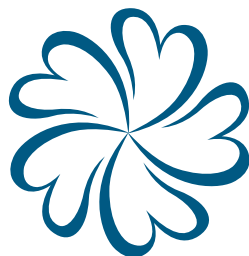


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MAGIC HOLDINGS INTERNATIONAL LIMITED

美即控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1633)

**CLARIFICATION ANNOUNCEMENT REGARDING
THE SHAREHOLDING STRUCTURE OF THE COMPANY
THE CONDITIONAL PROPOSAL FOR ALL THE ISSUED SHARES OF
MAGIC HOLDINGS INTERNATIONAL LIMITED
BY L'ORÉAL S.A.
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

Reference is made to the joint announcement (“**Joint Announcement**”) of the Company and L’Oréal S.A. dated 15 August 2013 in respect of a proposed acquisition of all the issued Shares by way of a scheme of arrangement under section 86 of the Companies Law (2013 Revision), as consolidated and revised, of the Cayman Islands and the joint clarification announcement of the Company and L’Oréal S.A. dated 12 November 2013 (“**Joint Clarification Announcement**”). Unless otherwise specified, terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

In addition to the changes made to the shareholding interest of Atlantis Capital Holdings Limited (“**Atlantis Capital**”) from 90,856,579 Shares (8.75%) to 84,894,579 Shares (8.18%) as at 12 August 2013, being the latest practicable date of the Joint Announcement (the “**Latest Practicable Date**”) as stated in the Joint Clarification Announcement, the Company wishes to clarify that there has been certain clerical errors in the text published in the Joint Announcement in relation to the shareholding structure of the Company as at the Latest Practicable Date. The clerical errors resulted from the miscalculation of the shareholding interest in the Company by (i) treating the Awarded Shares granted to Ms. Wu Xiao Qing (spouse of Mr. She) and Ms. Wen Yan Juan (spouse of Mr. Luo Yao Wen) which have not yet been vested in them as Shares which were directly and beneficially owned by them as at the Latest Practicable Date; and (ii) treating Ms. Wu Xiao Qing as the direct and

beneficial holder of one Share in excess of her actual direct and beneficial holding, and treating Ms. Wen Yan Juan as the direct and beneficial holder of two Shares in excess of her actual direct and beneficial holding.

In addition, this announcement includes further details regarding Shares attributable to the Awarded Shares held by the Share Award Plan Trustee following the scrip dividend scheme carried out by the Company in December 2010 and the bonus issue carried out by the Company in December 2011.

On the assumptions that (i) no Awarded Shares are vested in the grantees of the Awarded Shares before the Record Date; and (ii) there is no other change in shareholdings, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date (i.e. 12 August 2013)		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Offeror	—	—	1,037,892,736	100
Relevant members of BNP Paribas group	<u>132,000</u>	<u>0.01</u>	<u>—</u>	<u>—</u>
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	132,000	0.01	1,037,892,736	100
Mr. She ^{1, 8}	120,956,498	11.65	—	—
Share Award Plan Trustee ^{2, 8}	<u>21,121,989</u>	<u>2.04</u>	<u>—</u>	<u>—</u>
Aggregate number of Shares not voting on the Scheme ⁹	<u>142,210,487</u>	<u>13.70</u>	<u>—</u>	<u>—</u>
Mr. Tang Siu Kun Stephen ³	93,282,091	8.99	—	—
Mr. Luo Yao Wen ⁴	37,530,985	3.62	—	—
Mr. Sun Yan ⁵	360,000	0.03	—	—
Mr. Yan Kam Tong ⁵	360,000	0.03	—	—
Professor Yang Rude ⁵	130,000	0.01	—	—
Baring ⁶	217,295,000	20.94	—	—
Greenwoods	99,228,824	9.56	—	—
Atlantis Capital ⁷	84,894,579	8.18	—	—
Other public Shareholders ¹⁰	362,600,770	34.94	—	—
Total number of Independent Shareholders	<u>895,682,249</u>	<u>86.30</u>	<u>—</u>	<u>—</u>
Total	<u>1,037,892,736</u>	<u>100.00</u>	<u>1,037,892,736</u>	<u>100.00</u>
Total number of Shares	1,037,892,736	100.00		

Notes:

1. As at the Latest Practicable Date, SPVCo, a company wholly-owned by Mr. She, was the beneficial owner of 120,955,754 Shares. Ms. Wu Xiao Qing, the spouse of Mr. She, was the beneficial owner of 744 Shares. Mr. She was therefore deemed to be interested in the Shares which SPVCo and Ms. Wu Xiao Qing were interested in under the SFO.

The difference between the number of Shares held by Mr. She as disclosed in the Joint Announcement and the Joint Clarification Announcement (i.e. 121,459,929 Shares, 11.70%) and as disclosed in this announcement (i.e., 120,956,498 Shares, 11.65%) is due to (i) the double counting of 503,430 Awarded Shares granted to Ms. Wu Xiao Qing (spouse of Mr. She) as Shares directly and beneficially held by Ms. Wu Xiao Qing in the Joint Announcement when in fact these Shares were still held by the Share Award Plan Trustee; and (ii) incorrectly treating Ms. Wu Xiao Qing as directly and beneficially holding one Share in excess of her actual direct and beneficial holding.

2. As at the Latest Practicable Date, the Share Award Plan Trustee held 21,121,989 Shares, of which 17,037,960 were Awarded Shares, among which 2,407,026, 3,114,975 and 959,664 Awarded Shares were held for and on behalf of Mr. Tang Siu Kun Stephen, Mr. She and Mr. Luo Yao Wen, each an executive director of the Company respectively in accordance with the rules of the Share Award Plan. 503,430, 78,660 and 566,358 Awarded Shares were held for and on behalf of the spouse and a sister of Mr. She and the spouse of Mr. Luo Yao Wen respectively. The remaining 9,407,847 Awarded Shares were held for and on behalf of other members of senior management and employees of the Magic Group. The above 17,037,960 Awarded Shares were held by the Share Award Plan Trustee for and on behalf of the respective grantees until the relevant vesting dates. The Share Award Plan Trustee also held 3,609,179 Shares received by it as a result of a scrip dividend scheme and bonus issue by the Company in December 2010 and December 2011 respectively. These 3,609,179 Shares were held by the Share Award Plan Trustee for and on behalf of the respective grantees until the relevant vesting dates. The remaining 474,850 Shares were either Shares that have not been awarded or the award of which to selected participants under the Share Award Plan had lapsed prior to the relevant vesting dates. These remaining 474,850 Shares were held by the Share Award Plan Trustee for the benefit of all eligible participants under the Share Award Plan pending further awards to be made by the directors of the Company in their absolute discretion. The Company intends to grant all of these remaining 474,850 Shares before the Effective Date. Relevant disclosure on the making of awards will be made by the Company by way of an announcement as and when appropriate.
3. As at the Latest Practicable Date, Mr. Tang Siu Kun Stephen directly and beneficially owned 2,888,020 Shares. Mr. Tang Siu Kun Stephen wholly owned MG Company Limited and Charm Magna Limited, which were the beneficial owners of 63,301,170 Shares and 27,092,901 Shares, respectively. Mr. Tang Siu Kun Stephen was therefore deemed to be interested in the Shares which MG Company Limited and Charm Magna Limited were interested in under the SFO.
4. As at the Latest Practicable Date, Mr. Luo Yao Wen wholly owned Multiple Gains Investments Limited, which was the beneficial owner of 37,327,899 Shares. Ms. Wen Yan Juan, the spouse of Mr. Luo Yao Wen, was the beneficial owner of 203,086 Shares. Mr. Luo Yao Wen was therefore deemed to be interested in the Shares which Multiple Gains Investments Limited and Wen Yan Juan were interested in under the SFO.

The difference between the number of Shares held by Mr. Luo Yao Wen as disclosed in the Joint Announcement and the Joint Clarification Announcement (i.e. 38,097,345 Shares, 3.67%) and as disclosed in this announcement (i.e., 37,530,985 Shares, 3.62%) is due to (i) the double counting of 566,358 Awarded Shares granted to Ms. Wen Yan Juan (spouse of Mr. Luo Yao Wen) as Shares directly and beneficially held by Ms. Wen Yan Juan in the Joint Announcement when in fact these Shares were still held by the Share Award Plan Trustee; and (ii) incorrectly treating Ms. Wen Yan Juan as directly and beneficially holding two Shares in excess of her actual direct and beneficial holding.

5. Mr. Sun Yan is a non-executive director of the Company. Each of Mr. Yan Kam Tong and Professor Yang Rude is an independent non-executive director of the Company.

6. As at the Latest Practicable Date, Baring Private Equity Asia GP V Limited was the general partner of a limited partnership (Baring Private Equity Asia GP V LP), which was the general partner of another limited partnership (The Baring Asia Private Equity Fund V LP), which was one of the limited liability partnerships comprising The Baring Asia Private Equity Fund V and which controlled more than one-third of the issued shares in Baring. Jean Eric Salata was the sole shareholder of Baring Private Equity Asia GP V Limited. Each of Baring Private Equity Asia GP V Limited and Jean Eric Salata was therefore deemed to be interested in 217,295,000 Shares held by Baring as at the Latest Practicable Date. Jean Eric Salata disclaimed beneficial ownership of such Shares, other than to the extent of his economic interest in such entities.
7. Among the 84,894,579 Shares in which Atlantis Capital was interested as at the Latest Practicable Date, (i) 42,260,318 Shares were held by various portfolios managed by Atlantis, and (ii) 42,634,261 Shares were owned by a fund to which Riverwood Asset Management (Cayman) Limited was the investment manager and Atlantis was the sub-investment manager. Atlantis was a wholly-owned subsidiary of Atlantis Capital Holdings Limited, an entity controlled by Yang Liu.
8. As Mr. She is interested in the Service Agreement, and the completion of the Scheme is conditional upon the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the terms of the Remuneration Package, to avoid a conflict of interest, Mr. She, his spouse, the Share Award Plan Trustee and his associates will abstain from voting on the Scheme at the Court Meeting and on the Service Agreement and the Remuneration Package at the Company's extraordinary general meeting.
9. The aggregate number of Shares not voting on the Scheme is the sum of (i) 132,000 Shares held by the Offeror and the Offeror Concert Parties; (ii) 120,956,498 Shares held by Mr. She; and (iii) 21,121,989 Shares held by the Share Award Plan Trustee. The difference between the aggregate number of Shares not voting on the Scheme as disclosed in the Joint Announcement and the Joint Clarification Announcement on the one hand and this announcement on the other is due to the change in the number of Shares held by Mr. She, the explanation of which is stated in Note 1 above.
10. This refers to the total number of Shares of the Company net the number of Shares held by the Shareholders the names of whom are listed in the shareholding table (i.e. the Offeror and relevant members of BNP Paribas Group, Mr. She, Share Award Plan Trustee, Mr. Tang Siu Kun Stephen, Mr. Luo Yao Wen, Mr. Sun Yan, Mr. Yan Kam Tong, Professor Yang Rude, Baring, Greenwoods and Atlantis Capital). The difference between the number of Shares held by other public Shareholders as disclosed in the Joint Announcement and this announcement is due to the change in (i) the number of Shares held by Mr. She and Mr. Luo Yao Wen, the explanation of which is stated in Notes 1 and 4 above; and (ii) the number of Shares held by Atlantis Capital as stated in the Joint Clarification Announcement.

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

Hong Kong, 20 February 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Tang Siu Kun Stephen
She Yu Yuan
Luo Yao Wen
Cheng Wing Hong

Non-executive Directors:
Sun Yan
Chen Dar Cin

*Independent Non-executive
Directors:*
Yan Kam Tong
Dong Yin Mao
Yang Rude

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.