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Magnum International Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 305)

DRAGON HILL DEVELOPMENT LIMITED

(incorporated in Samoa with limited liability)

JOINT ANNOUNCEMENT

**(I) Capital Reduction
and**

- (II) Completion of the Share Sale Agreement in relation to the acquisition of controlling interest in
Magnum International Holdings Limited
by Dragon Hill Development Limited,
completion of the Subscription Agreement and Disposal Agreement
and
mandatory unconditional cash offers by
Celestial Capital Limited
on behalf of Dragon Hill Development Limited
for all the issued shares in, and all outstanding share options of,
Magnum International Holdings Limited
(other than those already owned by or agreed to be acquired by
Dragon Hill Development Limited or parties acting in concert with it)**

**Financial adviser to
Dragon Hill Development Limited**

CASH

Celestial Capital Limited

**Financial adviser to
Magnum International Holdings Limited**

東英 ORIENTAL
PATRON

Oriental Patron Asia Limited

**Independent financial adviser to the independent board committee of
Magnum International Holdings Limited**



**KINGSTON CORPORATE FINANCE LIMITED
Kingston Corporate Finance Limited**

(I) Capital Reduction

The Board is pleased to announce that on 15 June 2006, the Offeror has pursuant to the Subscription Agreement remitted the Subscription Price of HK\$48,000,170 to its solicitors. Under the Subscription Agreement, within two Business Days after the remittance of the Subscription Price to the Offeror's solicitors, the Company is required to effect the Capital Reduction, and hence the Capital Reduction has become effective on 19 June 2006.

(II) Completion of the Share Sale Agreement, the Disposal Agreement and the Subscription Agreement

The Board and the Offeror jointly announce that the conditions to the Disposal Agreement, the Subscription Agreement and the Share Sale Agreement, which are inter-conditional, had been fulfilled or as the case may be, waived on 19 June 2006, and completion of all of which took place simultaneously on 20 June 2006. Accordingly, the Offeror and parties acting in concert with it own an aggregate of 316,973,680 Shares, representing approximately 51.54% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, the Offeror is required under Rule 26.1 and Rule 13 of the Takeovers Code to make mandatory unconditional cash offers for all the issued Shares and outstanding Options (other than those already owned by or agreed to be acquired by the Offeror or parties acting in concert with it).

References are made to (i) the joint announcement made by Magnum International Holdings Limited (the “**Company**”) and Dragon Hill Development Limited dated 30 March 2006 (the “**Announcement**”); (ii) the circular issued by the Company dated 29 April 2006; and (iii) the announcement made by the Company dated 23 May 2006. Unless otherwise defined, the terms used in this announcement shall follow the same meaning as the defined terms in the Announcement.

(I) Capital Reduction

The Board is pleased to announce that on 15 June 2006, the Offeror has remitted the Subscription Price of HK\$48,000,170 to its solicitors. Under the Subscription Agreement, upon fulfillment of certain pre-conditions, including those referred to in conditions (A), (B), (C), (D), (G) and (I) under the paragraph headed “Conditions of the Subscription Agreement” in the Announcement, the Offeror is required to remit the Subscription Price to its solicitors to be held in escrow by them pending the implementation of the Capital Reduction. Under the Subscription Agreement, within two Business Days after the remittance of the Subscription Price to the Offeror’s solicitors, the Company is required to effect the Capital Reduction, and hence the Capital Reduction has become effective on 19 June 2006.

(II) Completion of the Share Sale Agreement, the Disposal Agreement and the Subscription Agreement

The Board and the Offeror jointly announce that the conditions to the Disposal Agreement, the Subscription Agreement and the Share Sale Agreement, which are inter-conditional, had been fulfilled or, as the case may be, waived on 19 June 2006, and completion of all of which took place simultaneously on 20 June 2006. Under the Disposal Agreement, there are certain mortgages and assignments of rent in connection with the properties more particularly referred to in the Disposal Agreement which are yet to be released. The parties to the Disposal Agreement, namely Watary and MGL, together with the Company and the Offeror have on 20 June 2006 signed a supplemental agreement to the Disposal Agreement to the effect that this condition be waived and that the Company would undertake to procure Watary to deliver to MGL the release and discharge of the Properties from the mortgages within 30 days from the Completion Date. MGL has also undertaken in the supplemental agreement to provide all necessary assistance in connection with the release of such mortgages.

Upon completion of the Share Sale Agreement, the Offeror and parties acting in concert with it own an aggregate of 316,973,680 Shares, representing approximately 51.54% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, the Offeror is required under Rule

26.1 and Rule 13 of the Takeovers Code to make mandatory unconditional cash offers for all the issued Shares and outstanding Options (other than those already owned by or agreed to be acquired by the Offeror or parties acting in concert with it).

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted by or on behalf of the offeror within 21 days of the date of announcement of the relevant offer. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of an offer is subject to the prior fulfilment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application has been made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of a composite offer and response document (the "Composite Document") to be issued by the Offeror and the Company jointly in connection with the Offers within 7 days of fulfilment of conditions of the Share Sale Agreement and the Executive has granted such consent to extend the date for the despatch of Composite Document on or before 22 June 2006. Further announcement will be made jointly by the Board and the Offeror to inform the Shareholders and the Optionholders, among other things, of the date of despatch of the Composite Document.

By order of the board of directors of
Magnum International Holdings Limited
Ooi Sin Heng
Director

By order of the sole director of
Dragon Hill Development Limited
Lee Shing
Sole director

Hong Kong, 20 June 2006

As at the date of this announcement, the Board comprises:

Executive Directors: *Independent non-executive Directors:*

Mr. Lim Teong Leong Mr. Wong Ming Shiang

Mr. Tam Cheok Wing Mr. Lim Eng Ho

Mr. Ooi Sin Heng

Mr. Chan Hon Ming

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Offeror and its associates) 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.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group, MCB, MGL, MESB and MIL and their respective associates) and confirms, having made all reasonable enquiries, that to the best of his 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.

*Please also refer to the published version of this announcement in **The Standard**.*