
UPDATE BY BOARD OF DIRECTORS

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

1. Termination of Banking Facilities and Demand by Banks

On 7 April 2009, two subsidiaries of the Company received notices from two creditor banks ("Banks") for termination of banking facilities and demand of repayment of the entire principal and interest outstanding, amounting to approximately HK\$13.0 million by 14 April 2009, and RMB5.0 million by 10 April 2009 (collectively the "Debts").

The Company has informed the Banks of the prospect of the Company obtaining a fund injection jointly from a financial investor and an industry player (collectively the "Potential Investors"), details of which are set out in the Company's announcement dated 12 March 2009. The Company has requested for a standstill until 27 April 2009 whereby no further actions are expected to be taken by the Banks against the Group so as to allow the Company and the Potential Investors to proceed with negotiations, due diligence and conclusion of any transaction arising from such negotiations.

Having considered the Group's cash in hand and the rate of repayment and recovery of trade receivables that formed the bulk of the Group's current assets over the last three months, the Board is of the view that a failure to successfully reschedule the Debts will raise a going concern issue with respect to the Company. This is notwithstanding the long term prospect of the Group, the potential of its GMP compliant cosmetics factory in Zhuhai, its extensive network of points of sale throughout China and the excess of the Group's total assets over its total liabilities.

2. Potential Investment in the Company

Further to the Company's announcement dated 12 March 2009, the Board wishes to inform shareholders that the negotiations with the Potential Investors and due diligence arising from such negotiations are still on-going.

The Board would like to highlight to shareholders and investors that due to the current adverse conditions existing in capital markets worldwide and the volatility in the share price of the Company's shares, there is no assurance that the transaction (if any) eventually entered into with the Potential Investors will result in the injection of sufficient funds as now contemplated by the Company or that the transaction will proceed to completion (if at all) within the time frame contemplated by the Company.

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

ON BEHALF OF THE DIRECTORS

Wong Hon Wai
Chairman
9 April 2009