposal	Before Disposal	After Disposal
NTA (HK\$'000)	588,933	622,660	588,933	600,801	588,933	590,323	588,933	635,918
Number of shares ('000)	342,361	342,361	342,361	342,361	342,361	342,361	342,361	342,361
NTA per share (HK cents)	172.0	181.9	172.0	175.5	172.0	172.4	172.0	185.7

4. Relative Figures Pursuant to Rule 1006 of the Listing Manual

Rule	Bases	CCL	CZBL	MCL	Combined
(a)	Net asset value of the assets to be disposed of, compared with the issuer's net asset value	-4%	-1%	0%	-6%
(b)	Net profits attributable to the assets disposed of, compared with the issuer's net profits	-22%	-8%	-1%	-31%
(c)	Aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	0%	0%	0%	0%
(d)	The number of equity securities issued by the issuer as consideration for the disposal, compared with the number of equity securities previous in issue		Not applicable		

5. Excess Over Book Value

The excess of the proceeds of the Disposals over book value is as follows:

	CCL HK\$'000	CZBL HK\$'000	MCL HK\$'000	Combined HK\$'000
Excess over book value	33,727	11,868	1,390	46,985

6. Interest of Directors and Substantial Shareholders

None of the directors or substantial shareholders of the Company has any direct or indirect interest in the above transaction, except that Mr Wong Hon Wai, chairman of the Company, is the sole director and sole shareholder of the Purchaser.

7. Documents Available for Inspection

A copy of the S&P Agreements will be made available for inspection by shareholders of the Company from 9:00 a.m. to 6:00 p.m. from Monday to Friday at the Company's head office at Unit 1207 Telecom Tower, Wharf T&T Square, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong for a period of 3 months from the date of this announcement.

ON BEHALF OF THE DIRECTORS

Wong Hon Wai
Chairman
21 January 2009