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Magnum International Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 305)

PROPOSED ISSUE OF WARRANTS AND RESUMPTION OF TRADING

The Board announces that the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have agreed to subscribe, and the Company has agreed to issue, unlisted Warrants attaching the rights to subscribe 150,000,000 Consolidated Shares (assuming the Share Consolidation becoming effective) for a total issue price of HK\$2,400,000. The Warrants have a term of three years, during which period the Subscribers may exercise the Warrants and subscribe new Consolidated Shares at HK\$0.332 per Consolidated Share (assuming the Share Consolidation becoming effective).

The Warrants carry the right to subscribe Consolidated Shares in units of the Subscription Price, subject to certain anti-dilution adjustments. Warrant holders may exercise the subscription rights attaching to the Warrants, in whole or in part, at any time from the Completion Date until the Expiry Date (both days inclusive). Assuming the Share Consolidation becoming effective and full exercise of the Warrants, the Company will issue 150,000,000 Consolidated Shares, representing approximately 19.55% of the existing issued share capital of the Company or 16.36% of the enlarged issued share capital of the Company.

The Warrants will not be listed or dealt on the Stock Exchange or any other stock exchange. However, the Company will apply for the listing of, and the permission to deal in, the Shares issuable upon the exercise of the Warrants.

Completion of each of the Subscriptions is subject to:

- (a) the passing by the Shareholders of an ordinary resolution approving the issue of the Warrants;
- (b) the Share Consolidation becoming effective; and
- (c) the Listing Committee of the Stock Exchange granting the approval of and the permission to deal in, the Consolidated Shares to be issued upon the exercise of the Warrants.

The Subscriptions are not inter-conditional.

A circular containing further details of the terms of the Subscription Agreements and the Warrants, together with the notice of the SGM and the form of proxy, will be distributed to the Shareholders as soon as possible.

The terms of the Warrants were negotiated at arm's length between the Company and the Subscribers. The Directors consider that the terms of the Warrants are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 November 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 15 November 2006.

THE SUBSCRIPTION AGREEMENTS

The First Subscription Agreement

Date: 13 November 2006
Parties: (a) Issuer: The Company
(b) Subscriber: Gao Bao Development
Warrants: an amount of HK\$24,900,000

The Second Subscription Agreement

Date: 13 November 2006
Parties: (a) Issuer: The Company
(b) Subscriber: Asia Enterprises
Warrants: an amount of HK\$12,450,000

The Third Subscription Agreement

Date: 13 November 2006
Parties: (a) Issuer: The Company
(b) Subscriber: Guo Fu Enterprises
Warrants: an amount of HK\$12,450,000

The Subscription

Pursuant to the Subscription Agreements, the Company has agreed to issue Warrants in the aggregate amount of HK\$49,800,000 to the Subscribers at the issue price of HK\$0.016 per unit of the subscription rights attaching to the Warrants (assuming the Share Consolidation becoming effective). The Warrants entitle the Subscribers to subscribe Consolidated Shares during the period commencing from the Completion Date and ending at 4:00 p.m. (Hong Kong time) on the Expiry Date for an initial Subscription Price of HK\$0.332 per Consolidated Share (assuming the Share Consolidation becoming effective). The Subscribers have each agreed to subscribe the following amount of Warrants set opposite their respective names:

Subscriber	Amount of Warrants (HK\$)	Percentage of enlarged issued share capital of the Company (after completion of the Share Consolidation), assuming full exercise of the rights attaching to the Warrants
Gao Bao Development	24,900,000	8.18%
Asia Enterprises	12,450,000	4.09%
Guo Fu Enterprises	12,450,000	4.09%
	<u>49,800,000</u>	<u>16.36%</u>

Note: As at the date of this announcement, Gao Bao Development is interested in 24,129,500 Shares (assuming the Share Consolidation becoming effective), representing approximately 3.14% of the existing issued share capital of the Company (assuming the Share Consolidation becoming effective), and wholly owned by Mr. Zhou Sheji who holds 1,450,000 Shares (assuming the Share Consolidation becoming effective) as at the date of this announcement. Mr. Zhou Sheji is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, an independent third party not connected with the Company or any of its

subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement. Assuming the Share Consolidation becoming effective and the full exercise of the Warrants to be subscribed by Gao Bao Development, Gao Bao Development, together with Mr. Zhou Sheji, will be interested in 100,579,500 Shares, representing approximately 10.96% of the enlarged issued share capital of the Company.

Asia Enterprises and Guo Fu Enterprises are owned respectively by Mr. Chen Jian and Mr. Ren Qiaofu. The beneficial owners of Gao Bao Development, Asia Enterprises and Guo Fu Enterprises are independent and not connected with each other.

The Subscription Price of HK\$0.083 per Share (being the Subscription Price before the Share Consolidation becoming effective), representing a discount of approximately 1.2% to the closing price of the Shares of HK\$0.084 on 13 November 2006, being the date of the Subscription Agreements, and representing a premium of approximately 9.5% to the average closing price of the Shares of HK\$0.0758 for the five trading days prior to the execution of the Subscription Agreements, respectively.

The Warrants are freely transferable and will expire at 4:00 p.m. (Hong Kong time) on the Expiry Date. The Warrants will not be listed or dealt on the Stock Exchange.

Issue Price

The issue price per unit of the subscription rights attaching to the Warrants is HK\$0.016 (assuming the Share Consolidation becoming effective) and is determined based on arm's length negotiation between the Subscribers and the Company. The aggregate issue proceeds of the Warrants is HK\$2,400,000 which will be paid to the Company at Completion. The issue proceeds of the Warrants will be used by the Group for general working capital purposes.

Subscription Price

As at the Completion Date, assuming that the Share Consolidation has become effective and there is no other change to the existing capital structure of the Company, full exercise of the Warrants by the Subscribers at the subscription price of HK\$0.332 per Share will result in the issue of a total of 150,000,000 Shares, representing approximately 19.55% of the Company's existing issued share capital and approximately 16.36% of the Company's enlarged issued share capital. The receipt by the Company of HK\$49,800,000 before expenses from the subscription of the new Shares by the exercise of the Warrants, will, if received, be applied by the Company and its subsidiaries for general working capital purposes.

The initial Subscription Price was determined based on arm's length negotiation between the Subscribers and the Company based on the share price at the time of negotiation, expectations on the future share price performance of the Company and the Subscribers' consideration of the prospects of the Group at the time of negotiation.

Status of Shares to be issued upon exercise of Warrants

Shares which are issued on the exercise of the subscription rights attaching to the Warrants will rank *pari passu* in all respects with the then existing issued Shares.

In the event of any alteration in the capital structure of the Company whilst any Warrants may become exercisable, whether by way of capitalisation issue, rights issue, consolidation, reclassification, reconstruction, subdivision or reduction of share capital, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of shares subject to the Warrants so far as unexercised and/or the subscription price per share of each unit of outstanding Warrant and/or the method of exercise of the Warrants as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with the Listing Rules and/or such other requirement prescribed by the Stock Exchange from time to time.

Information on the Subscribers

Gao Bao Development is an investment holding company incorporated in the Republic of Seychelles. Other than the proposed subscription of the Warrants and the holding of 96,518,000 Shares, Gao Bao Development has not engaged in any other business. Gao Bao Development currently holds 96,518,000 Shares (prior to completion of the Share Consolidation) as at the date of this announcement, representing approximately 3.14% of the existing issued share capital of the Company.

Asia Enterprises is an investment holding company incorporated in the Republic of Seychelles. Other than the proposed subscription of the Warrants, Asia Enterprises has not engaged in any other business as at the date of this announcement.

Guo Fu Enterprises is an investment holding company incorporated in the Republic of Seychelles. Other than the proposed subscription of the Warrants, Guo Fu Enterprises has not engaged in any other business as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Subscribers and their respective ultimate beneficial owners is an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement. Each of the Subscribers and their respective beneficial owners is independent from the other Subscribers and their respective beneficial owners.

Conditions of the proposed issue of Warrants

Completion of each of the Subscriptions is subject to:

- (a) the passing by the Shareholders of an ordinary resolution approving the issue of the Warrants;
- (b) Share Consolidation becoming effective; and
- (c) the Listing Committee of the Stock Exchange granting the approval of and the permission to deal in, the Shares to be issued upon the exercise of the Warrants.

The Subscriptions are not inter-conditional and will be completed separately and independent from each other.

Completion is scheduled to take place on the third business day following the satisfaction of all of the conditions precedent which cannot be later than 13 January 2007.

Changes to the shareholding structure of the Company

The shareholding structure of the Company before and after the full exercise of the Warrants, assuming that the Share Consolidation has become effective and no other Consolidated Shares have been issued other than those to be issued in relation to the exercise of the Warrants, will be as follows.

Name of Shareholder	Before exercise of the Warrants		After full exercise of the Warrants	
	<i>No. of Consolidated Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>
Dragon Hill Development Limited (<i>Note 1</i>)	547,459,613	71.35	547,459,613	59.68
Subscribers				
Gao Bao Development and its associates (<i>Note 2</i>)	25,579,500	3.33	100,579,500	10.96
Asia Enterprises	0	0.00	37,500,000	4.09
Guo Fu Enterprises	0	0.00	37,500,000	4.09
Other public shareholders	<u>194,248,936</u>	<u>25.32</u>	<u>194,248,936</u>	<u>21.18</u>
Total	<u>767,288,049</u>	<u>100.00</u>	<u>917,288,049</u>	<u>100.00</u>

Notes:

1. 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, Chief Executive Officer and executive Director.
2. As at the date of this announcement, Gao Bao Development is interested in 24,129,500 Shares (assuming the Share Consolidation becoming effective), representing approximately 3.14% of the existing issued share capital of the Company (assuming the Share Consolidation becoming effective), and wholly owned by Mr. Zhou Sheji who holds 1,450,000 Shares (assuming the Share Consolidation becoming effective) as at the date of this announcement. Mr. Zhou Sheji is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement. Assuming the Share Consolidation becoming effective and the full exercise of the Warrants to be subscribed by Gao Bao Development, Gao Bao Development, together with Mr. Zhou Sheji, will be interested in 100,579,500 Shares, representing approximately 10.96% of the enlarged issued share capital of the Company.

Reasons for the issue of the Warrants

The Group is principally engaged in securities dealing and margin financing, money lending and property investment. The Directors are of the view that additional funding is required for the Company to further expand its securities dealing and margin finance businesses, in particular under the current improved market conditions. The Directors consider that the issue is an appropriate means of raising additional capital for the Company because it will not have an immediate dilution effect on the existing shareholdings of the Company. In addition, apart from the net proceeds raised upon the issue of the Warrants, the Company will also be provided with additional capital upon the exercise of the Warrants.

The Directors of the Company are of the view that the terms of the issue of Warrants are fair and reasonable and in the best interests of the Company.

Fund raising exercise of the Company in the past 12 months

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

Date of announcement	Description	Net proceeds	Intended use of net proceeds as announced	Actual use of net proceeds
30 March 2006	Allotment and issue of 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	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
31 October 2006	Top up placing and subscription of 123,000,000 Shares	Approximately HK\$6,200,000	General working capital	General working capital

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be issued upon the exercise of the Warrants. No application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrants.

GENERAL

Save for the Warrants to be issued, there are no other warrants, options, or similar securities conferring rights to subscribe for Shares outstanding as at the date of this announcement.

The terms of the Warrants were negotiated at arm's length between the Company and the Investors. The Directors consider that the terms of the Warrants are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The issue of the Warrants and the Shares to be issued upon the exercise of the subscription rights attaching to the Warrants are subject to the approval by the Shareholders at the SGM. A circular containing further details of the terms of in the Subscription Agreements and the Warrants, together with the notice of the SGM and the form of proxy, will be distributed to the Shareholders as soon as possible.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 November 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 15 November 2006.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Asia Enterprises”	Asia Enterprises Limited, a company incorporated in the Republic of Seychelles and owned by an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“business day”	a day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	Magnum International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	with respect to each of the Subscription Agreements, completion of the relevant Subscription
“Completion Date”	with respect to each of the Subscription Agreements, the date on which Completion takes place in accordance with the terms of the relevant Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share”	ordinary share of HK\$0.004 each in the capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Expiry Date”	the third anniversary of the Completion Date, (or if that day is not a business day, the business day immediately thereafter)
“First Subscription Agreement”	the subscription agreement dated 13 November 2006 entered into between the Company and Gao Bao Development in relation to its subscription of Warrants in the amount of HK\$24,900,000
“Gao Bao Development”	Gao Bao Development Limited, a company incorporated in the Republic of Seychelles and owned by an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guo Fu Enterprises”	Guo Fu Enterprises Limited, a company incorporated in the Republic of Seychelles and owned by an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Second Subscription Agreement”	the subscription agreement dated 13 November 2006 entered into between the Company and Asia Enterprises in relation to its subscription of Warrants in the amount of HK\$12,450,000
“Share Consolidation”	the proposed consolidation of every four shares of HK\$0.001 each in the issued and unissued share capital of the Company into one share of HK\$0.004 each in the issued and unissued share capital of the Company, subject to the approval of the shareholders of the Company in its special general meeting to be held on 27 November 2006, as announced by the Company on 31 October 2006
“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SGM”	the special general meeting of the Company to be held for considering and, if thought fit, approving the issue of the Warrants
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Gao Bao Development, Asia Enterprises and Guo Fu Enterprises
“Subscription Agreements”	the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement
“Subscriptions”	the subscription of the Warrants by the Subscribers on terms set out in the Subscription Agreements
“Subscription Price”	HK\$0.332 per Consolidated Share (assuming the Share Consolidation becoming effective), subject to certain anti-dilution adjustments
“Third Subscription Agreement”	the subscription agreement dated 13 November 2006 entered into between the Company and Guo Fu Enterprises in relation to its subscription of Warrants in the amount of HK\$12,450,000
“Warrants”	warrants to subscribe for Consolidated Shares to be allotted and issued to the Subscribers pursuant to the Subscription Agreements
“Warrantholder”	holders of the Warrants
“%”	per cent

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

Hong Kong, 14 November 2006

As at the date of this announcement, the board of directors of the Company comprises Mr. Lee Shing, Ms. Liu Yaling, Mr. Pei Qingrong and Mr. Wang Shahua as executive directors and Mr. Yu Xiumin, Mr. Zuo Duofu and Mr. Cheng Kin Wah as independent non-executive directors.

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