

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes 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 announcement.*

**LANDUNE 藍頓國際**  
**LANDUNE INTERNATIONAL LIMITED**  
**藍頓國際有限公司**

*(Incorporated and existing under the laws of Hong Kong with Limited Liability)*  
(Stock Code: 245)

**SUBSCRIPTION AND PLACING OF NEW SHARES  
AND RESUMPTION OF TRADING**

**Financial Adviser and Placing Agent to Placing of New Shares**



**Subscription of new Shares**

On 19th April, 2006, the Company entered into the Subscription Agreement with the Subscriber, an independent professional global fund, for the Subscription of 238,250,000 Subscription Shares at a price of HK\$0.118 per Subscription Share.

**Placing of new Shares**

On 19th April, 2006, the Company has entered into the Share Placing Agreement with SBI Crosby in connection with the Placing, pursuant to which, SBI Crosby, being the sole financial adviser and the sole placing agent, has agreed, on a best endeavor basis, to place an aggregate of 200,000,000 new Shares in the capital of the Company to investors at HK\$0.118 per Placing Share.

The Subscription Shares and the Placing Shares in aggregate amount to approximately 11.8% of the existing issued share capital of the Company and approximately 10.5% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Placing Shares.

The estimated aggregate net proceeds of the Subscription and the Placing of about HK\$50 million will be used as general working capital and for future expansion of the Group in the retail and distribution segment in the PRC.

The Subscription and the Placing are conditional upon the Stock Exchange's granting or agreeing to grant listing of, and permission to deal in, the Subscription Shares and the Placing Shares.

Trading in the Shares has been suspended with effect from 9:30 a.m. on 19th April, 2006 pending release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares from 9:30 a.m. on 20th April, 2006.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.**

## **I THE SUBSCRIPTION**

Major terms of the Subscription Agreement are as follow:

### **1. Date of the Subscription Agreement**

18th April, 2006

### **2. Issuer**

The Company

### **3. Subscriber**

Asiastar IT Fund L.P.

The Subscriber was introduced by an intermediary and is an Independent Third Party. The Subscriber is managed by Sycamore Ventures Pte Ltd., an Independent Third Party without any business relationship with the Company and based in Silicon Valley, the United States and having Citigroup as a major investor, is the general partner of the Subscriber, whose limited partners include major financial institutions worldwide.

The Subscriber presently does not have any interest in the Company. The Subscriber has stated that it intends to hold the Subscription Shares for long-term investment purposes. There is no current arrangement for the Subscriber to appoint representative(s) to the board of Directors upon Completion.

### **4. Subscription Shares**

238,250,000 new Shares, representing approximately 6.4% of the existing issued share capital of the Company of 3,722,792,000 Shares as at the date of this Announcement, and approximately 5.7% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Placing Shares.

### **5. Subscription Price**

The Subscription Price is HK\$0.118.

The Subscription Price has been arrived at after arm's length negotiation between the parties and has made reference to the average closing price of the Company for the last fifty trading days. The Subscription Price represents (i) a discount of approximately 19.2% over the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on 18th April, 2006 (being the date of the Subscription Agreement), (ii) a discount of approximately 17.9% over the average closing price of the Shares of approximately HK\$0.144 for the last five trading days up to and including 18th April, 2006; and (iii) a discount of approximately 8.5% over the average closing price of the Shares of approximately HK\$0.129 for the last ten trading days up to and including 18th April, 2006. Having considered the Subscription Price is comparable to the average closing price of HK\$0.119 per Shares for the last 30 trading days up to and including 18th April, 2006 and the average trading volume of only approximately 12.1 million Shares per day for the last 30 trading days up to and including 18th April, 2006, the Directors consider the Subscription Price to be fair and reasonable.

**6. Mandate to issue the Subscription Shares**

The Subscription Shares will be issued under the General Mandate. The Company has not exercised the General Mandate to allot and issue any Shares prior to the Subscription and the Placing. As such, the Subscription Shares can be fully issued and allotted under the General Mandate.

**7. Ranking of the Subscription Shares**

The Subscription Shares will rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue of the Placing Shares.

**8. Condition of the Subscription**

The Subscription is conditional upon the Listing Committee of the Stock Exchange's granting or agreeing to grant (either conditionally or unconditionally) listing of, and permission to deal in, the Subscription Shares. In the event that the Subscription Agreement is not capable of becoming unconditional on 2nd May, 2006 (or such other date as the parties may agree in writing), the Subscription Agreements shall lapse and none of the parties thereto shall have any claim and/or recourse against the other of them for any costs, damages, compensation and/or otherwise.

**9. Completion**

Completion will take place on the third business day after the condition precedent has been satisfied or such other date as may be agreed between the parties in writing.

**10. Application for listing**

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

**II PLACING OF NEW SHARES**

Major terms of the Share Placing Agreement are as follow:

**1. Date of the Share Placing Agreement**

19th April, 2006

**2. Parties**

1. The Company
2. SBI Crosby

**3. Placing**

SBI Crosby, an Independent Third Party, has agreed to act as the sole financial adviser and the sole placing agent of the Company to procure, on a best endeavor basis, professional and institutional investors who are Independent Third Parties to subscribe for the Placing Shares in accordance with the Share Placing Agreement. The Placing Shares have been subscribed for by not less than six investors including Martin Currie China Hedge Fund, who subscribed for 100,000,000 Placing Shares and is the largest subscriber of the Placing Shares. Martin Currie China Hedge Fund is managed by Martin Currie Investment Management Ltd., a specialist investment management company based in Edinburgh, Scotland, and currently managing over US\$20 billion in active equity portfolios for clients (including financial institutions, charities, foundations, pension fund and investment trusts) in Europe, North America and Asia.

Save for Martin Currie China Hedge Fund, all the other investors of the Placing Shares are individuals and Independent Third Parties.

**4. Placing Shares**

200,000,000 new Shares, representing approximately 5.4% of the existing issued share capital of the Company of 3,722,792,000 Shares as at the date of this announcement, and approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Placing Shares.

**5. Placing Price**

The Placing Price is HK\$0.118.

The Placing Price has been arrived at after arm's length negotiation between the parties and has made reference to the average closing price of the Company for the last fifty trading days. The Placing Price represents (i) a discount of approximately 19.2% over the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on 18th April, 2006 (being the last trading date before the entering of the Share Placing Agreement), (ii) a discount of approximately 17.9% over the average closing price of the Shares of approximately HK\$0.144 for the last five trading days up to and including 18th April, 2006; and (iii) a discount of approximately 8.5% over the average closing price of the Shares of approximately HK\$0.129 for the last ten trading days up to and including 18th April, 2006. Having considered the Placing Price is comparable to the average closing price of HK\$0.119 per Shares for the last 30 trading days up to and including 18th April, 2006 and the average trading volume of only approximately 12.1 million Shares per day for the last 30 trading days up to and including 18th April, 2006, the Directors consider the Placing Price to be fair and reasonable.

**6. Mandate to issue the Placing Shares**

The Placing Shares will be issued under the General Mandate. The Company has not exercised the General Mandate to allot and issue any Shares prior to the Subscription and the Placing. As such, the Placing Shares, in addition to the Subscription Shares, can be fully issued and allotted under the General Mandate.

**7. Ranking of the Placing Shares**

The Placing Shares will rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue of the Subscription Shares.

**8. Condition of the Placing**

The Placing is conditional upon the Listing Committee of the Stock Exchange's granting or agreeing to grant (either conditionally or unconditionally) listing of, and permission to deal in, the Placing Shares. In the event that the Placing is not capable of becoming unconditional on 2nd May, 2006 (or such other date as the parties may agree in writing), the Placing shall lapse and none of the parties thereto shall have any claim and/or recourse against the other of them for any costs, damages, compensation and/or otherwise.

## 9. Completion

Completion will take place on the third business day after the condition precedent has been satisfied or such other date as may be agreed between the parties in writing.

## 10. Application for listing

An application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

### III SHAREHOLDING STRUCTURE

The shareholding structures of the Company before and after the Subscription are set out below:

<i>Holder of Shares</i>	<i>Before the Subscription</i>	<i>After the Subscription</i>
Group First Limited and its associates ( <i>Note 1</i> )	2,116,560,000 56.9%	2,116,560,000 50.9%
Ng Chun Chuen, David ( <i>Note 2</i> )	30,000,000 0.8%	30,000,000 0.7%
The Subscriber	– 0.0%	238,250,000 5.7%
The Placees	– 0.0%	200,000,000 4.8%
Other public shareholders	1,576,232,000 42.3%	1,576,232,000 37.9%
Total ( <i>Note 3, 4 and 5</i> )	<u>3,722,792,000</u> <u>100.0%</u>	<u>4,161,042,000</u> <u>100.0%</u>

#### *Notes:*

1. Of 2,116,560,000 Shares, Group First Limited, a private investment company beneficially owned as to 60% by Mr. Ni Xinguang (Mr. Ni”) and 40% by Mr. Wang Zhiming (Mr. Wang”), holds 2,000,000,000 Shares. Mr. Ni, an executive Director, has personal interest in 58,780,000 Shares and Mr. Wang, an ex-Director and now a consultant to the Company, has personal interest in 57,780,000 Shares.
2. Mr. Ng Chun Chuen David, an executive Director, has personal interest in 30,000,000 Shares.
3. As at the date of this announcement, the Company has outstanding shares options that can be convertible into 114,000,000 Shares.
4. The above figures are calculated based on a total of 3,722,792,000 Shares currently in issue. The above figures assume that other than the Subscription Shares and Placing Shares, no new Shares are issued or no existing Shares are purchased by the Company and no shares options are being converted into Shares after the date of this announcement up to the date of the completion of the Subscription and Placing.

5. The above figures has not accounted for the effect of any potential issue of consideration shares under the acquisition of Top Pro Limited as detailed in the announcement dated 9th September, 2005 and also in the circular dated 27th October, 2005.

#### **IV REASONS FOR THE SUBSCRIPTION AND THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in property investment, redevelopment and holding in Hong Kong and the retail and distribution of consumer products in the PRC.

The Company has been approached by potential professional institutional investors offering attractive terms for an investment in the Company. Consequently, given the current market conditions and the positive interest from investors, the rising trend of bank loan interest rate and the fact that the Company has not undertaken any equity fund raising exercise over the past 12 months (save as to the proposed issue of consideration Shares by the Company for acquisition of Top Pro Limited (which has been completed) as detailed in the circular dated 27th October, 2005), the Directors consider that the Subscription and the Placing represent good opportunities to raise capital and strengthen its working capital resources, while, at the same time, broadening the Company's shareholder base to include professional institutional investors. The Directors have considered different fund raising methods, but have concluded that, given the interest of investors and current market conditions, the Subscription and the Placing are the most appropriate and fastest methods to raise funds for the future development of the Group's businesses. Accordingly, the Directors consider that the Subscription and the Placing to be in the interests of the Company and its shareholders as a whole.

The gross proceeds from the Subscription and the Placing are approximately HK\$28,113,618 and HK\$23,600,000 respectively. The expenses in relation to the Subscription and the Placing are estimated to be approximately HK\$1.7 million. The proceeds from the Subscription and the Placing, net of expenses, are estimated to be approximately HK\$27 million and HK\$23 million respectively. The net prices of each of the Subscription Share and the Placing Share are HK\$0.113 and HK\$0.116 respectively. It is the intention of the Directors to use such net proceeds as general working capital and for the future expansion of the Group in the retail and distribution segment in the PRC.

#### **V GENERAL**

Trading in the Shares has been suspended with effect from 9:30 a.m. on 19th April, 2006 pending release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares from 9:30 a.m. on 20th April, 2006.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

“Company”	Landune International Limited, a company incorporated and existing under the laws of Hong Kong, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Directors”	the directors of the Company
“General Mandate”	the right granted to board of the Directors to issue and allot up to 20% of the aggregate nominal amount of the share capital of the Company in issue, the maximum of which are 744,558,400 Shares, at the annual general meeting of the Company held on 25th May, 2005
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party (together with its ultimate beneficiary shareholders) who is not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange)
“Placing”	the placing of 200,000,000 new Shares by SBI Crosby as the placing agent pursuant to the Share Placing Agreement
“Placing Price”	price per Placing Share
“Placing Shares”	200,000,000 new Shares to be issued and allotted by the Company under the Placing
“PRC”	the People’s Republic of China
“SBI Crosby”	SBI Crosby Limited, a licensed corporation for types 1 and 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Placing Agreement”	the share placing agreement dated 19th April, 2006 and entered into between the Company and SBI Crosby in connection with the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Asiastar IT Fund, L.P., an investment fund principally engaged in investment business and an Independent Third Party
“Subscription”	the subscription by the Subscriber of the Subscription Shares pursuant to the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement dated 18th April, 2006 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	price per Subscription Share
“Subscription Shares”	a total of 238,250,000 new Shares to be issued pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars
“%”	per cent.

By Order of the Board  
**Landune International Limited**  
**Ni Xinguang**  
*Chairman*

Hong Kong, 20th April, 2006

*As at the date of this announcement, the Board comprises Messrs. Ni Xinguang and Ng Chun Chuen, David who are executive directors and Messrs. Chan Wai Sum, Tang Chi Wing and Lu Wei who are independent non-executive directors.*

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