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**LH**

LUK HING ENTERTAINMENT GROUP

**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)**

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

**THE SUBSCRIPTIONS**

On 23 March 2021 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 360,000,000 Shares to the Subscribers at the Subscription Price of HK\$0.033 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate. Completion of each of the Subscription Agreements is not inter-conditional.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Subscription Shares represent (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Price represents (i) a premium of approximately 13.78% to the closing price of HK\$0.029 per Share as quoted on the Stock Exchange on 23 March 2021, being the date of the Subscription Agreements; and (ii) a premium of approximately 12.24% to the average closing price per Share of HK\$0.0294 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

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

The gross proceeds and net proceeds from the Subscription will be approximately HK\$11,880,000 and HK\$11,690,000 respectively, and are intended to be used for general corporate purposes including payment of trade-related payables and bank facilities and also general working capital of the Group.

**The completion of the Subscriptions is subject to the fulfilment of the condition(s) as set out in the Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS**

### **The Subscription Agreement A**

Date: 23 March 2021  
Issuer: the Company  
Subscriber A: Trendy Pleasure Limited  
Number of Subscription Shares: 300,000,000  
Subscription Price: HK\$0.033 per Subscription Share

### **The Subscription Agreement B**

Date: 23 March 2021  
Issuer: the Company  
Subscriber B: Emperor Joy Limited  
Number of Subscription Shares: 60,000,000  
Subscription Price: HK\$0.033 per Subscription Share

### **The Subscribers**

Subscriber A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Mr. Zhang Jianguang (張建光) is the ultimate beneficial owner of Subscriber A.

Subscriber B is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Mr. Chiu Kin Shing (趙建誠) is the ultimate beneficial owner of Subscriber B.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as of the date of this announcement, the Subscribers and their respective ultimate beneficial owners are Independent Third Party.

## **Subscription Shares**

Pursuant to the terms of the Subscription Agreements, the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 360,000,000 Subscription Shares at HK\$0.033 per Subscription Share, representing:

- (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change to the issued share capital of the Company between the date of the Subscription Agreements and the Completion Date).

The aggregate nominal value of the Subscription Shares is HK\$3,600,000.

## **Subscription Price**

The Subscription Price of HK\$0.033 per Subscription Share represents:

- (i) a premium of approximately 13.78% to the closing price of HK\$0.029 per Share as quoted on the Stock Exchange on 23 March 2021, being the date of the Subscription Agreements; and
- (ii) a premium of approximately 12.24% to the average closing price per Share of HK\$0.0294 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

The market value of the Subscription Shares is HK\$10,440,000, based on the closing price of HK\$0.029 per Share as at the date of the Subscription Agreements.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscribers with reference to current market conditions and prevailing market price.

The gross proceeds from the Subscriptions will be approximately HK\$11,880,000. The net proceeds of the Subscriptions will be amounted to approximately HK\$11,690,000, representing a net subscription price of approximately HK\$0.0325 per Subscription Share.

## **Ranking of Subscription Shares**

The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Conditions Precedent for the Subscriptions**

Completion of the Subscriptions is conditional upon:

- (a) all necessary consents and approvals required to be obtained by the Company in respect of the Subscription Agreements and the transactions contemplated hereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained by the Subscribers in respect of the Subscription Agreements and the transactions contemplated hereunder having been obtained;
- (c) representations and warranties made by the Company are true and accurate in all material respects at Completion;
- (d) representations and warranties made by the Subscribers are true and accurate in all material respects at Completion; and
- (e) the Company having obtained the listing approval issued by the Stock Exchange in connection with the listing of and permission to deal in the Subscription Shares.

Conditions (a) and (c) can be waived by the Subscribers in writing. Conditions (b) and (d) can be waived by the Company in writing. Condition (e) cannot be waived by any party. If the foregoing conditions are not fulfilled or waived on or prior to 15 June 2021, or such later date as may be agreed in writing between the Company and the Subscribers, the Subscription Agreements will be terminated and the Company and the Subscribers will automatically be released from all obligations under the Subscription Agreements, save and except any liability for antecedent breaches by either party.

## **Completion of the Subscriptions**

Completion will take place on the third Business Day after the date that the conditions precedent of the Subscription Agreements have been fulfilled or such other date as may be agreed by the Company and the Subscribers.

Completion of each of the Subscription Agreements is not inter-conditional.

## **General Mandate**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM and therefore the issue of the Subscription Shares will not be subject to the further approval by the Shareholders. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue is 360,000,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. Accordingly, the General Mandate will be fully utilized upon issuance of the Subscription Shares.

## APPLICATION FOR LISTING

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

## REASONS FOR THE SUBSCRIPTIONS

The Group is principally engaged in the operation of clubbing business and restaurants.

The Directors consider that the Subscriptions will provide additional funding for the Company to maintain the working capital requirement for the payment of trade-related payables and banking facilities in order to ease the current tight cash flow and liquidity of the Group. In addition, the Subscription will also broaden the capital base of the Company.

Accordingly, the Board considers that the Subscriptions are in the interests of the Company and the Shareholders as a whole, and the terms of the Subscription Agreements are fair and reasonable.

## USE OF PROCEEDS

The estimated net proceeds from the Subscriptions after deduction of expenses, will amount to approximately HK\$11,690,000. The proceeds are currently intended to be used for general corporate purposes including payment of trade-related payables and bank facilities and also general working capital of the Group.

## EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the changes to the shareholding structure of the Company as a result of completion of the Subscriptions (assuming there being no other change in the share capital and shareholding structure of the Company between the date of this announcement and Completion of the Subscriptions):

Name of Shareholders	As at the date of this announcement		Immediately upon the Completion	
	No. of shares	Approximate %	No. of shares	Approximate %
Welmen Investment Co. Ltd (“ <b>Welmen</b> ”) (Note 1)	1,093,500,000	60.75	1,093,500,000	50.63
Kenbridge Limited (“ <b>Kenbridge</b> ”) (Note 2)	121,500,000	6.75	121,500,000	5.62
Subscriber A	—	—	300,000,000	13.89
Subscriber B	—	—	60,000,000	2.78
Other public Shareholders	<u>585,000,000</u>	<u>32.50</u>	<u>585,000,000</u>	<u>27.08</u>
<b>Total</b>	<u><u>1,800,000,000</u></u>	<u><u>100.00</u></u>	<u><u>2,160,000,000</u></u>	<u><u>100.00</u></u>

*Notes:*

1. Welmen is owned as to 30.3111% by Yui Tak Investment Limited (“**Yui Tak**”) and Yui Tak is wholly owned by Ocean Concept Holdings Limited (“**Ocean Concept**”). Ocean Concept is owned as to 88.29% by Toprich Investment (Group) Limited (“**Toprich**”) and Toprich is wholly owned by Perfect Succeed Limited (“**Perfect Succeed**”), which is in turn owned as to 50% by Mr. Choi Yiu Ying and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yiu Ying and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 60.75% of the issued share capital of the Company held by Welmen. Pursuant to the acting in concert confirmation dated 2 March 2016 (and last amended on 4 June 2020) and the acting in concert arrangement contemplated thereunder, each of Mr. Choi Yiu Ying, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 60.75% of the issued share capital of the Company held by Welmen.
2. Kenbridge is wholly owned by Mr. Poon Ching Tong Tommy. By virtue of the SFO, Mr. Poon Ching Tong Tommy is deemed to be interested in 6.75% of the issued share capital of the Company held by Kenbridge.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

**Shareholders and potential investors should note that the Subscriptions are subject to the fulfillment of the conditions under the Subscription Agreements. As the Subscriptions may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“AGM”	The annual general meeting of the Company held on 19 June 2020
“Board”	board of the directors of the Company
“Business Day”	a day (excluding Saturday, Sunday, public holidays or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Luk Hing Entertainment Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM (Stock code: 8052)

“Completion”	the completion of the Subscription in accordance with the terms and condition set out in the Subscription Agreements
“Completion Date”	the third Business Day after the fulfilment of the conditions set out in the Subscription Agreements are satisfied (or such later date as may be agreed between the Company and the relevant Subscriber in writing)
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	The general mandate to allot and issue up to 360,000,000 Shares granted to the Board by resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party who is not a connected person (as defined in the GEM Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of the connected persons (as defined in the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holders of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Trendy Pleasure Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber B”	Emperor Joy Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription Agreement A”	the conditional subscription agreement dated 23 March 2021 entered into between the Company and Subscriber A for the subscription of 300,000,000 Shares at the Subscription Price

“Subscription Agreement B”	the conditional subscription agreement dated 23 March 2021 entered into between the Company and Subscriber B for the subscription of 60,000,000 Shares at the Subscription Price
“Subscription Agreements”	collectively, Subscription Agreement A and Subscription Agreement B
“Subscription Price”	HK\$0.033 per Subscription Share
“Subscription Share(s)”	360,000,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements
“Subscriptions”	the subscriptions of a total of 360,000,000 Subscription Shares to be allotted and issued to the Subscribers pursuant to the terms of the Subscription Agreements
“%”	per cent

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

Hong Kong, 23 March 2021

*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. Tang Tsz Tung, Mr. Chan Ka Yin 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](http://www.hkexnews.hk), in the case of the announcement, on the “Latest Listed Company Information” page of the GEM for 7 days from the day of its posting. This announcement will also be published on the Company’s website at [www.lukhing.com](http://www.lukhing.com).*