

**MAGNUM ENTERTAINMENT GROUP HOLDINGS LTD:
FOR A FOUR YEAR-OLD, CLUBBING COMPANY,
ONE CANNOT SNEEZE AT ITS FINANCIAL SUCCESS**

The Global Offering Prospectus of Magnum Entertainment Group Holdings Ltd (Code: 2080, Main Board, The Stock Exchange of Hongkong Ltd) makes no secret of the Company's future intentions: It shall be raising even further funds than those hoped to be raised in this Share-Placement attempt as soon as it is practical so to do.

This Company is not seeking a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) just for the purposes of raising less than \$HK100 million, but to prepare itself for the day when it is able to tap the money markets of the world for much larger sums of money, funds that do not have to be repaid and on which there is no interest factor to consider.

This entertainment company – which is the first of its kind to go public in the HKSAR – issued its Global Offering Prospectus on January 13, 2014, Offering 84 million, one-cent Shares at the Indicative Placing Price Per Share, ranging from \$HK1.00 to \$HK1.50.

Of the total number of shares on Offer, 8.40 million Shares are reserved for HKSAR investors, the remaining 75.60 million Shares will be Placed with International Investors.

Page 209 of the Global Offering Prospectus makes the following statement:

'The purpose of seeking the Listing is to:

- allow the Group access to capital for future growth with opportunities to raise fund not only at Listing but also at a later stage. This is of particular importance to the Group in view of its expansion plan for opening of Zentral in Lan Kwai Fong in 2014 and in regions other than in Hong Kong, including China;*
- increase the Group's profile and visibility in the market and generate reassurance among the customers and suppliers of the Clubs; and*
- enhance the Group's operational efficiency and corporate governance through compliance with rigorous disclosure standards which the Directors believe would lead to improvement in the Group's internal control and operating systems.'*

A great deal of the above is, in the opinion of **TARGET** (), waffle, especially the second and third reasons, but this medium fully believes the first reason.

At the Offer Price Per Share of \$HK1.25, being the midpoint of the Indicative Offer Price, the Company expects to net about \$HK80.40 million. That amount of money is scheduled to be used for the following purposes, according to Pages 209 and 210 of the Global Offering Prospectus:

- 'approximately HK\$40.2 million, representing approximately 50% of the net proceeds will be used for opening costs of Zentral (which is expected to be opened in the new California Tower*

in the Lan Kwai Fong area in 2014), of which over 70% will be used for decoration, rental and furniture and fixture expenses, respectively and the remaining will be used for purchase of inventories and recruitment of staff or professional consultant;

- *‘approximately HK\$16.1 million, representing approximately 20% of the net proceeds will be used for marketing purposes including, among others, placing advertisement on internet, television and printed media and organise events to promote the Group;*
- *‘approximately HK\$16.1 million, representing approximately 20% of the net proceeds will be used for the research of expansion plan in regions other than Hong Kong, including China and Southeast Asia regions. The Group plans to engage external market consultant and legal adviser to conduct business development studies and feasibility studies including market research, business, financial and legal analysis. The Group may recruit local experienced staff and acquire new equipments for the said feasibility studies from time to time. The Group currently does not have any detailed plan or timeframe for the expansion plan; and*
- *‘the remaining balance of approximately HK\$8.0 million, representing 10% of the net proceeds, will be used for additional working capital and other general corporate purposes.’*

All spelling and grammatical mistakes in the above, in addition to all other spelling and grammatical faux pas, copied from various sections of the Global Offering Prospectus, are for the account of the cretin(s) who drafted the Global Offering Prospectus.

The Business

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