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Magnum International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 305)

MAJOR TRANSACTION

SUMMARY

On 18 August 2006, the Purchaser and the Vendor entered into the Provisional Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Property at a consideration of HK\$9,880,000.

The terms of the Provisional Agreement, including the consideration for the Acquisition, were determined after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market value of other office premises of comparable size and quality in the area where the Property is located and the factors set out in the paragraph headed "Reasons for entering into the Provisional Agreement" below. The Directors are of the view that the Acquisition is conducted on normal commercial terms and the terms are fair and reasonable to and in the interests of the Company and the Shareholders as a whole.

The Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate owners are third parties independent of the Directors, chief executive or the substantial Shareholders of the Company or any of its subsidiaries or their respective associates. No Shareholder should be required to abstain from voting to approve the Acquisition. Dragon Hill, the controlling Shareholder which is interested in approximately 51.62% issued share capital of the Company as at the date of the Acquisition, has given its written consent to the Company to enter the Provisional Agreement and the Formal Agreement in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, a valuation report on the Property prepared by a professional property valuer and further information in relation to the Acquisition will be despatched to the Shareholders as soon as practicable.

THE PROVISIONAL AGREEMENT

Date of the Provisional Agreement:

18 August 2006

The parties to the Provisional Agreement:

Purchaser : The Purchaser, a wholly-owned subsidiary of the Company

Vendor : The Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the Vendor and its ultimate owners are third parties independent of the Directors, chief executive or the substantial Shareholders or its subsidiaries or their respective associates; (ii) the Vendor and its ultimate owners are also third parties independent of the beneficial owners of the vendor in the transaction as announced by the Company on 3 August 2006.

The Property is acquired through the introduction of a property agent who is third party independent of the Directors, chief executive or the substantial Shareholders of the Company or any of its subsidiaries or their respective associates.

Property to be acquired:

Portion B, 23rd Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong with a gross floor area of approximately 2,750 sq.ft. The Property is currently subject to a tenancy between the Vendor as landlord and an independent third party as tenant during the period from 18 July 2005 to 17 July 2007 (with a rental free period from 18 July 2005 to 17 October 2005), and it is sold by the Vendor to the Purchaser with such tenancy. The rental income from the Property under the existing tenancy is HK\$31,625 per month and the aggregate rental income from the Property was HK\$77,532 in 2005 and HK\$221,375 in 2006 (up to July 2006).

Terms of the Provisional Agreement:

The consideration for the Acquisition is HK\$9,880,000, which has been or will be (as applicable) paid by the Purchaser to the Vendor by cash as follows:

- (i) an initial deposit of HK\$490,000, representing approximately 4.96% of the consideration, has been paid on the signing of the Provisional Agreement; and
- (ii) further deposit of HK\$498,000, representing approximately 5.04% of the consideration, will be paid on the signing of the Formal Agreement; and
- (iii) the balance of HK\$8,892,000 will be paid upon completion of the Acquisition on or before 31 October 2006.

The consideration for the Acquisition is expected to be financed as to 30% by the Group's internal resources and 70% by bank borrowings with the Property pledged therefor. An undertaking has been given by Dragon Hill to provide a shareholder's loan to the Company for the payment of 30% of the consideration of Acquisition if necessary.

The terms of the Provisional Agreement, including the consideration for the Acquisition, were determined after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market value of other office premises of comparable size and quality in the area where the Property is located and the factors set out in the paragraph headed "Reasons for entering into the Provisional Agreement" below.

The Vendor and the Purchaser will enter into the Formal Agreement on or before 31 August 2006 which will set out the terms of the Acquisition in more detail and will be consistent with the Provisional Agreement. Further announcement will be published, if there are material deviation between the Formal Agreement and the Provisional Agreement.

Completion of the Acquisition

The Directors estimate that the Acquisition will be completed on or before 31 October 2006.

REASONS FOR ENTERING INTO THE PROVISIONAL AGREEMENT

The Group is principally engaged in securities dealing and margin finance, money lending, and property investment. The Vendor is a religious organization.

The Property is considered by the Directors to be a good property investment opportunity with reference to the prevailing market value of other office premises of comparable size and quality in the area. The Directors are of the view that the Acquisition is conducted on normal commercial terms and the terms are fair and reasonable to and in the interests of the Company and the Shareholders as a whole. There are at present no intentions or plans of the Group to change the usage of the Property.

GENERAL

The Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate owners are third parties independent of the Directors, chief executive or the substantial Shareholders of the Company or any of its subsidiaries or their respective associates. No Shareholder should be required to abstain from voting to approve the Acquisition. Dragon Hill, the controlling Shareholder which is interested in approximately 51.62% issued share capital of the Company as at the date of the Acquisition, has given its written consent to the Company to enter into the Provisional Agreement and the Formal Agreement in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, a valuation report on the Property prepared by a professional property valuer and further information in relation to the Acquisition will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of the Property from the Vendor pursuant to the Formal Agreement
“Board”	the board of the Directors
“Company”	Magnum International Holdings Limited, a company incorporated in Bermuda and the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Dragon Hill”	Dragon Hill Development Limited, (i) a company incorporated in Samoa which is solely owned by Mr. Lee Shing, an executive Director; and (ii) the controlling Shareholder which is interested in approximately 51.62% issued share capital of the Company as at the date of this announcement
“Formal Agreement”	the formal sale and purchase agreement to be entered into by the Purchaser and the Vendor on or before 31 August 2006 in relation to the Acquisition, whose major terms will be substantially the same as those of the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The Peoples’ Republic of China
“Property”	Portion B, 23rd Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong
“Provisional Agreement”	the provisional agreement dated 18 August 2006 entered into by the Purchaser and the Vendor pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Property
“Purchaser”	Jenpoint Limited, a wholly-owned subsidiary of the Company and the purchaser of the Property
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”

the vendor of the Property, Asian Outreach International Limited, which is a religious organization and an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates

By order of the Board
Magnum International Holdings Limited
Lee Shing
Executive Director

Hong Kong, 18 August 2006

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

Executive Directors: *Independent non-executive Directors:*

Mr. Lee Shing

Mr. Yu Xiumin

Ms. Liu Yaling

Mr. Zuo Duofu

Mr. Wang Shaohua

Mr. Cheng Kin Wah, Thomas

Mr. Pei Qingrong

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