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HUIRI LIMITED

匯日控股有限公司

(incorporated in the British Virgin Islands with limited liability)



MAGNUM ENTERTAINMENT GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2080)

JOINT ANNOUNCEMENT

(1) ACQUISITION OF SHARES IN

MAGNUM ENTERTAINMENT GROUP HOLDINGS LIMITED

BY HUIRI LIMITED

(2) MANDATORY UNCONDITIONAL CASH OFFERS BY

HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED

ON BEHALF OF HUIRI LIMITED

TO ACQUIRE ALL THE ISSUED SHARES OF AND

CANCEL ALL THE OUTSTANDING OPTIONS IN

MAGNUM ENTERTAINMENT GROUP HOLDINGS LIMITED

**(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
HUIRI LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

AND

(3) RESUMPTION OF TRADING IN THE SHARES OF

MAGNUM ENTERTAINMENT GROUP HOLDINGS LIMITED

Financial adviser to Huiiri Limited



Haitong International Capital Limited

**Financial adviser to Magnum Entertainment
Group Holdings Limited**



Anglo Chinese Corporate Finance, Limited

THE SHARE PURCHASE AGREEMENT

Pursuant to the Share Purchase Agreement entered into between the Offeror, Rainbow Key and Mr. Yip, the Offeror agreed to acquire and Rainbow Key agreed to sell 216,000,000 Shares, representing approximately 69.01% of the entire issued share capital of the Company as at the date of this joint announcement, for a total cash consideration of HK\$404,000,000, or approximately HK\$1.87 per Sale Share.

Before the signing of the Share Purchase Agreement, a sum of HK\$1,000,000 has been paid by the Offeror to Rainbow Key as earnest money which had been applied toward payment of the pro tanto part of the consideration upon Completion. The balance of the consideration in an aggregate sum of HK\$403,000,000 had been paid by the Offeror in the following manner:

- (i) a total sum of HK\$373,000,000 has been paid to Rainbow Key in cash on Completion; and
- (ii) the remaining sum of HK\$30,000,000 has been deposited into a joint bank account opened with a licensed bank in Hong Kong in the joint names of the respective authorised representative of each of Rainbow Key and the Offeror. Upon the entering into of the Escrow Agreement by Rainbow Key, the Offeror and the Escrow Agent within 30 days after Completion, such amount, together with any interest accrued therefrom, shall be released from the joint bank account to the Escrow Agent who shall hold such amount pursuant to the terms and conditions of the Escrow Agreement. Such amount shall be held by the Escrow Agent in escrow for settlement of any possible claim by the Offeror against Rainbow Key and/or Mr. Yip under the Share Purchase Agreement.

Completion took place on 12 March 2015 immediately after signing of the Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement and immediately after Completion, the Offeror and parties acting in concert with it own 216,000,000 Shares, representing approximately 69.01% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all issued Shares and outstanding Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or securities convertible into Shares of the Company as at the date of this joint announcement.

Haitong International Securities will, on behalf of the Offeror, make a mandatory unconditional cash offer to acquire all the issued Shares and to cancel all outstanding Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$1.88

The Option Offer

For cancellation of each Option HK\$0.89

The Offer Price of HK\$1.88 for each Offer Share is slightly higher than the price of approximately HK\$1.87 per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code, so that each Optionholder will be entitled to receive a price for his/her Options being the amount by which the consideration for the Share Offer exceeds the exercise price of his/her Options. In respect of the outstanding Options convertible at an exercise price of HK\$0.99 per Share, the consideration for cancellation will be HK\$0.89 per Option.

The principal terms of the Offers are set out under the section headed “Mandatory unconditional cash offers” below.

Haitong International Capital has been appointed as the financial adviser to the Offeror in respect of the Offers and is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the acceptance of the Offers in full.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. The Company is required to send the offeree board circular in respect of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. Such Composite Offer Document would set out, among other matters, details of the Offers, accompanied by the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the Offers.

The Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Yung Ha Kuk, Victor, Mr. Leung Chun Kuen, Noel and Mr. Lam Kwok Fai, Osmond, has been formed to advise the Qualifying Shareholders and Qualifying Optionholders in respect of the Offers.

An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offers. Further announcement will be made upon the appointment of the independent financial adviser to the Independent Board Committee.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 13 March 2015 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 March 2015.

THE SHARE PURCHASE AGREEMENT

- Date: 12 March 2015
- Parties:
- (1) Rainbow Key, as vendor
 - (2) Mr. Yip
 - (3) The Offeror, as purchaser
- Subject of the sale and purchase :
- The Offeror agreed to acquire and Rainbow Key agreed to sell 216,000,000 Shares, representing approximately 69.01% of the entire issued share capital of the Company as at the date of this joint announcement.
- Pursuant to the Share Purchase Agreement, the Sale Shares have been sold free from all Encumbrances and with all rights attaching thereto with effect from the date of the Completion.
- Consideration:
- The share purchase price for the 216,000,000 Shares acquired by the Offeror is HK\$404,000,000, or approximately HK\$1.87 per Sale Share, which was determined after arm's length negotiations between the Offeror and Rainbow Key.
- Before the signing of the Share Purchase Agreement, a sum of HK\$1,000,000 has been paid by the Offeror to Rainbow Key as earnest money which had been applied toward payment of the pro tanto part of the consideration upon Completion. The balance of the consideration in an aggregate sum of HK\$403,000,000 had been paid by the Offeror in the following manner:
- (i) a total sum of HK\$373,000,000 has been paid to Rainbow Key in cash on Completion; and

- (ii) the remaining sum of HK\$30,000,000 has been deposited into a joint bank account opened with a licensed bank in Hong Kong in the joint name of the respective authorised representative of Rainbow Key and the Offeror. Upon the entering into of the Escrow Agreement by Rainbow Key, the Offeror and the Escrow Agent within 30 days after Completion, such amount, together with any interest accrued therefrom, shall be released from the joint bank account to the Escrow Agent who shall hold such amount pursuant to the terms and conditions of the Escrow Agreement. Such amount shall be held by the Escrow Agent in escrow for settlement of any possible claim by the Offeror against Rainbow Key and/or Mr. Yip under the Share Purchase Agreement.

Completion: The Completion was unconditional and took place on 12 March 2015 immediately after signing of the Share Purchase Agreement.

Warranties: Each of Rainbow Key and Mr. Yip has given Warranties (on a several basis) to the Offeror, which are customary in the circumstances, in respect of (among other matters and as the case may be) the legal status, financial conditions, business, operations and assets in relation to the Group.

Non-compete undertakings: Each of Rainbow Key and Mr. Yip has severally undertaken to the Offeror that each of them shall not, and shall procure each of their respective close associates (as defined in the Listing Rules) shall not, within two years after the date of Completion, whether singly or jointly, or as manager or agent of any individual, partnership or corporation, directly or indirectly, for monetary gain or otherwise:

- (A) engage, employ or procure any other party to employ certain key employees of the Group as at the date of the Share Purchase Agreement in relation to any business; and
- (B) engage in the same business as that of the Group as at the date of the Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement and immediately after the Completion, the Offeror and parties acting in concert with it own in aggregate 216,000,000 Shares, representing approximately 69.01% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer to acquire all issued Shares and to cancel all outstanding Options (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement and immediately after the Completion, the Company has 2,304,000 outstanding Options, all of which are exercisable at the exercise price of HK\$0.99 during the exercise period from 28 November 2014 to 27 November 2017. All 2,304,000 outstanding Options were granted pursuant to the share option scheme adopted by the Company on 3 January 2014.

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or securities convertible into Shares of the Company as at the date of this joint announcement.

As the Offeror holds an aggregate of 216,000,000 Shares, assuming that none of the outstanding Options will be exercised prior to the close of the Offers, 96,980,000 Offer Shares will be subject to the Share Offer and 2,304,000 Options will be subject to the Option Offer. Assuming that all the 2,304,000 outstanding Options have been fully exercised prior to the close of the Offers, 99,284,000 Offer Shares will be subject to the Share Offer.

Principal terms of the Offers

Haitong International Securities will, on behalf of the Offeror, make a mandatory unconditional cash offer to acquire all the issued Shares and to cancel all outstanding Options (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$1.88

The Option Offer

For cancellation of each Option HK\$0.89

The Offers will be unconditional in all respects.

The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code, so that each Optionholder will be entitled to receive a price for his/her Options being the amount by which the consideration for the Share Offer exceeds the exercise price of his/her Options. In respect of the outstanding Options convertible at an exercise price of HK\$0.99 per Share, the consideration for cancellation will be HK\$0.89 per Option.

Comparison of value

The Offer Price of HK\$1.88 per Share is slightly higher than the price of approximately HK\$1.87 paid by the Offeror to Rainbow Key for each Sale Share under the Share Purchase Agreement, and represents:

- (a) a premium of approximately 63.48% over the closing price of HK\$1.15 per Share on the Stock Exchange on 28 January 2015, being the last trading day immediately prior to the trading halt in the Shares pending the publication of the Company's announcement on 29 January 2015 pursuant to Rule 3.7 of the Takeovers Code;
- (b) a premium of approximately 6.21% over the closing price of HK\$1.77 per Share on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 7.06% over the average closing price of HK\$1.756 per Share on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 6.21% over the average closing price of HK\$1.77 per Share on the Stock Exchange over the last 10 consecutive trading days up to and including the Last Trading Day;

- (e) a premium of approximately 19.95% over the average closing price of approximately HK\$1.567 per Share on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 63.53% over the average closing price of approximately HK\$1.150 per Share on the Stock Exchange over the last 90 consecutive trading days up to and including the Last Trading Day; and
- (g) a premium of approximately 235.71% to the unaudited consolidated net assets value of the Company of approximately HK\$0.56 per Share as at 30 September 2014 based on the interim report of the Company for the six months ended 30 September 2014 and approximately 254.72% to the audited consolidated net assets value of the Company of approximately HK\$0.53 per Share as at 31 March 2014 based on the annual report of the Company for the year ended 31 March 2014.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the commencement of the offer period (as defined under the Takeovers Code) on 29 January 2015 and up to the date of this joint announcement were HK\$1.86 per Share on 2 March 2015 and HK\$0.90 per Share on 7, 10 and 11 November 2014 and 12 January 2015, respectively.

Total value of the Offers

As at the date of this joint announcement, there are 312,980,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Offer Price at HK\$1.88 per Share, the entire issued share capital of the Company would be valued at HK\$588,402,400.

Assuming that all the 2,304,000 outstanding Options are fully exercised prior to the making of the Offers, there will be 315,284,000 Shares in issue and, on the basis of the Offer Price at HK\$1.88 per Share, the entire issued share capital of the Company would be valued at HK\$592,733,920.

Financial resources available for the Offers

Based on the respective offer prices for the Shares and the Options as referred to in the paragraph headed “Principal terms of the Offers” above, assuming that none of the outstanding Options subject to the Option Offer is exercised prior to the making of the Offers and on the basis of full acceptance of the Offers, the aggregate cash consideration payable by the Offeror under the Offers will amount to HK\$184,372,960. Assuming that all of the outstanding Options subject to the Option Offer are exercised prior to the making of the Offers, the aggregate cash consideration payable by the Offeror under the Offers upon full acceptance of the Offers will amount to HK\$186,653,920.

The Offeror intends to finance the total consideration payable by the Offeror under the Offers from its internal resources.

Haitong International Capital has been appointed as the financial adviser to the Offeror in respect of the Offers. Haitong International Capital is satisfied that sufficient financial resources are, and will remain, available to the Offeror for meeting its obligation in case of a full acceptance of the Offers.

Effect of accepting the Offers

By validly accepting the Share Offer, Qualifying Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of the Composite Offer Document.

By validly accepting the Option Offer, Qualifying Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of the Composite Offer Document.

Optionholders should note that under the rules of the share option scheme adopted by the Company on 3 January 2014, all Options that remain unexercised within 14 days after the date of posting of the Composite Offer Document, will lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the said 14-day period.

Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offers and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Qualifying Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Overseas Shareholders and Optionholders

The availability of the Share Offer to the Shareholders and the Option Offer to the Optionholders who are not resident in Hong Kong may be subject to, or limited by, the laws or regulations of their respective jurisdictions. Any Shareholders and Optionholders who are not resident in Hong Kong should observe any applicable legal or regulatory requirements and restrictions in their own jurisdiction and, where necessary, seek legal advice.

It is the sole responsibility of the Shareholders and Optionholders who wish to accept the Share Offer and Option Offer, respectively, to satisfy themselves of the full observance of the laws and regulations of the relevant non-Hong Kong jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with the other necessary formalities and the payment of any transfer or other taxes due by the accepting Shareholder or Optionholder in respect of such jurisdictions).

If the receipt of the Composite Offer Document by overseas Shareholders and overseas Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Offer Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders and overseas Optionholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Based on the register of members of the Company as at 13 March 2015 (being the date on which trading in the Shares was halted pending the publication of this joint announcement), there were no overseas Shareholders as at such date.

Other arrangements

Save for the sale and purchase of the Sale Shares under the Share Purchase Agreement as disclosed herein, for the six months immediately prior to 29 January 2015 (being the date of publication of the Company's announcement pursuant to Rule 3.7 of the Takeovers Code and the commencement of the offer period (as defined under the Takeovers Code)) and up to the date of this joint announcement, none of the Offeror and parties acting in concert with it had dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares of the Company.

The Offeror confirms that, as at the date of this joint announcement:

- (i) save as disclosed in the section headed "Information on the Group" below, none of the Offeror, Mr. Zheng Jian Jiang or the parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares of the Company;
- (ii) none of the Offeror, Mr. Zheng Jian Jiang or any person acting in concert with any of them has received any irrevocable commitment to accept the Offers;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (iv) there is no agreement or arrangement to which the Offeror, Mr. Zheng Jian Jiang or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

- (v) none of the Offeror, Mr. Zheng Jian Jiang and/or parties acting in concert with any of them has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company; and
- (vi) none of the Offeror, Mr. Zheng Jian Jiang and/or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in operation of clubbing business in Hong Kong.

The following table sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the Securities and Futures Ordinance as at the date of this joint announcement) (i) immediately before Completion; and (ii) immediately after Completion and as at the date of this joint announcement:

	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Offeror (<i>Note 1</i>)	–	–	216,000,000	69.01
Rainbow Key (<i>Note 2</i>)	216,000,000	69.01	–	–
Public Shareholders	<u>96,980,000</u>	<u>30.99</u>	<u>96,980,000</u>	<u>30.99</u>
Total	<u>312,980,000</u>	<u>100.00</u>	<u>312,980,000</u>	<u>100.00</u>

Notes:

- The Offeror is an investment holding company incorporated in the British Virgin Islands and is owned as to 90% by Ze Hui (which is wholly and beneficially owned by Mr. Zheng Jian Jiang, who is also the sole director of Ze Hui) and 10% by Ze Hong (which is wholly and beneficially owned by Mr. Zheng Jian Jiang, who is also the sole director of Ze Hong and a brother of Mr. Zheng Jian Jiang). Mr. Zheng Jian Jiang is also the sole director of the Offeror. Ms. He Yi Ju is the spouse of Mr. Zheng Jian Jiang and is deemed to be interested in all the Shares in which Mr. Zheng Jian Jiang is interested by virtue of the Securities and Futures Ordinance.
- Rainbow Key is an investment holding company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Yip, a non-executive Director. Mr. Yip is deemed to be interested in all the Shares in which Rainbow Key is interested by virtue of the Securities and Futures Ordinance. Mr. Yip is also the sole director of Rainbow Key.

3. As at the date of this joint announcement, each of Mr. Chan Chi Wah, Ms. Mok Kung Yee, Ms. Tsang Kwok Shan, Sandy, Mr. Lam Jhug Ching, Mr. Yung Ha Kuk, Victor, Mr. Leung Chun Kuen, Noel and Mr. Lam Kwok Fai, Osmond (each being a Director) and Mr. Wong Hei Yan (being the chief executive officer of the Company) is an Optionholder holding certain outstanding Options, details of which are set out below:

Name of the Optionholders	Date of grant of the outstanding Options	Exercise price per Share (HK\$)	Exercise period of the outstanding Options	Number of new Shares issuable upon exercise of the outstanding Options
<i>Executive Directors</i>				
Mr. Chan Chi Wah	28 November 2014	0.99	28 November 2014 to 27 November 2017	150,000
Ms. Mok Kung Yee	28 November 2014	0.99	28 November 2014 to 27 November 2017	150,000
Ms. Tsang Kwok Shan, Sandy	28 November 2014	0.99	28 November 2014 to 27 November 2017	150,000
Mr. Lam Jhug Ching	28 November 2014	0.99	28 November 2014 to 27 November 2017	150,000
<i>Independent non-executive Directors</i>				
Mr. Yung Ha Kuk, Victor	28 November 2014	0.99	28 November 2014 to 27 November 2017	100,000
Mr. Leung Chun Kuen, Noel	28 November 2014	0.99	28 November 2014 to 27 November 2017	100,000
Mr. Lam Kwok Fai, Osmond	28 November 2014	0.99	28 November 2014 to 27 November 2017	100,000
<i>Chief executive officer</i>				
Mr. Wong Hei Yan	28 November 2014	0.99	28 November 2014 to 27 November 2017	150,000
Total:				1,050,000

Set out below is a summary of the audited consolidated results of the Group for the two financial years ended 31 March 2013 and 2014, and the unaudited consolidated results of the Group for the six months ended 30 September 2014, as extracted from the annual reports of the Company for the years ended 31 March 2013 and 31 March 2014 and the interim report of the Company for the six months ended 30 September 2014, respectively.

	For the six months ended 30 September 2014 (Unaudited) HK\$'000	For the year ended 31 March 2014 (Audited) HK\$'000	For the year ended 31 March 2013 (Audited) HK\$'000
Turnover	79,266	159,138	173,995
Profit before taxation	13,256	2,850	34,098
Profit/(Loss) and total comprehensive income for the year/period	11,250	(585)	28,034

The audited consolidated net assets of the Group as at 31 March 2013 and 2014 was approximately HK\$51,798,000 and HK\$164,472,000, respectively. The unaudited consolidated net assets of the Group as at 30 September 2014 was approximately HK\$175,722,000.

INFORMATION ON THE OFFEROR, ITS INTENTION REGARDING THE COMPANY AND PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Offeror is an investment holding company incorporated in the British Virgin Islands on 2 January 2015 with limited liability. The Offeror is legally and beneficially owned as to 90% by Ze Hui (a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Zheng Jian Jiang) and 10% by Ze Hong (a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Zheng Jiang, a brother of Mr. Zheng Jian Jiang). Mr. Zheng Jian Jiang is the sole director of the Offeror and Ze Hui, while Mr. Zheng Jiang is the sole director of Ze Hong. Before the date of the Share Purchase Agreement, the Offeror has not conducted any business since its incorporation, and save for the Sale Shares, the Offeror does not have any material assets as at the date of this joint announcement.

Each of Ze Hui and Ze Hong is an investment holding company. As at the date of this joint announcement, other than their shareholding interests in the Offeror, Ze Hui and Ze Hong also indirectly hold the controlling interests in AUX Real Estate Group Company Limited (奧克斯地產集團有限公司) (“**AUX Real Estate**”), a company incorporated in the Cayman Islands with limited liability and the holding company of a group of companies forming the AUX Real Estate Group (奧克斯地產集團), which is principally engaged in real estate development in the PRC.

Mr. Zheng Jian Jiang, aged 54, is currently the chairman of the board of directors of Ningbo Sanxing Electric Co., Ltd. (寧波三星電氣股份有限公司), a Chinese electrical meter manufacturer listed on the Shanghai Stock Exchange (stock code: 601567) (“**Ningbo Sanxing Electric**”). He is also the founder and chairman of AUX Holdings Co. Ltd. (奧克斯集團有限公司) (“**AUX Holdings**”), a China Top-500 enterprise with business operations in multiple industries, primarily in air conditioner manufacturing, power equipment, healthcare and finance. Mr. Zheng Jian Jiang and his wife are the ultimate controlling shareholders of AUX Holdings. He is also the founder and chairman of the board of directors of AUX Real Estate.

Following the close of the Offers, it is the intention of the Offeror that the Group will continue to focus on the development of its existing business, namely, the Group’s clubbing business in Hong Kong, and does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Completion and the Offers. The Offeror will regularly review the operations and business activities of the Group to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror has no plan on any injection of any assets or businesses into the Group as at the date of this joint announcement.

It is intended that all eight members of the existing Board, namely (i) Mr. Chan Chi Wah (executive Director), (ii) Ms. Mok Kung Yee (executive Director), (iii) Ms. Tsang Kwok Shan, Sandy (executive Director), (iv) Mr. Lam Jhug Ching (executive Director), (v) Mr. Yip (non-executive Director), (vi) Mr. Yung Ha Kuk, Victor (independent non-executive Director), (vii) Mr. Leung Chun Kuen Noel (independent non-executive Director) and (viii) Mr. Lam Kwok Fai, Osmond (independent non-executive Director), will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being after the close of the Offers). In place of the above resigning Directors, the Offeror intends to nominate four executive Directors and three independent non-executive Directors to the Board and such appointment will not take effect earlier than the date of the posting of the Composite Offer Document subject to compliance with the Takeovers Code. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made accordingly.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (including any person holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code)) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. The Company is required to send the offeree board circular in respect of the Offers to the Qualifying Shareholders and the Qualifying Optionholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. Such Composite Offer Document would set out, inter alia, details of the Offers, accompanied by the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the Offers.

Rule 2.8 of the Takeovers Code requires the Company to establish an independent committee of the Board to give a recommendation to the Independent Shareholders on the Offer and that such independent committee should comprise all the non-executive Directors who have no direct or indirect interest in the Offers other than as a Shareholder. Mr. Yip is the sole shareholder of Rainbow Key and a party to the Share Purchase Agreement, and thus Mr. Yip has direct interests in the Offers and will not sit on the Independent Board Committee. Accordingly, the Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Yung Ha Kuk, Victor, Mr. Leung Chun Kuen, Noel and Mr. Lam Kwok Fai, Osmond, has been formed to advise the Qualifying Shareholders and Qualifying Optionholders in respect of the Offers. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offers. Further announcement will be made upon the appointment of the independent financial adviser to the Independent Board Committee.

Further announcement will be made when the Composite Offer Document together with the forms of acceptance in respect of the Offers are despatched.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 13 March 2015 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 March 2015.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors of the Company
“Company”	Magnum Entertainment Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Share Purchase Agreement in accordance with its terms

“Composite Offer Document”	the document proposed to be jointly issued by and on behalf of the Offeror and the Company to all Shareholders and Optionholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Offers, the form of acceptance and transfer of the Shares in respect of the Share Offer and the form of acceptance and cancellation of the Options in respect of the Option Offer, the letter of advice of the independent financial adviser to the Independent Board Committee in respect of the Offers, and the letter of advice of the Independent Board Committee to the Qualifying Shareholders and the Qualifying Optionholders in relation to the Offers
“Director(s)”	director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and lease back arrangement over or in any property, assets or rights of whatsoever nature and includes any agreement for any of them
“Escrow Agent”	an escrow agent to be mutually agreed by Rainbow Key and the Offeror and to be formally appointed pursuant to the Escrow Agreement
“Escrow Agreement”	an escrow agreement to be entered into between Rainbow Key, Mr. Yip, the Offeror and the Escrow Agent in relation to the holding in escrow by the Escrow Agent of part of the consideration payable by the Offeror under the Share Purchase Agreement of HK\$30,000,000 and the interest accrued therefrom in accordance with the terms and conditions thereof
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time or any delegate of such executive director
“Group”	the Company and its subsidiaries

“Haitong International Capital”	Haitong International Capital Limited, the financial adviser of the Offeror in respect of the Offers, and is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 6 (advising on corporate finance) regulated activities
“Haitong International Securities”	Haitong International Securities Company Limited, a fellow subsidiary of Haitong International Capital, and is a licensed corporation under the Securities and Futures Ordinance, licensed to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board established for the purpose of advising the Qualifying Shareholders and the Qualifying Optionholders in relation to the Offers, comprising of all independent non-executive Directors, namely Mr. Yung Ha Kuk, Victor, Mr. Leung Chun Kuen, Noel and Mr. Lam Kwok Fai, Osmond
“Last Trading Day”	12 March 2015, being the last trading day for the Shares prior to the trading halt of the Shares on 13 March 2015 pending the publication of this joint announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yip”	Mr. Yip Mow Lum, the sole director and sole beneficial owner of Rainbow Key, and a non-executive Director
“Mr. Zheng Jian Jiang”	Mr. Zheng Jian Jiang, the sole director and one of two the ultimate beneficial owners of the Offeror and a brother of Mr. Zheng Jiang
“Mr. Zheng Jiang”	Mr. Zheng Jiang, one of the two ultimate beneficial owners of the Offeror and a brother of Mr. Zheng Jian Jiang

“Offer Price”	HK\$1.88 payable in cash by the Offeror to the Shareholders per Share under the Share Offer
“Offer Shares”	Shares that are subject to the Share Offer
“Offeror”	Huiri Limited (匯日控股有限公司), a company incorporated in the British Virgin Islands with limited liability which is owned as to 90% by Ze Hui (which is in turn wholly and beneficially owned by Mr. Zheng Jian Jiang) and 10% by Ze Hong (which is in turn wholly and beneficially owned by Mr. Zheng Jiang)
“Offers”	collectively, the Share Offer and the Option Offer
“Option Offer”	an unconditional mandatory cash offer to be made by the Offeror for the cancellation of all the outstanding Options held by the Qualifying Optionholders in accordance with the Takeovers Code
“Optionholders”	holders of the Option(s)
“Options”	share options granted by the Company pursuant to the share option scheme of the Company adopted on 3 January 2014, which entitle holders thereof to subscribe for the Shares in accordance with the terms and conditions thereof
“PRC”	the People’s Republic of China
“Qualifying Optionholders”	Optionholders other than the Offeror and parties acting in concert with it
“Qualifying Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Rainbow Key”	Rainbow Key Holdings Limited, a company incorporated in the British Virgin Islands, the vendor of the Sale Shares under the Share Purchase Agreement and a controlling Shareholder immediately prior to the Completion
“Sale Shares”	an aggregate of 216,000,000 Shares acquired by the Offeror pursuant to the Share Purchase Agreement

“Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	an unconditional mandatory cash offer to be made by the Offeror for all the issued Shares owned by the Qualifying Shareholders at the Offer Price in accordance with the Takeovers Code
“Share Purchase Agreement”	the sale and purchase agreement dated 12 March 2015 entered into between Rainbow Key as vendor, the Offeror as purchaser and Mr. Yip in relation to the sale and purchase of the Sale Shares
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Warranties”	the warranties, representations and/or undertakings given by each of Rainbow Key and Mr. Yip severally under the Share Purchase Agreement
“Ze Hong”	Ze Hong Limited (澤宏有限公司), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Zheng Jiang
“Ze Hui”	Ze Hui Limited (澤惠有限公司), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Zheng Jian Jiang

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the board of
Hui Limited
Mr. Zheng Jian Jiang
Director

By order of the Board of
Magnum Entertainment Group Holdings Limited
Mr. Chan Chi Wah
Executive Director

Hong Kong, 18 March 2015

As at the date of this joint announcement, the Board comprises Mr. Chan Chi Wah, Ms. Mok Kung Yee, Ms. Tsang Kwok Shan, Sandy and Mr. Lam Jhug Ching as executive Directors, Mr. Yip Mow Lum as non-executive Director and Mr. Yung Ha Kuk, Victor, Mr. Leung Chun Kuen, Noel and Mr. Lam Kwok Fai, Osmond as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror and its ultimate holding company, Ze Hui, is Mr. Zheng Jian Jiang. The sole director of the Offeror and Ze Hui accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group and parties acting in concert with it) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.