
UPDATE BY BOARD OF DIRECTORS

The Board of Directors (the "Board") of Beauty China Holdings Limited (the "Company") wishes to update the market on the operations status of the Company and its subsidiaries (the "Group").

1. Failure of Inventory Replenishment at various POS

During the recent visit of selected points-of-sale ("POS") selling the Group's brands in Mainland China by the Company, it was observed that those visited POS maintained operation but not the full range of products were displayed or available for sale at various POS when certain distributors of the Group failed to replenish inventories, attributable to the limited supply of products by the Group for the tense relationship with distributors as disclosed in the Company's announcement dated 13 April 2009 which also reported a net decrease of approximately 100 POS during the first quarter of the financial year ended 31 December 2009 ("FY2009"). The management of the Company believes that the failure of inventory replenishment and the contraction of retail network, due to the continuous deterioration of relationship between the Company and its distributors, will together with the general slowdown in consumption in China have an adverse impact on the Group's revenue for the first quarter of FY2009 and in the absence of any improvement, such effect is likely to continue into the second quarter of FY2009.

2. Possible Higher Provision for Impairment of Trade Receivables

Further to the Company's announcement dated 13 April 2009, there has not been improvement on the collection of trade receivables, the Board therefore expects that the audited balance of provision for impairment of trade receivables as at 31 December 2008 will possibly be much higher than the amount reported in the unaudited results announced on 28 February 2009. As disclosed in a separate announcement released by the Company today, the Company's auditors are in the process of finalising the audit on the Group's financial statements for the year ended 31 December 2008. The Company will promptly announce any material deviation between the audited results for the year ended 31 December 2008 and the announced unaudited results for the same period once the audited financial statements are available.

The Company will keep shareholders informed and updated on the material developments as and when appropriate.

ON BEHALF OF THE DIRECTORS

Wong Hon Wai
Chairman
20 April 2009