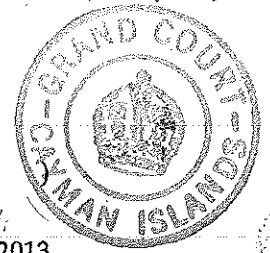


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 5 OF 2014

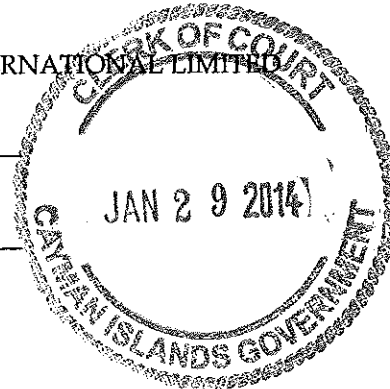


IN THE MATTER OF SECTIONS 15 & 86 OF THE COMPANIES LAW (2013
REVISION) (AS AMENDED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF MAGIC HOLDINGS INTERNATIONAL LIMITED

PETITION



To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF MAGIC HOLDINGS INTERNATIONAL LIMITED
whose registered office is situate at Codan Trust Company (Cayman) Limited, Cricket
Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands
(the "Company") SHOWS THAT:

1. Introduction

1.1 The object of this Petition are to seek:

- (a) the sanction of the Court pursuant to section 86 of the Companies Law (2013 Revision) (as amended) (the "Companies Law") to a proposed Scheme of Arrangement (the "Scheme") as set out in a printed composite document (the "Scheme Document") containing, amongst other things, the proposed Scheme which shall be made between the Company and the Scheme Shareholders (as defined in the Scheme), and as more particularly described at paragraph 7 below; and
- (b) the confirmation of the Court, pursuant to section 16 of the Companies Law, of the intended reduction of the Company's share capital to give effect to the Scheme, which is intended to be effected by special

resolution of the Company's shareholders on the date of the Court Meeting (as defined below), as further set out at paragraph 10.2 below.

2. Incorporation, Objects and Share Capital

- 2.1 On 9 February 2010, the Company was incorporated with the name Magic Holdings International Limited as an exempted company limited by shares pursuant to the Companies Law with registration number 236987. The registered office of the Company is and has always been situate at Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has its principal place of business in Hong Kong at Suite 802, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.
- 2.2 The objects for which the Company was established are unrestricted (save for generally applicable statutory restrictions on its powers to trade in the Cayman Islands) and generally to carry out the objects more particularly described in paragraph 3 of its Memorandum of Association as adopted by a special resolution passed on 6 September 2010.
- 2.3 The Company principally carries on business through its subsidiaries (the Company and its subsidiaries, together the "Magic Group") which act in the research and development, manufacture, sales and marketing of facial masks and other skincare products in China. The Magic Group, through its brand "MG", has the largest market share in the facial masks industry in China and as such is the market leader.
- 2.4 The authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.10 each. As at the date hereof, 1,037,892,736 ordinary shares in the capital of the Company with a par value of HK\$0.10 each have been issued and are fully paid or credited as fully paid ("Shares"). Since 24 September 2010, the Shares have been listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange").

3. Shareholder Profile

3.1 The profile of the Company's shareholders, as at 12 August 2013, was as follows:

- (a) Members of the BNP Paribas group owned 132,000 Shares representing approximately 0.01% of the Shares.
- (b) Mr. Tang Siu Kun Stephen ("Mr. Tang"), an executive director of the Company, directly and beneficially owns 2,888,020 Shares. In addition, Mr. Tang 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 was deemed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") to be interested in the Shares which MG Company Limited and Charm Magna Limited owned. In total therefore, the Shares which Mr. Tang owned or was interested in (under the SFO) represented approximately 8.99% of the Shares.
- (c) Mr. She Yu Yuan ("Mr. She"), an executive director of the Company, owned Uprise Smart Limited, which was the beneficial owner of 120,955,754 Shares representing approximately 11.65% of the Shares. Mr. She was deemed under the SFO to be interested in the Shares which Uprise Smart Limited owned.
- (d) Ms. Wu Xiao Qing, the spouse of Mr. She, was the beneficial owner of 744 Shares representing approximately 0.00% of the Shares. Mr. She was deemed under the SFO to be interested in the Shares owned by his spouse.
- (e) Mr. Luo Yao Wen ("Mr. Luo"), an executive director of the Company, owned Multiple Gains Investments Limited, which was the beneficial owner of 37,327,899 Shares representing approximately 3.60% of the Shares. Mr. Luo was deemed under the SFO to be interested in the Shares beneficially owned by Multiple Gains Investments Limited.

- (f) Ms. Wen Yan Juan, the spouse of Mr. Luo, was the beneficial owner of 203,088 Shares representing approximately 0.02% of the Company's Shares. Mr. Luo was deemed under the SFO to be interested in the Shares beneficially owned by his spouse.
- (g) On 30 October 2009, a share award plan was adopted by Magic Holdings Group Limited ("Magic Holdings"), a wholly-owned subsidiary of the Company for the purpose of incentivising management and employees of the Magic Group (the "Share Award Plan"). The Shares falling under the Share Award Plan are held by the remuneration committee of Magic Holdings (the "Share Award Plan Trustee") acting by its members, Mr. Tang and Mr. She, who hold such Shares subject to the terms and conditions of the deed of settlement constituting the Share Award Plan.
- (h) The Share Award Plan Trustee held 21,121,989 Shares representing approximately 2.04% of the Shares (the "Plan Shares"). 17,037,960 of the Shares were designated under the terms of the Share Award Plan as Awarded Shares (the "Awarded Shares") being Shares which were held by the Share Award Plan Trustee but which have been awarded to designated senior management, employees and relations of the senior management of the Magic Group and which will vest with such persons once the conditions to vesting set out in the relevant awards are satisfied. No legal or beneficial title arises to such Shares in favour of the grantees prior to the date of vesting of such Awarded Shares and the vesting date has not occurred in respect of any of the Awarded Shares. The Plan Shares, not being Awarded Shares, were held by the Share Award Plan Trustee in accordance with the terms of the Share Award Plan for the purpose of, among others, satisfying future share awards made by the Company pursuant to the Share Award Plan. The Awarded Shares as at 12 August 2013 are set out below:

- 2,407,028 Awarded Shares have been granted to Mr. Tang;
 - 3,114,977 Awarded Shares have been granted to Mr. She;
 - 959,665 Awarded Shares have been granted to Mr. Luo;
 - 503,430 Awarded Shares have been granted to Ms. Wu Xiao Qing (the spouse of Mr. She);
 - 78,660 Awarded Shares have been granted to a sister of Mr. She;
and
 - the remaining 9,974,200 Awarded Shares have been granted to other members of senior management and employees of the Magic Group.
- (i) Mr. Sun Yan, a non-executive director of the Company, owned 360,000 Shares representing approximately 0.03% of the Shares.
- (j) Mr. Yan Kam Tong, an independent non-executive director of the Company, owned 360,000 Shares representing approximately 0.03% of the Shares.
- (k) Professor Yang Rude, an independent non-executive director of the Company, owned 130,000 Shares representing approximately 0.01% of the Shares.
- (l) Baring Private Equity Asia V Holding (1) Limited was an institutional investor in the Company and indirectly held 217,295,000 Shares representing approximately 20.94% of the Shares.
- (m) Greenwoods Asset Management Limited was an institutional investor in the Company and directly or indirectly held 99,228,824 Shares representing approximately 9.56% of the Shares.
- (n) Atlantis Capital Holdings Limited was an institutional investor in the Company and was deemed under the SFO to be interested in

84,894,579 Shares representing approximately 8.18% of the Shares.

- (o) In addition to the Shares that were held by the individuals and entities listed above, there are 362,600,767 publicly held Shares, representing approximately 34.94% of the Shares.

4. Convertible Securities

- 4.1 As at 12 August 2013, there were no outstanding options to subscribe for Shares, and there were no warrants or other securities convertible into Shares. In the event that there are any outstanding options, warrants, or convertible securities as at the record date to be announced for determining entitlements under the Scheme (the "Record Date"), the Offeror will make (or procure to be made on its behalf) an appropriate offer to the option-holders in accordance with Rule 13 of the Hong Kong Codes on Takeovers and Mergers of Hong Kong (the "Takeovers Code").

5. Awarded Shares under the Share Award Plan

- 5.1 The terms of the Share Award Plan do not give grantees of Awarded Shares any legal or beneficial rights to Awarded Shares prior to their vesting, and therefore, the Offeror (as defined in paragraph 7 below) will not be making an offer to the grantees of Awarded Shares under the Share Award Plan. The Company intends to procure that any consideration payable by the Offeror to the Share Award Plan Trustee as a Scheme Shareholder pursuant to the Scheme will be held on trust for the grantees of the Awarded Shares. Such amounts will be paid by the Share Award Plan Trustee to the grantees of the Awarded Shares by reference to the number of Awarded Shares attributable to such grantees on the Record Date as soon as possible within seven business days following the date on which the Share Award Plan Trustee receives such amounts from the Offeror under the Scheme.

6. Service Agreement with She Yu Yuan

- 6.1 In the event of and upon the Scheme becoming effective, Mr. She will serve as chief executive officer of the Magic Group and director of Magic Holdings Group Limited, a wholly-owned subsidiary of the Company, in order to continue to contribute to the growth and development of the Company and work with the Offeror to further build the Magic brand. Accordingly, Mr. She will enter into a service agreement before the despatch of the Scheme Document setting out his terms of employment (the "Service Agreement"), which will be subject to the approval of the Board of the Company and will take effect on the effective date of the Scheme.
- 6.2 As Mr. She is a shareholder in the Company and his remuneration package under the services agreement is applicable only to him and is not being offered to all shareholders, the remuneration package constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "Executive") under Note 3 to Rule 25 of the Takeovers Code.
- 6.3 Further, given the initial term of the Service Agreement is for a duration exceeding three years, pursuant to Rule 13.68 of the Rules Governing the Listing of Securities on the HK Stock Exchange, the Service Agreement will be subject to approval from a majority of independent shareholders (shareholders other than the parties acting in concert with the Offeror, Mr. She and his associates) (the "Independent Shareholders") at an Extraordinary General Meeting of the Company.
- 6.4 For the purpose of assisting the Independent Shareholders in making a decision, an independent Board committee of the Company comprising all independent non-executive directors of the Company (the "Listing Rules Independent Board Committee") will form a view in respect of the Service Agreement, with assistance from an independent financial adviser, and advise

the Independent Shareholders as to (i) whether the terms of the Service Agreement are fair and reasonable, (ii) whether the Service Agreement is in the interests of the Company and the shareholders as a whole, and (iii) their recommendation as to how to vote.

6.5 The Offeror has therefore made an application to the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong for its consent to Mr. She's remuneration package under the Services Agreement as a special deal under Rule 25 of the Takeovers Code, conditional on the independent financial adviser to the independent board committee comprising all the non-executive directors confirming that the terms of the remuneration package in the Services Agreement are fair and reasonable, and 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.

7. Object and Mechanics of the Scheme

7.1 The object of the Scheme is for the Company to become wholly owned by L'Oreal S.A., a "societe anonyme" existing and organised under the laws of France, having its registered office at 14 rue Royale 75008 Paris, registered under number 632 012 100 RCS Paris, the shares of which are listed on the Paris Stock Exchange (the "Offeror"). This will be achieved by (the "Proposal");

- (a) the Company reducing its share capital by the cancellation and extinguishment of all of its issued shares (the "Scheme Shares" and such reduction the "Reduction of Capital");
- (b) subject to and immediately upon the Reduction of Capital taking effect, the issued share capital of the Company being increased to its former amount by the issue and allotment of the same number of new ordinary shares of HK\$0.10 par value each to the Offeror as the

number of Scheme Shares cancelled and extinguished pursuant to the Reduction of Capital (the "Increase of Capital"); and

- (c) the Company applying the credit arising in its books of account as a result of the Reduction of Capital in paying up in full at par the newly issued shares to the Offeror.

7.2 In consideration for the cancellation and extinguishment of the Scheme Shares, each holder of the Scheme Shares ("Scheme Shareholder") will receive HK\$6.30 for every Scheme Share held (the "Cancellation Price"). The Cancellation Price is in excess of the relevant closing prices and the average closing prices of the Scheme Shares for the one year period preceding the public joint announcement of the Proposal by the Company, and the Offeror and the Directors of the Company believe that, under current market conditions and based on the past performance of the Scheme Shares preceding such announcement, the Cancellation Price is in excess of the price which Scheme Shareholders might receive for their Scheme Shares in the open market without the Scheme of Arrangement.

7.3 Following implementation of the Scheme, the Company will apply to the HK Stock Exchange for the withdrawal of the listing of its Shares.

7.4 The Scheme is such that an intelligent and honest person, being a member of the Scheme Shareholders, and acting in respect of their interests, might reasonably approve it.

8. Affected Shareholders

8.1 The Scheme affects a single class of shareholders of the Company, being the Scheme Shareholders.

8.2 BNP Paribas Securities (Asia) Limited is the Offeror's financial adviser in connection with the Proposal. Consequently, under the Takeovers Code, the members of the BNP Paribas group holding Scheme Shares are deemed to be parties acting in concert with the Offeror in connection with the

implementation of the Scheme (the "Offeror Concert Parties"). The Takeovers Code provides that any votes cast by such Offeror Concert Parties at the Court Meeting to approve the Scheme, should they be included within the class of shareholders affected by the Scheme, shall not be counted (unless permitted by the Securities and Futures Commission of Hong Kong) for the purposes of satisfying the voting requirements of the Takeovers Code.

9. Application for Directions and Court Meeting

9.1 In relation to the Scheme, the Company intends to make an application herein for declarations and orders which include the following:

- (a) the relevant class of shareholders of the Company affected by the Scheme is that referred to at paragraph 7.2 above;
- (b) the Company be at liberty to convene a single meeting of Scheme Shareholders for the purpose of allowing such Scheme Shareholders to consider and, if they think fit, approve the Scheme with or without modifications (the "Court Meeting");
- (c) directions as to the mode of delivery of the Scheme Document (including an explanatory statement) and proxy form to the Scheme Shareholders;
- (d) the appointment of a chairman of the Court Meeting, and for directions that the chairman should report the result of such Court Meeting to the Court; and
- (e) directions as to the treatment of shares held by custodians, clearing houses and other nominees for the purposes of the "majority in number" calculation.

9.2 The resolution intended to be submitted at the Court Meeting is:

THAT this meeting approves, with or without modification, a scheme of arrangement (the "Scheme of Arrangement") dated [] 2014 to be made between the Company and all of its shareholders in the form of the print thereof which has been produced to the

meeting and, for the purpose of identification, signed by the Chairman of this meeting or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands.

9.3 The members of the BNP Paribas group, Mr. She, Ms. Wu Xiao Qing (being the spouse of Mr. She), Uprise Smart Limited (a limited company incorporated in the British Virgin Island and the shares of which are wholly-owned by Mr. She) and the Share Award Plan Trustee holding Scheme Shares will abstain from voting at the Court Meeting (unless permitted by the Securities and Futures Commission of Hong Kong).

10. Capital Reduction

10.1 In relation to the proposed Reduction of Capital, paragraph 8 of the Company's Memorandum of Association and Article 14 of the Company's Articles of Association provide that the Company may, by special resolution, reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Law.

10.2 The Company intends to convene an Extraordinary General Meeting ("the EGM") to take place immediately after the Court Meeting at which it is intended to submit a special resolution to confirm the Reduction of Capital pursuant to the Scheme of Arrangement and an ordinary resolution to approve the Increase of Capital. The special resolution intended to be submitted to the EGM to approve the Reduction of Capital is as follows:

- (1) Pursuant to the scheme of arrangement dated [●] 2014 (the "Scheme of Arrangement") between the Company and the holders of the Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share

capital of the Company shall be reduced by the cancellation and extinguishment of the Shares (as defined in the Scheme of Arrangement); and

- (2) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of capital pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of capital which the Grand Court of the Cayman Islands may see fit to impose.

10.3 The ordinary resolution intended to be submitted to the EGM to approve the Increase of Capital is as follows:

- (1) subject to and immediately upon the cancellation and extinguishment of the Shares referred to in resolution 1(a) taking effect, the issued share capital of the Company shall be restored to its former amount by allotting and issuing to L'Oréal S.A., credited as fully paid at par, the same number of ordinary shares of HK\$0.10 each in the share capital of the Company as the number of Shares cancelled and extinguished; and
- (2) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Shares referred to in resolution 1(a) shall be applied in paying up in full at par the Shares allotted and issued to L'Oréal S.A., pursuant to resolution 2(a) above; and
- (3) the updated and amended executive service agreement dated on or around [*] 2014 entered into among Guangzhou Qunhe Cosmetics Co., Ltd. and Mr. She Yu Yuan, a copy of which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, and the transactions contemplated under it, including

the Remuneration Package, be and are hereby approved, ratified and confirmed.

- 10.4 The Scheme of Arrangement and the Reduction of Capital involve neither the diminution of liability in respect of any unpaid share capital nor the payment to any shareholder of any paid up capital or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. The Increase in Capital will occur immediately upon the Reduction of Capital. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business following completion of the Scheme of Arrangement.
- 10.5 The capital reduction is for a discernible purpose, and its terms and effect will be properly explained to shareholders of the Company a sufficient time prior to the EGM so as to ensure that shareholders are treated equitably.
- 10.6 The form of minute proposed to be registered with the Registrar of Companies is as follows:

The issued share capital of Magic Holdings International Limited (the "Company") was by virtue of a special resolution of the Company dated [] 2014 (the "Special Resolution") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [] 2014 (the "Order") reduced from HK\$ [] divided into [] shares of HK\$0.10 par value each, to HK\$ [] divided into [] shares of HK\$0.10 par value each (the "Reduction of Capital"). Immediately upon the Reduction of Capital, the issued share capital of the Company was restored to its former amount of HK\$ [] divided into [] shares of HK\$0.10 par value each by an ordinary resolution of the Company dated [] 2014 (the "Ordinary Resolution") allotting and issuing to L'Oreal S.A., credited as fully paid as to par value, [] shares of par value HK\$0.10 each.

By virtue of a Scheme of Arrangement sanctioned by an order of the Grand Court of the Cayman Islands dated [] 2014, the Order, the Special Resolution, and the Ordinary Resolution, the issued share capital of the Company at the time of the registration of this minute is accordingly HK\$ [] divided into [] shares of HK\$0.10 each. The

authorised share capital of the Company on the registration of this minute is HK\$200,000,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.10 each.

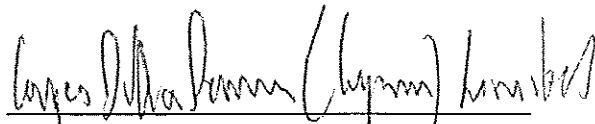
10.7 It is appropriate for the Court to confirm the capital reduction and sanction the Scheme.

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS that:

1. the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court so as to be binding on the Company and the Scheme Shareholders.
2. the Reduction of Capital proposed to be effected by the special resolution set out at paragraph 10.2 above be confirmed and that the form of minute set out at paragraph 10.6 above be approved by the Court.
3. the preparation of a list of creditors be dispensed with.
4. to this end, all necessary inquiries and directions may be made and given.
5. such further or other relief as this Honourable Court shall see fit.

AND your Petitioner will pray etc.

Dated this 27th day of January 2014



Conyers Dill & Pearman (Cayman) Limited
Attorneys-at-Law for the Company

Note: It is intended to serve this Petition on Magic Holdings International Limited at its registered office at Codan Trust (Company) Cayman) Limited, Cricket Square, PO Box 2681, Grand Cayman KY1-1111.

THIS PETITION was presented by Conyers Dill & Pearman (Cayman) Limited, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its said Attorneys-at-Law, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts,
George Town, Grand Cayman, on 2014 at
am/pm.

Any correspondence or communication with the Court relating to the hearing of this
petition should be addressed to the Registrar of the Financial Services Division of the
Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.