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Magnum Entertainment Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2080)

INSIDE INFORMATION:

(1) CLOSURE OF ONE OF THE CLUBS

AND

(2) PROFIT WARNING

This announcement is made by Magnum Entertainment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

CLOSURE OF ONE OF THE CLUBS

Reference is made to the Company’s announcement dated 5 January 2015 in relation to the closure and renovation of Beijing Club, one of the clubs of the Group which operates in leased premises with the current term of tenancy expiring by end of February 2016. Following the re-opening of the renovated Beijing Club in June 2015, the Group’s management has been considering the business performance and prospects of Beijing Club. In light of the loss-making performance of Beijing Club notwithstanding management’s effort to turn around the business, to focus available resources on the other clubs of the Group and to save future rental expenses, the board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the Group will not seek to renew the tenancy for the premises of Beijing Club upon its expiry and has closed down Beijing Club with effect from 15 September 2015 for carrying out necessary reinstatement works at the premises, which may take up to six months, so as to deliver the reinstated and vacated premises to the landlord upon expiry of the tenancy by end of February 2016.

Based on the estimated costs of the reinstatement works and the applicable percentage ratios, the reinstatement works will not constitute notifiable transaction of the Company under Chapter 14 of the Listing Rules. The costs of the reinstatement works will be funded by the internal resources of the Group.

In light that the Company has recently announced the planned closure of Dizzi, another club of the Group, by the end of October 2015 by way of the Company's announcement dated 14 August 2015, the Board would like to emphasize that the closure of the two clubs is to streamline and optimize the clubbing business of the Group with a view to enhancing the overall business performance of the Group. The Board considers that the planned closure of Beijing Club and Dizzi would not have material adverse effect on the overall business operations of the Group given that Magnum and Zentral, the two other clubs of the Group, have been and are expected to continue to be the main pillars of the Group's clubbing business. The Group will continue its drive to fortify its pioneer position in the clubbing and entertainment industry in Hong Kong and will remain vigilant in pursuing growth opportunities.

PROFIT WARNING

Based on a preliminary assessment by the Company's management on the unaudited consolidated management accounts of the Company for the four months ended 31 July 2015 and currently available information, the Board wishes to inform the shareholders and potential investors of the Company that the Group is expected to record a net loss for the six months ending 30 September 2015 as compared with a net profit of approximately HK\$11.25 million for the six months ended 30 September 2014, notwithstanding that the Group's turnover is expected to be only slightly below that for the corresponding period in 2014. Such deterioration was mainly attributable to (i) the weakening sentiment in the consumer market which restrained growth in patronage for the clubbing operations of the Group, (ii) the temporary closure of Beijing Club from January to June 2015 for renovation purpose without any rent-free period and the renovation expenses incurred; and (iii) full effect of the operational and rental expenses of Zentral, which was opened in December 2014, for the six months ending 30 September 2015.

The Board wishes to state that this announcement is made on a preliminary assessment on the unaudited consolidated management accounts of the Company for the four months ended 31 July 2015 and currently available information, which have not been audited or reviewed by the Company's auditor and may be subject to adjustments. Details of the financial information and performance of the Group for the six months ending 30 September 2015 will be disclosed in the interim results announcement of the Company which is expected to be published in November 2015.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Magnum Entertainment Group Holdings Limited
Zheng Jiang
Chairman

Hong Kong, 15 September 2015

As at the date of this announcement, the executive Directors are Mr. Zheng Jiang, Mr. Chan Hon Ki, Ms. Chen Huajuan and Ms. Shen Guoying and the independent non-executive Directors are Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong.