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LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED

陸慶娛樂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8052)

(A) UPDATE ON THE MAJOR TRANSACTION
(I) ISSUANCE OF 2ND TRANCHE
CONVERTIBLE PROMISSORY NOTES;
(II) INVESTMENT IN
GUANGZHOU JV COMPANY; AND
(B) UPDATE IN USE OF PROCEEDS AND
ESTABLISHMENT OF CLUB CUBIC GUANGZHOU

Reference is made to (i) the announcements (the “**Announcements**”) of Luk Hing Entertainment Group Holdings Limited (the “**Company**”) dated (a) 3 July 2019 and 14 August 2019 in relation to the major transaction of the Company; and (b) 26 September 2019 in relation to the change in use of proceeds; and (ii) the circular of the Company (the “**Circular**”) dated 22 August 2019 in relation to the 2nd Tranche Note Purchase Agreement, the Guangzhou Investment and the establishment of Club Cubic Guangzhou. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

THE 2ND TRANCHE NOTE PURCHASE AGREEMENT

The Company and the 2nd Tranche Investor have entered into a supplemental 2nd Tranche Note Purchase Agreement dated 30 December 2019 with regard to the extension of the payment date.

Pursuant to the 2nd Tranche Note Purchase Agreement, the consummation of the purchase and sale of the 2nd Tranche Convertible Promissory Notes in the sum of approximately RMB24.0 million (equivalent to approximately HK\$27.24 million) shall take place on or before 31 December 2019.

As China’s economic slowdown has affected the consumers’ ability and willingness of spending, the Company and the 2nd Tranche Investor need extra time to modify the existing strategic plan and operational plan of Club Cubic Guangzhou in order to minimize the risk and protect shareholders’ interest.

In view of the above, the Company and the 2nd Tranche Investor have mutually agreed to extend the payment date for purchase and sale of the 2nd Tranche Convertible Promissory Notes from 31 December 2019 to 30 June 2020 by entering into the supplemental agreement.

Save as disclosed above, all other material terms and conditions in the 2nd Tranche Note Purchase Agreement remain unchanged with full force and effect.

INVESTMENT IN GUANGZHOU JV COMPANY

Guangzhou PRC Company and Guangzhou JV Partner have entered into a supplemental Guangzhou JV Agreement dated 30 December 2019 with regard to the extension of the capital contribution date.

Pursuant to the Guangzhou JV Agreement, Guangzhou PRC Company, an indirect wholly-owned subsidiary of the Company and Guangzhou JV Partner agreed to inject RMB12 million and RMB8 million, respectively, as the capital contribution to registered capital of Guangzhou JV Company on or before 31 December 2019. As the payment date of the 2nd Tranche Note Purchase Agreement has been extended to 30 June 2020, Guangzhou PRC Company and the Guangzhou JV Partner have also mutually agreed to extend the payment date of the capital contribution of Guangzhou JV Company from 31 December 2019 to 30 June 2020 by way of supplemental agreement.

Save as disclosed above, all other material terms and conditions in the Guangzhou JV Agreement remain unchanged with full force and effect.

The Directors consider that the extension of payment date for the 2nd Tranche Convertible Promissory Notes and the capital contribution for the Guangzhou JV Company will not lead to any material adverse impact to the Group.

UPDATE IN USE OF PROCEEDS AND ESTABLISHMENT OF CLUB CUBIC GUANGZHOU

The extension of payment date for the 2nd Tranche Convertible Promissory Notes and the capital contribution for the Guangzhou JV Company will therefore lead to delay in opening date of Club Cubic Guangzhou. Pursuant to the 2nd Tranche Convertible Promissory Notes, the opening of Club Cubic Guangzhou shall not be later than six months from the date of issue of the 2nd tranche Convertible Promissory Notes and as a result of the extension as mentioned above, such opening date is now expected to be extended to a date on or before 31 December 2020.

The Directors wish to update shareholders and potential investors that there will be a corresponding delay in the use of unutilized proceeds in the sum of HK\$6.2 million in the opening of Club Cubic Guangzhou from 30 June 2020 to 31 December 2020, yet there will be no change in the use of such unutilized proceeds since they will still be used for establishment of Club Cubic Guangzhou.

By order of the Board
Luk Hing Entertainment Group Holdings Limited
Choi Yiu Ying
Chairman and Chief Executive Officer

Hong Kong, 30 December 2019

As at the date of this announcement, the executive Directors are Mr. Choi Yiu Ying, Mr. Choi Siu Kit, and Mr. Yeung Chi Shing; the non-executive Directors are Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Ms. Poon Kam Yee Odilia; and the independent non-executive Directors are Mr. Lam Wai Chin Raymond, Mr. Chan Ting Bond Michael and Mr. Tse Kar Ho Simon.

This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk, in the case of the announcement, on the "Latest Company Announcements" page for 7 days from the day of its posting. This announcement will also be published on the Company's website at www.lukhing.com.