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Magnum International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 305)

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES, PROPOSED SHARE CONSOLIDATION, CHANGE OF BOARD LOT SIZE AND RESUMPTION OF TRADING

Placing Agent

Magnum International Securities Limited

PLACING AND SUBSCRIPTION

On 27 October, 2006, the Company, the Vendor and the Placing Agent entered into the Agreement pursuant to which (i) the Vendor has agreed to place, through the Placing Agent which shall act on a best effort basis, a maximum of 123,000,000 existing Shares currently beneficially owned by the Vendor at a price of HK\$0.0508 per Share to not less than six Placees which, together with their ultimate beneficial owners, are not acting in concert with the Vendor and are not connected persons of the Company and are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates; and (ii) the Vendor has agreed to subscribe for, and the Company has agreed to issue and allot, a maximum of 123,000,000 new Shares at a price of HK\$0.0508 per Share. The Subscription Shares will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2006.

The Placing Price as well as the Subscription Price of HK\$0.0508 per Share represent (i) a discount of approximately 16.7% to the closing price per Share of HK\$0.061 on 27 October, 2006, being the date of the Agreement; (ii) a discount of approximately 19.9% to the average closing price per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 27 October, 2006, being approximately HK\$0.0634 per Share; (iii) a discount of approximately 23.8% to the average closing price per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 27 October, 2006 of approximately HK\$0.0667 per Share; and (iv) a premium of approximately 63.9% over the unaudited interim net asset value of the Company of about HK\$0.0310 per Share as at 30 June, 2006. The Company had a net deficiency in assets of approximately HK\$53.8 million as at 31 December, 2005. As a result, the latest audited net asset value of the Company per Share as at 31 December, 2005 is not provided for comparison purpose.

The maximum numbers of the Placing Shares and the Subscription Shares, being 123,000,000 existing Shares and 123,000,000 new Shares respectively, represent approximately (i) about 4.17% of the existing issued share capital of the Company of 2,946,152,197 Shares; and (ii) about 4.01% of the issued share capital of the Company of 3,069,152,197 Shares as enlarged by the Subscription.

The Placing which shall be conducted through the Placing Agent on a best effort basis is not subject to any condition. The Subscription is conditional upon, (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The net proceeds from the Subscription of approximately HK\$6.2 million will be applied as general working capital of the Group. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

PROPOSED SHARES CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every four issued and unissued Shares of HK\$0.001 each will be consolidated into one Consolidated Share of HK\$0.004.

A SGM will be held to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation.

The Board also proposes to change the board lot size for trading in the shares of the Company from 2,000 Shares to 10,000 Consolidated Shares upon the Share Consolidation becoming effective.

A circular containing (i) further information on the Share Consolidation and the change of board lot size; and (ii) the notice of the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 am on 31 October 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 am on 1 November 2006.

PLACING AND SUBSCRIPTION

The Agreement

Date

27 October, 2006

Parties to the Agreement

- (1) The Company;
- (2) the Vendor; and
- (3) the Placing Agent.

The Placing and the Subscription

Pursuant to the Agreement, the Vendor has agreed to sell through the Placing Agent, which has agreed to act as agent of the Vendor to procure, on a best effort basis, Placees to purchase the Placing Shares, being a maximum of 123,000,000 existing Shares currently beneficially owned by the Vendor, at the Placing Price under the Placing.

Subject to completion of the Placing, the Vendor has agreed to subscribe for, and the Company has agreed to issue and allot, a maximum of 123,000,000 new Shares at the Subscription Price under the Subscription. Pursuant to the terms of the Agreement, the actual number of Subscription Shares to be issued and allotted to the Vendor shall be the same to the number of Placing Shares placed by the Vendor under the Placing. Further announcement will be made by the Company in respect of the actual number of the Placing Shares and the Subscription Shares upon completion of the Subscription.

The Placing Agent and the Placees

The Placing Agent will procure, on a best effort basis, not less than six Placees to purchase the Placing Shares.

The Placees and their respective ultimate beneficial owners (if any), are not acting in concert with the Vendor and are not connected persons of the Company and are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or their respective associates.

The Placing Shares and the Subscription Shares

The respective maximum numbers of the Placing Shares and the Subscription Shares, being 123,000,000 existing Shares and 123,000,000 new Shares respectively, represent (i) approximately 4.17% of the existing issued share capital of the Company; and (ii) approximately 4.01% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Price and the Subscription Price

The Placing Price of HK\$0.0508 per Placing Share represents:

- (i) a discount of approximately 16.7% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 27 October, 2006, being the date of the Agreement;
- (ii) a discount of approximately 19.9% to the average of the closing prices as quoted on the Stock Exchange for the last 5 trading days up to and including 27 October, 2006 of HK\$0.0634 per Share;
- (iii) a discount of approximately 23.8% to the averages of the closing prices as quoted on the Stock Exchange for the last 10 trading days up to and including 27 October, 2006 of HK\$0.0667 per Share; and
- (iv) a premium of approximately 63.9% over the unaudited interim net asset value of the Company of about HK\$0.0310 per Share as at 30 June, 2006.

The Company had a net deficiency in assets of approximately HK\$53.8 million as at 31 December, 2005. As a result, the latest audited net asset value of the Company per Share as at 31 December, 2005 is not provided for comparison purpose.

The Subscription Price, being HK\$0.0508 per Subscription Share, is the same as the Placing Price.

The Placing Price and the Subscription Price were determined after arm's length negotiation amongst the Company, the Vendor and the Placing Agent with reference to the current market condition. The Directors consider that the terms of the Placing and the Subscription, including the Placing Price and the Subscription Price, are fair and reasonable, and the execution of the Agreement is in the interests of the Company and the Shareholders as a whole.

Condition and completion of the Placing

There is no condition precedent to the Placing and the Placing is expected to be completed on or before 1 November, 2006 or on such other date as may be agreed between the Placing Agent and the Vendor. If completion of the Placing does not take place on or before 9 November, 2006, the Placing will be terminated and will not be proceeded.

Conditions and completion of the Subscription

The Subscription is conditional upon, (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

None of the conditions of the Subscription as stated above can be waived. Completion of the Subscription shall take place on the next Business Day immediately after fulfilment of all of the above conditions, at which time the Company shall issue and allot to the Vendor or any or its nominee(s) the Subscription Shares and in the event any of the conditions is not fulfilled by 9 November, 2006 (or such later date as may be agreed by the Company and the Vendor), the Subscription will be terminated and will not be proceeded.

Under the Listing Rules, the Subscription constitutes a connected transaction of the Company and if the Subscription is not completed within 14 days after the date of the Agreement, that is on or before 10 November, 2006, approval of the independent Shareholders will be required for the Subscription and the relevant provisions of the Listing Rules in relation to connected transaction will apply, unless otherwise waived by the Stock Exchange.

Termination of the Placing

If completion of the Placing does not take place on or before 9 November, 2006, the Placing will be terminated and will not be proceeded. In addition, the Agreement contains provision granting the Placing Agent the right to terminate the Agreement on the occurrence of an event or arising of a matter which if it had occurred and arisen before the date of the Agreement would have rendered any of the undertakings, warranties and representations given by the Company and/or Vendor in the Agreement untrue and incorrect in a material respect by giving notice to the Company and the Vendor. If the Placing Agent exercises such right to terminate the Agreement, the Placing as well as the Subscription will not proceed.

Ranking of Placing Shares and the Subscription Shares

The Vendor shall sell and transfer the Placing Shares to the Placees free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the date of completion of the Placing.

The Subscription Shares, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue thereof.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are (i) the shareholding structure of the Company as at the date of this announcement, (ii) the shareholding structure immediately after completion of the Placing but before the Subscription, and (iii) the shareholding structure immediately after completion of the Subscription:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor	2,189,838,455	74.33	2,066,838,455	70.16	2,189,838,455	71.35
Public:						
The Placees	—	—	123,000,000	4.17	123,000,000	4.01
Others	<u>756,313,742</u>	<u>25.67</u>	<u>756,313,742</u>	<u>25.67</u>	<u>756,313,742</u>	<u>24.64</u>
Total	<u>2,946,152,197</u>	<u>100.00</u>	<u>2,946,152,197</u>	<u>100.00</u>	<u>3,069,152,197</u>	<u>100.00</u>

REASON FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the business of securities dealing and brokerage, securities trading and investment holding, money lending and property investment.

The Directors consider that the Placing and the Subscription represent an opportunity for the Company to raise additional capital for its future business development, to broaden its Shareholders' base and to enhance its capital base.

The maximum gross proceeds from the Subscription is approximately HK\$6.2 million. The maximum net proceeds from the Subscription (after deducting the placing commission for the Placing and all other expenses relating to the Placing and the Subscription which will be paid by the Company) of approximately HK\$6.2 million will be applied as general working capital of the Group.

GENERAL MANDATE

The Subscription Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May, 2006. No part of such general mandate has been utilized from the date of its granting up to the date of this announcement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

FUND RAISING DURING THE PAST 12 MONTHS

The fund raising activity of the Company in the past 12 months immediately preceding the date of this announcement is summarized below:

Date of announcement	Description	Intended use of net		
		Net proceeds	proceeds as announced	Actual use of net proceeds
30 March 2006	Allotment and issue of the Convertible Preference Shares at the aggregate subscription price of HK\$48,000,170	HK\$48,000,170	Settlement of the loans due by the Group to the then controlling Shareholder	Settlement of the loans due by the Group to the then controlling Shareholder
28 July 2006	The Rights Issue	Approximately HK\$8,700,000	General working capital and, if suitable opportunities arise, for property investments in Hong Kong	General working capital and part payments to the acquisition of properties as detailed in the circular of the Company dated 9 October 2006

PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every four issued and unissued Shares of HK\$0.001 each will be consolidated into one Consolidated Share of HK\$0.004. Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounts to HK\$100,000,000 comprising 100,000,000,000 Shares, of which 2,946,152,197 Shares have been allotted and issued as fully paid or credited as fully paid. Upon completion of the Subscription which is expected to take place before the Share Consolidation becoming effective, there will be a total of 3,069,152,197 Shares in issue. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, save for the Subscription Shares as mentioned herein, the authorised share capital of the Company shall become HK\$100,000,000 comprising 25,000,000,000 Consolidated Shares, of which 767,288,049 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's Bye-laws.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation taking effect.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the SGM;

- (ii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required under the relevant legal procedures and requirements in Bermuda for the purpose of effecting the Share Consolidation (if any); and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

Reasons for the Share Consolidation

In view of the relatively low market value for each existing board lot of the Shares, the Directors believe that the Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue, and the trading price for each board lot upon the Share Consolidation becoming effective will increase. Accordingly, the transaction and handling costs of the Company and the Shareholders in relation to the dealing in the Consolidated Shares are expected to be reduced, which are beneficial to both the Company and the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint Magnum International Securities Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of Consolidated Shares. Details of the odd lot arrangement will be stated in the circular to be despatched to the Shareholders which shall contain, inter alia, details of the Share Consolidation.

Change of board lot size

The Board also proposes to change the board lot size for trading in the shares of the Company from 2,000 Shares to 10,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.061 per Shares as quoted on the Stock Exchange on 27 October, 2006, being the last trading day prior to the date of this announcement, and the existing board lot size of 2,000 Shares, the prevailing board lot value is HK\$122, equivalent to HK\$488 upon the Share Consolidation becoming effective. On the basis of the aforesaid closing price and the new board lot size of 10,000 Consolidated Shares, the new board lot value would be HK\$2,440. The change in board lot size will result in Consolidated Shares being traded in a more reasonable board lot size and value.

Expected timetable

Set out below is the expected timetable in relation to the Share Consolidation and change of board lot size:

2006

Despatch of circular and notice of the SGM	Friday, 10 November
Latest time for lodging form of proxy for the SGM	10:00 a.m. on Saturday, 25 November
SGM	10:00 a.m. on Monday, 27 November
Effective date for the Share Consolidation	Tuesday, 28 November
Free exchange of existing reddish orange share certificates for new share certificates (colour to be determined) commences	Tuesday, 28 November
Original counter for trading in Shares in board lots of 2,000 Shares temporarily closes	9:30 a.m. on Tuesday, 28 November
Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing reddish orange share certificates) opens	9:30 a.m. on Tuesday, 28 November
Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates, colour to be determined) re-opens	9:30 a.m. on Tuesday, 12 December

Parallel trading in Consolidated Shares in the form of new share certificates

(colour to be determined) and existing reddish orange share certificates commences 9:30 a.m. on Tuesday, 12 December

Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares . . Tuesday, 12 December

2007

Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares

(in the form of existing reddish orange share certificates) closes. 4:00 p.m. on Friday, 5 January

Parallel trading in Consolidated Shares in the form of new share certificates

(colour to be determined) and existing reddish orange share certificates ends. 4:00 p.m. on Friday, 5 January

Designated broker standing in the market to provide matching services for odd lots of

Consolidated Shares ends 4:00 p.m. on Friday, 5 January

Free exchange of existing reddish orange share certificates for new share certificates

(colour to be determined) ends. Wednesday, 10 January

Trading arrangement

The detailed trading arrangement for the Share Consolidation will be set out in the circular, which shall contain, inter alia, further information on the Share Consolidation, to be despatched to the Shareholders.

GENERAL

A circular containing (i) further information on the Share Consolidation and the change of board lot size; and (ii) the notice of the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 am on 31 October 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 am on 1 November 2006.

DEFINITIONS

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

“Agreement”	the placing and subscription agreement entered into between the Company, the Vendor and the Placing Agent dated 27 October, 2006 in relation to the Placing and the Subscription
“Board”	the board of Directors
“Business Day”	any day on which banks generally open for business in Hong Kong other than (i) a Saturday; (ii) a Sunday; or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 am and 12:00 noon
“Company”	Magnum International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected persons”	has the meanings ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company after the Share Consolidation becoming effective

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person(s) or entity(ies) whom the Placing Agent or its agent(s) to be procured, on a best effort basis, pursuant to the terms and conditions of the Agreement to purchase any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Vendor, through the Placing Agent which shall act on a best effort basis, to the Placees in accordance with the terms of the Agreement
“Placing Agent”	Magnum International Securities Limited, a wholly-owned subsidiary of the Company, which is a corporation licensed under the SFO to conduct type 1 (dealing in securities) regulated activity under the SFO
“Placing Price”	HK\$0.0508 per Placing Share
“Placing Shares”	a maximum of 123,000,000 existing Shares currently beneficially owned by the Vendor to be sold by it under the Placing
“SFO”	Securities and Futures Ordinance Chapter 571
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation
“Share Consolidation”	the proposed consolidation of every four Shares of HK\$0.001 each into one Consolidated Share of HK\$0.004
“Shareholders”	holders of Shares or, as the case may be, of Consolidated Shares, from time to time
“Share(s)”	share(s) of HK\$0.001 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the term of the Agreement
“Subscription Price”	HK\$0.0508 per Subscription Share
“Subscription Shares”	a maximum of 123,000,000 new Shares to be subscribed for by the Vendor under the Subscription; the actual number of the Subscription Shares shall be the same as the number of Placing Shares finally sold by the Vendor under the Placing
“substantial shareholder(s)”	has the meanings ascribed thereto under the Listing Rules

“Vendor” Dragon Hill Development Limited, the controlling Shareholder which is incorporated in Samoa with limited liability and the entire issued share capital of which is legally and beneficially owned by Mr. Lee Shing, the Chairman and CEO of the Company

“%” per cent.

By order of the Board
Magnum International Holdings Limited
Lee Shing
Chairman

Hong Kong, 31 October, 2006

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

<i>Executive Directors:</i>	<i>Independent non-executive Directors:</i>
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**.*