
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Magnum International Holdings Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular and make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Magnum International Holdings Limited

萬能國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 305)

PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

A notice convening a special general meeting of Magnum International Holdings Limited to be held at 1301A, 13/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10 a.m. on Monday, 27 November 2006 is set out on pages 9 to 10 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting should you so wish.

* *For identification purposes only*

9 November 2006

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	3
Letter from the Board	4
Notice of SGM	9

DEFINITIONS

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

“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Magnum International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company upon 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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 November 2006, the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Monday, 27 November 2006 to consider and, if thought fit, approve the necessary resolution 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
“Shareholder(s)”	holder(s) 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 share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription”	the subscription of a maximum of 123,000,000 new Shares by Dragon Hill Development Limited pursuant to the terms of the placing and subscription agreement entered into between the Company, Dragon Hill Development Limited and Magnum International Securities Limited dated 27 October 2006, details of which was set out in the announcement of the Company dated 31 October 2006
“%”	per cent.

EXPECTED TIMETABLE

2006

- 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 green share certificates 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 green
share certificates) re-opens 9:30 a.m. on Tuesday, 12 December
- Parallel trading in Consolidated Shares in the form of new
green 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
green 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 green share certificates ends Wednesday, 10 January



Magnum International Holdings Limited

萬能國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 305)

Executive Directors:

Mr. Lee Shing
Ms. Liu Yaling
Mr. Wang Shaohua
Mr. Pei Qingrong

Registered office:

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda.

Independent non-executive Directors:

Mr. Yu Xiumin
Mr. Zuo Duofu
Mr. Cheng Kin Wah, Thomas

*Head office and principal place
of business:*

1301A, 13/F,
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

9 November 2006

To the Shareholders

Dear Sir or Madam,

PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

INTRODUCTION

On 31 October 2006, the Board announced, among other things, the proposed 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. The Share Consolidation is subject to, among other things, the approval of the Shareholders at the SGM. The Board also proposed 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.

The purposes of this circular is to provide you with further information in relation to the Share Consolidation and the change of board lot size, and the notice of the SGM.

* For identification purposes only

LETTER FROM THE BOARD

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. Any such fractional Consolidated Shares, if unsold, will not be issued and will be considered cancelled by 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 Latest Practicable Date, 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 Shares to be issued under the Subscription, 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.

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; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

No Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation.

Reasons for the Share Consolidation

It was stated in the circular dated 29 April 2006 issued by the Company that the Company had proposed a share consolidation of every ten Shares into one share of HK\$0.01, the implementation of which was subject to a general offer for all Shares at the offer price of HK\$0.03155 per Share. The closing price of the Shares on 27 October 2006, being the last trading day prior to the announcement of the Share Consolidation, was HK\$0.061 per Share. Having taken into account the current price level of the Shares, the Directors consider that the Share Consolidation, pursuant to which four Shares will be consolidated into one Consolidated Share, is appropriate. 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

LETTER FROM THE BOARD

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.

Change of board lot size

The Board will 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\$0.072 per Shares as quoted on the Stock Exchange on the Latest Practicable Date, and the existing board lot size of 2,000 Shares, the prevailing board lot value is HK\$144, equivalent to HK\$576 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\$2,880. The change in board lot size will result in Consolidated Shares being traded in a more reasonable board lot size and value.

Trading arrangement in relation to the proposed Share Consolidation

Upon the Share Consolidation becoming effective, all existing reddish orange share certificates for any number of Shares in issue immediately before the effective date of the Share Consolidation will be deemed to be certificates, and will be effective as documents of title, for Consolidated Shares in the amount equivalent to one fourth of that number of Shares. New share certificates (which will be green in colour) will be issued for Consolidated Shares. Parallel trading arrangements will be established on the Stock Exchange for dealings in Consolidated Shares in the form of the existing reddish orange share certificates and in the form of the new green share certificates. The trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

- (i) with effect from 9:30 a.m. on Tuesday, 28 November 2006, the original counter (“Original Counter”) for trading in Shares in existing board lot of 2,000 Shares will close temporarily. A temporary counter (“Temporary Counter”) for trading in Consolidated Shares represented by existing reddish orange share certificates in board lot of 500 Consolidated Shares will be established. Every existing certificate for whatever number of Shares will be deemed to be a certificate, and will be effective as a document of title valid for settlement and delivery for trading transacted from 9:30 a.m. on Tuesday, 28 November 2006 to 4:00 p.m. on Friday, 5 January 2007 for Consolidated Shares in the amount equivalent to one fourth of that number of Shares. The existing reddish orange share certificates for Shares can only be traded at this Temporary Counter;
- (ii) with effect from 9:30 a.m. on Tuesday, 12 December 2006, the Original Counter will reopen for trading in Consolidated Shares in new board lot of 10,000 Consolidated Shares. Only new green share certificates for Consolidated Shares can be traded at this counter;
- (iii) with effect from 9:30 a.m. on Tuesday, 12 December 2006 to 4:00 p.m. on Friday, 5 January 2007 (both dates inclusive) there will be parallel trading at the Temporarily Counter and the Original Counter respectively mentioned in (i) and (ii) above; and
- (iv) the Temporary Counter for trading in Consolidated Shares represented by the existing reddish orange share certificates in the board lot of 500 Consolidated Shares will be removed after the close of trading on Friday, 5 January 2007. Thereafter, trading will only be in Consolidated Shares represented by new green share certificates in new board lot of 10,000 Consolidated Shares and the existing reddish orange share certificates for Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes.

LETTER FROM THE BOARD

Subject to the Share Consolidation becoming effective on Tuesday, 28 November 2006, Shareholders may, during Tuesday, 28 November 2006 to Wednesday, 10 January 2007 (both dates inclusive), submit existing reddish orange share certificates for Shares to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new green share certificates for Consolidated Shares (on the basis of four Shares for one Consolidated Share). Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

It is expected that new certificates for Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates for Shares to Tengis Limited for exchange. Unless otherwise instructed, new share certificates will be issued in board lot of 10,000 Consolidated Shares each. New share certificates for Consolidated Shares will be green in colour to distinguish them from the existing share certificates for Shares which are reddish orange in colour.

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, from Tuesday, 12 December 2006 up to and including Friday, 5 January 2007. Shareholders who wish to take advantage of this facility should contact Mr. To Wai Hung Tony of Magnum International Securities Limited at 1301A, 13/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (Tel: (852) 29188952) during the aforesaid period. Shareholders should note that the matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in any doubt about the facility described above.

Listing and dealings

An application has been 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.

No part of the share capital of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal is being or is currently proposed to be sought from any other stock exchange.

Dealings in Consolidated Shares on the branch register of members of the Company will be subject to Hong Kong stamp duty.

Subject to the granting of listing of, and permission to deal in, Consolidated Shares on the Stock Exchange, Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at 1301A, 13/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:00 a.m. on Monday, 27 November 2006 is set out on pages 9 to 10 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

PROCEDURES ON DEMANDING A POLL

At any general meeting of the Company, resolutions put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded. Under bye-law 69 of the bye-laws of the Company, a poll may be demanded, before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by proxy or by its duly authorised corporate representative for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by proxy or by its duly authorised corporate representative and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by proxy or by its duly authorised corporate representative and holding Shares conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

RECOMMENDATION

The Directors consider that the proposed Share Consolidation and change of board lot size are in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable. Therefore, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of the Board
Lee Shing
Chairman



Magnum International Holdings Limited

萬能國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 305)

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Magnum International Holdings Limited (“Company”) will be held on Monday, 27 November 2006 at 10:00 a.m. at 1301A, 13/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Consolidated Shares (as defined below) with effect from the Business Day following the date on which this resolution is passed:

- (a) every four (4) issued and unissued shares of the Company of HK\$0.001 each (the “Existing Share”) be consolidated into one (1) share of HK\$0.004 (the “Consolidated Share”) in the share capital of the Company;
- (b) all fractional Consolidated Shares be aggregated and if possible, sold for the benefits of the Company, and any such unsold fractional Consolidated Shares will not be issued and will be considered cancelled by the Company; and
- (c) any Director be and is hereby authorized to do all things and acts and sign all documents which he considers desirable or expedient to implement and/or give effect to the above arrangements.”

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

Hong Kong, 9 November 2006

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll vote on his behalf and such proxy need not be a member of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A form of proxy for use at the meeting is enclosed.

* For identification purposes only

NOTICE OF SGM

- (2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.

As at the date of this notice, 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	