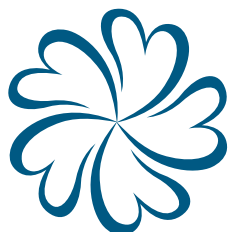


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MAGIC HOLDINGS INTERNATIONAL LIMITED

美即控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1633)

CHANGE OF DIRECTORS

AND

CONTINUING CONNECTED TRANSACTIONS

CHANGE OF DIRECTORS

The Board announces that Mr. Chen Lei and Mr. Zhang Kun Mou (nominees from Hua Han Bio-Pharmaceutical) has tendered their resignation as executive Director with effect from 30 June 2012. At the same time, the Board is pleased to announce that Mr. Chen Dar Cin has been appointed as non-executive Director and Mr. Cheng Wing Hong has been appointed as executive Director with effect from 1 July 2012.

CONTINUING CONNECTED TRANSACTIONS

This announcement is made pursuant to Rule 14A.36 of the Listing Rules.

Reference is made to the Waiver granted by the Stock Exchange on 20 August 2010 pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and/or Independent Shareholders' approval requirements in connection with the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement.

MG JV BVI and Donglisheng entered into the Renewed Exclusive Distribution Agreement and the Renewed OEM Manufacturing Agreement to renew the term of the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement respectively with Hanbul to continue to regulate the supplier and customer relationships of the existing and future transactions for additional consecutive three years terms on the same terms and conditions as set out in the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement respectively with effect from 1 July 2012.

As the applicable percentage ratios are more than 0.1% but less than 5%, transactions contemplated under the Renewed Exclusive Distribution Agreement and the Renewed OEM Manufacturing Agreement are only subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

CHANGE OF DIRECTORS

The Board announces that Mr. Chen Lei (“**Mr. Chen Lei**”) and Mr. Zhang Kun Mou (“**Mr. Zhang**”) (nominees from Hua Han Bio-Pharmaceutical) has tendered their resignation as executive Director with effect from 30 June 2012 as they require to devote more time on the core business of Hua Han Bio-Pharmaceutical.

Each of Mr. Chen Lei and Mr. Zhang has confirmed that he has no disagreement with the Board and he is not aware of any matters relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to thank Mr. Chen Lei and Mr. Zhang for their valuable contributions to the Company during their tenure of office.

At the same time, the Board is pleased to announce that Mr. Chen Dar Cin (“**Mr. Chen**”) has been appointed as non-executive Director and Mr. Cheng Wing Hong (“**Mr. Cheng**”) has been appointed as executive Director with effect from 1 July 2012. The biographical details for each of Mr. Chen and Mr. Cheng are set out as follows:

Mr. Chen Dar Cin, aged 45, has 22 years of experience in the private equity and banking industries in Asia and the United States, and is currently a managing director of Baring Private Equity Asia Limited. Prior to joining Baring Private Equity Asia Limited in 2002, Mr. Chen served as an associate director at Prudential Asset Management Asia Limited in Hong Kong and prior to that worked for Bank of America in the United States and Hong Kong. His last position with Bank of America was Principal of Project Finance. Mr. Chen received a Bachelor of Arts in Economics from the University of California Berkeley in 1990.

Mr. Chen does not have any relationship with any directors, senior management, or controlling shareholders of the Company. He was a director of Yingde Gases Group Company Limited from 15 July 2008 to 20 May 2010. Save as aforesaid, he did not hold any other directorship in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. Baring Private Equity Asia Limited is an affiliate of Baring Private Equity Asia V Holding (1) Limited, which is interested in approximately 15% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date of this announcement. He does not hold any other position with the Company or any of its subsidiaries and will receive no compensation for service as a Director.

Mr. Chen has been appointed for an initial term of 2 years commencing from 1 July 2012 renewable automatically for successive terms of one year, unless terminated by either party by giving prior notice in writing and subject to retirement by rotation and re-election pursuant to the Articles. He will hold office until the next following general meeting of the Company and shall be eligible for re-election in accordance with the Articles. Thereafter, he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles.

Mr. Cheng Wing Hong, aged 38, is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheng holds a master degree in Practising Accounting from the Monash University. Mr. Cheng has over 15 years of experience in company secretarial work, auditing, accounting, and financial management. Mr. Cheng has joined the Group as company secretary of the Company since May 2011.

Mr. Cheng does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company. He was the company secretary and an executive director of TLT Lottotainment Group Limited for a period from 30 June 2006 to 11 February 2011 and from 14 February 2008 to 11 February 2011 respectively. Save as aforesaid, he did not hold any other directorship in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He is interested in share options to subscribe for 600,000 shares of the Company, representing approximately 0.06% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date of this announcement. He will remain as the company secretary of the Company and for certain subsidiaries of the Company.

Mr. Cheng is entitled to an annual remuneration of HK\$960,000, which was determined by the Remuneration Committee having regard to his past working experience, his expected duties and responsibilities, and a discretionary bonus to be determined by the Remuneration Committee. He has been appointed for an initial term of 3 years commencing from 1 July 2012 renewable automatically for successive terms of one year, unless terminated by either party by giving prior notice in writing and subject to retirement by rotation and re-election pursuant to the Articles. He will hold office until the next following general meeting of the Company and shall be eligible for re-election in accordance with the Articles. Thereafter, he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles.

Save as disclosed above, there are no other matters concerning the appointment of each of Mr. Chen and Mr. Cheng that need to be brought to the attention of the shareholders of the Company nor any information required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to take this opportunity to express its warmest welcome to Mr. Chen and Mr. Cheng for taking up the appointment.

CONTINUING CONNECTED TRANSACTIONS

A. INTRODUCTION

The Group has from time to time entered into various transactions during their ordinary course of businesses which constitute continuing connected transactions for the Company and such transactions can be summarised as follows:

1. Purchase of certain skincare and cosmetics products from Hanbul for exclusive distribution in stipulated territories; and
2. Sourcing of certain skincare and cosmetics products from Hanbul in Korea.

On 20 August 2010, the Stock Exchange granted the Waiver to the Company pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and/or Independent Shareholders' approval requirements in connection with the transactions under the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement. The Waiver is subject to, among other things, the aggregate annual amount of each of the transactions under the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement not exceeding the following annual caps for the three years ending 30 June 2012:

	For the year ended/ending 30 June		
	2010	2011	2012
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Purchase of skincare and cosmetics products for exclusive distribution	0	10.9	54.5
Sourcing of skincare and cosmetics products	0	9.9	14.4

Pursuant to the Renewed Exclusive Distribution Agreement and the Renewed OEM Manufacturing Agreement, the Group has renewed the term of both the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement to govern the Transactions and the annual caps for each of the Transactions for the three years ending 30 June 2015. The details of the Transactions are set out below.

B. PURCHASE OF SKINCARE AND COSMETICS PRODUCTS FOR EXCLUSIVE DISTRIBUTION

A. Renewal of the Existing Exclusive Distribution Agreement

Pursuant to the Renewed Exclusive Distribution Agreement, the term of the Existing Exclusive Distribution Agreement will be renewed between MG JV BVI, an indirect non-wholly-owned subsidiary of the Company and Hanbul pursuant to which members of the MG JV Group shall act as the exclusive distributor of Hanbul for certain skincare and cosmetics products in stipulated territories, with effect from 1 July 2012. Other principal terms of the Renewed Exclusive Distribution Agreement are set out below:

- (i) After the renewal, the Existing Exclusive Distribution Agreement shall continue in force for a term of three years ending 30 June 2015 and thereafter shall automatically renew every three years (subject to compliance with the Listing Rules) but shall be automatically terminated upon the termination or expiration of the Magic-Hanbul JV Agreement, except due to a breach of the provisions of the Magic-Hanbul JV Agreement in which event the Magic Hanbul JV Agreement shall remain in full force and effect for a term of 50 years.
- (ii) The prices of the products to be supplied by Hanbul for distribution by the MG JV Group shall be the FOB products prices (inclusive of packaging costs) provided by Hanbul and shall be determined prior to the beginning of each financial year by the parties thereto on an arm's length basis and with reference to the prevailing market prices of such products or products of the same or substantially similar nature and quality.

The Company will comply with the relevant Listing Rules requirements when the term of the Renewed Exclusive Distribution Agreement is further renewed upon its expiry.

B. Connected person

Hanbul is principally engaged in the business of research and development, manufacturing and sales and marketing of skincare and cosmetics products. Hanbul is a substantial shareholder of MG JV BVI and a joint venture partner of the Group under the MG JV Group, in which the Group and Hanbul have an effective interest of 51% and 49% respectively. Accordingly, Hanbul is a connected person of the Company.

C. Historical figures and the current annual caps

The aggregate value in respect of the purchase of products supplied by Hanbul for distribution by the MG JV Group for the two years ended 30 June 2011 and the current annual caps for the transactions contemplated under the Existing Exclusive Distribution Agreement for the year ending 30 June 2012 pursuant to the Waiver are as follows:

	For the year ended 30 June 2010	For the year ended 30 June 2011	For the year ending 30 June 2012
Aggregate value	HK\$0	HK\$0	Not available <i>(Note)</i>
Current annual caps	HK\$0	HK\$10.9 million	HK\$54.5 million

Note: Up to 18 June 2012, the unaudited estimated transaction value amounted to approximately HK\$0 as additional time is required for application for import licenses of various products for distribution by the MG JV Group.

D. Proposed new annual caps

It is proposed that the new annual caps for the purchase of products supplied by Hanbul for distribution by the MG JV Group for the three years ending 30 June 2015 is HK\$9.3 million, HK\$20.7 million and HK\$34.2 million respectively.

E. Basis of the new annual caps

The new annual caps for the three years ending 30 June 2015 are determined with reference to (i) the estimated steady increase in market price of the skincare and cosmetics products of the same or substantially similar nature and quality for the three years ending 30 June 2015; and (ii) the estimated increasing sales of the Group's skincare and cosmetics products on the assumption of an increasing trend of demand for high quality skincare and cosmetics products in Greater China and an expansion in sales network of the Group's skincare and cosmetics products throughout the three years ending 30 June 2015. The annual caps were based on the estimated turnover of the Group for certain brands to be distributed by the Group for Hanbul of RMB19.7 million, RMB43.7 million and RMB72.2 million for each of the three years ending 30 June 2015 which is based on the estimated average monthly sales of products of certain new brands to be launched by the MG JV Group at all the estimated sales channels. The estimated monthly sales figures are based on (a) the average monthly sales of the Group's existing brands; (b) the average monthly sales of other mid-to-high range local brands; (c) average monthly sales of certain other imported brands; and (d) the estimated average number of points of sale distributed per year for each of the three years ending 30 June 2015. The annual caps were also determined based on the pricing terms of the products under the Existing Exclusive Distribution Agreement. The adjustment from the current annual caps for the three years ending 30 June 2012 to the new annual caps for the three years ending 30 June 2015 was also due to the delay in launching the products as additional time is required for application for import licenses of various products for distribution by the MG JV Group.

F. Reasons for the transactions

Hanbul has several well established brands and product lines, and this arrangement could enable the MG JV Group to enhance its reputation and expand its business in the skincare and cosmetics industry apart from facial mask products in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Renewed Exclusive Distribution Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors is considered to have a material interest in the transactions contemplated under the Renewed Exclusive Distribution Agreement, and therefore none of the Directors has abstained from voting on the board resolution approving the transactions contemplated under the Renewed Exclusive Distribution Agreement.

C. SOURCING OF SKINCARE AND COSMETICS PRODUCTS

A. Renewal of the Existing OEM Manufacturing Agreement

Pursuant to the Renewed OEM Manufacturing Agreement, the term of the Existing OEM Manufacturing Agreement will be renewed between Donglisheng, an indirect 70%-owned subsidiary of the Company and Hanbul pursuant to which Donglisheng agrees to engage Hanbul to manufacture certain self owned brands skincare and cosmetics products in Korea, with effect from 1 July 2012. Other principal terms of the Renewed OEM Manufacturing Agreement are set out below:

- (i) After the renewal, the Existing OEM Manufacturing Agreement shall continue in full force and effect for a term of three years ending on 30 June 2015 which shall be automatically renewed for additional consecutive three years terms (subject to compliance with the Listing Rules).
- (ii) The prices of the products to be manufactured by Hanbul and sourced by the Group shall be determined from time to time by the parties thereto on arm's length basis and with reference to the type of product and the prevailing market rates for the production of such products of the same or substantially similar nature and quality. The sourcing of the products by the Group shall also be on normal commercial terms and comparable to and no less favourable than the terms of sourcing of such products by the Group from Independent Third Parties.

The Company will comply with the relevant Listing Rules requirements when the term of the Renewed OEM Manufacturing Agreement is further renewed upon its expiry.

B. Connected person

Hanbul is a connected person of the Company for the reasons stated above.

C. Historical figures and the current annual caps

The aggregate value in respect of the sourcing of skincare and cosmetic products produced and manufactured by Hanbul for the two years ended 30 June 2011 and the current annual caps for the transactions contemplated under the Existing OEM Manufacturing Agreement for the year ending 30 June 2012 pursuant to the Waiver are as follows:

	For the year ended 30 June 2010	For the year ended 30 June 2011	For the year ending 30 June 2012
Aggregate value	HK\$0	HK\$0	Not available <i>(Note)</i>
Current annual caps	HK\$0	HK\$9.9 million	HK\$14.4 million

Note: Up to 18 June 2012, the unaudited estimated transaction value amounted to approximately HK\$0.9 million.

D. Proposed new annual caps

It is proposed that the new annual caps for the sourcing of skincare and cosmetic products produced and manufactured by Hanbul for the three years ending 30 June 2015 is HK\$5.2 million, HK\$8.6 million and HK\$13.0 million respectively.

E. Basis of the new annual caps

The new annual caps for the three years ending 30 June 2015 are determined with reference to (i) the estimated production costs (including the prices of the relevant raw materials and labour costs, etc.) of the skincare and cosmetics products of the same or substantially similar nature and quality and on the assumption that there will not be significant increase or decrease in the production cost; and (ii) the anticipated year-on-year growth in sales on the assumption of an increasing trend of demand for high quality skincare and cosmetics products in the PRC, hence increasing orders to be placed by the Group for sourcing such products to be manufactured by Hanbul, and an expansion in the sales channel of the Group's skincare and cosmetics products for the three years ending 30 June 2015. The annual caps were also based on the estimated turnover of the Group for the products to be sourced from Hanbul of RMB14.0 million, RMB23.3 million and RMB35.0 million for each of the three years ending 30 June 2015, which is estimated with reference to the annual turnover came up by the estimated average annual sales at all of the estimated sales channels. The adjustment from the current annual caps for the three years ending 30 June 2012 to the new annual caps for the three years ending 30 June 2015 was also due to the additional time required for application for import licenses of various products for sales by the MG JV Group.

F. Reasons for the transactions

Hanbul excels in research and development in skincare and cosmetic products and expertise in manufacturing and quality control. Through sourcing from Hanbul, the Group would be able to benefit from the strength of Hanbul by sourcing products and further expand its business in the skincare industry apart from facial mask products in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Renewed OEM Manufacturing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors is considered to have a material interest in the transactions contemplated under the Renewed OEM Manufacturing Agreement, and therefore none of the Directors has abstained from voting on the board resolution approving the transactions contemplated under the Renewed OEM Manufacturing Agreement.

GENERAL

The Group is principally engaged in the research and development, manufacture and sales and marketing of facial masks and other skincare products in the PRC.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in each category are more than 0.1% but less than 5%, transactions under the Renewed Exclusive Distribution Agreement and the Renewed OEM Manufacturing Agreement are only subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Articles”	the articles of association of the Company
“associate”	has meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Magic Holdings International Limited, a company incorporated in the Cayman Islands on 9 February 2010 under the Companies Law with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Donglisheng”	北京東麗盛化妝品有限公司 (Beijing Donglisheng Cosmetics Company Limited*), an indirect 70%-owned subsidiary of the Company

* *for identification purposes only*

“Existing Exclusive Distribution Agreement”	the exclusive distribution agreement entered into between MG JV BVI and Hanbul dated 3 September 2010
“Existing OEM Manufacturing Agreement”	the OEM supply agreement entered into between Donglisheng and Hanbul dated 29 April 2010
“FOB”	shall have the meaning ascribed to it under the Incoterms 2000
“Greater China”	consists of China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“Hanbul”	Hanbul Cosmetics Co., Ltd., a company established in Korea with limited liability and a joint venture partner of the Group
“Hua Han Bio-Pharmaceutical”	Hua Han Bio-Pharmaceutical Holdings Limited (華瀚生物製藥控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 0587)
“Independent Shareholders”	shareholders of the Company other than Hanbul and its associates
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Magic-Hanbul JV Agreement”	the joint venture structure agreement dated 2 March 2010 and entered into between Magic Holdings and Hanbul pursuant to which, among others, Magic Holdings and Hanbul agreed to establish the MG JV Group to market, sell and/or distribute cosmetic and skincare products in Greater China as stipulated therein
“Magic Holdings”	Magic Holdings Group Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“MG JV BVI”	Magic-Hanbul Holdings Limited, a limited company incorporated in the British Virgin Islands which is owned as to 51% by the Group and 49% by Hanbul and an indirect subsidiary of the Company
“MG JV Group”	the joint venture companies comprising MG JV BVI, MG JV HK and MG JV PRC in which the Group and Hanbul have an effective equity interest of 51% and 49% respectively
“MG JV HK”	Magic-Hanbul International Limited (美即韓佛國際有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of MG JV BVI and an indirect subsidiary of the Company
“MG JV PRC”	廣州美即韓佛化妝品有限公司 (Guangzhou Magic-Hanbul Cosmetics Company Limited*), a wholly-foreign owned enterprise established in the PRC, an indirect wholly-owned subsidiary of MG JV BVI and an indirect subsidiary of the Company
“PRC”	the People’s Republic of China
“Renewed Exclusive Distribution Agreement”	the agreement dated 18 June 2012 and entered into between MG JV BVI and Hanbul pursuant to which the term of the Existing Exclusive Distribution Agreement is renewed

* *for identification purposes only*

“Renewed OEM Manufacturing Agreement”	the agreement dated 18 June 2012 and entered into between Donglisheng and Hanbul pursuant to which the term of the Existing OEM Manufacturing Agreement is renewed
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Transactions”	collectively, transactions under the Renewed Exclusive Distribution Agreement and the Renewed OEM Manufacturing Agreement
“Waiver”	the waiver from strict compliance with the announcement and/or Independent Shareholders’ approval requirements in connection with the transactions under the Existing Exclusive Distribution Agreement and the Existing OEM Manufacturing Agreement granted by the Stock Exchange on 20 August 2010
“%”	per cent.

By the order of the Board
Magic Holdings International Limited
Tang Siu Kun Stephen
Chairman

Hong Kong, 18 June 2012

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tang Siu Kun Stephen (Chairman), Mr. She Yu Yuan, Mr. Luo Yao Wen, Mr. Zhang Kun Mou and Mr. Chen Lei; one non-executive Director, namely Mr. Sun Yan; and three independent non-executive Directors, namely Professor Dong Yin Mao, Professor Yang Rude and Mr. Yan Kam Tong.