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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO RENEWAL OF THE TENANCY AGREEMENT**

THE TENANCY AGREEMENT

Betula, an indirect non-wholly owned subsidiary of the Company, and Wharf Realty Limited entered into a Tenancy Agreement dated 15 August 2022. Pursuant to the Tenancy Agreement, Betula as the tenant and Wharf Realty Limited as the Landlord had agreed to renew the tenancy of the Premises for a term of two years commencing on 26 June 2022 and expiring on 25 June 2024. HEXA 六公館, one of the restaurants of the Group, shall continue to operate at the Premises.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognize as asset representing its rights to use the Premises as the lessee under the Tenancy Agreement. Accordingly, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Company under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules calculated based on the value of the right-of-use asset recognized by the Company according to HKFRS 16 exceeds 5% but are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. The Company is subject to notification and announcement requirements under the GEM Listing Rules.

INTRODUCTION

The Board announces that, Betula entered into a Tenancy Agreement dated 15 August 2022 with Wharf Realty Limited. Pursuant to the Tenancy Agreement, Betula as the tenant and Wharf Realty Limited as the Landlord had agreed to renew the tenancy of the Premises for a term of two years commencing on 26 June 2022 and expiring on 25 June 2024. HEXA 六公館, one of the restaurants of the Group, shall continue to operate at the Premises.

THE TENANCY AGREEMENT

Set forth below are the principal terms of the Tenancy Agreement:

Date	:	15 August 2022
Parties	:	(i) Wharf Realty Limited as the Landlord (ii) Betula as the tenant
The Premises	:	Shop OTE 101, Ground Floor, Ocean Terminal, Harbour City
Term	:	Two years commencing on 26 June 2022 and expiring on 25 June 2024
Consideration payable	:	The aggregate amount of the rent payable by Betula Profit Holdings Limited under the Tenancy Agreement is approximately HK\$14,700,000, which will be met with the internal resources of the Group.

In addition, Betula is required to pay the air-conditioning charge, service charge and promotional charge for the provision of air-conditioning services, provision of building management services and provision of provisional services by the Landlord respectively.

User	:	The Premises shall only be used for the purpose of operating a high class modern Chinese restaurant and an entertainment club trading under the shop name “HEXA 六公館”.
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INFORMATION OF THE PARTIES

The Group and Betula

The Group is principally engaged in the operation of clubbing and restaurants business in Hong Kong and mainland China.

Betula is an indirect owned subsidiary of the Company principally engaged in the operation of restaurant namely “HEXA 六公館”.

Landlord

The Landlord is principally engaged in property development and investment.

To the best of the Director’s knowledge, information and belief having all reasonable enquiries, the Landlord and its ultimate beneficial owner are Independent Third Parties of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Premises have been occupied by HEXA 六公館 on lease and the original tenancy agreement in respect of the Premises had expired on 25 June 2022. The renewal of the tenancy of the Premises by entering into the Tenancy Agreement will allow HEXA 六公館 continue to provide high quality food and services to the target customers and provide a fantastic venue for event hosting on an uninterrupted basis.

The terms of the Tenancy Agreement were determined after arm’s length negotiations between the Landlord and Betula, taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. As such, the Board considers that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Group and Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognise a right-of-use asset in the consolidated financial statements of the Company in connection with the tenancy of the Premises. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as an acquisition of asset by the Company under Chapter 19 of the GEM Listing Rules. The value (unaudited) of the right-of-use asset to be recognised by the Group under the Tenancy Agreement is approximately HK\$13.7 million which is the present value of lease payments throughout the lease term under the Tenancy Agreement, discounted by using the incremental borrowing rate with adjustment to fair value at initial recognition of refundable rental deposit and provision for reinstatement costs in accordance with HKFRS 16. Incremental borrowing rate of the lease liability is determined with reference to the prevailing interest rate of the Group’s external borrowings.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules calculated based on the value of the right-of-use asset recognized by the Company according to HKFRS 16 exceeds 5% but are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules. The Company is subject to notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Betula”	Betula Profit Holdings Limited, an indirect non-wholly owned subsidiary of the Company which is principally engaged in catering business
“Board”	the board of Directors
“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
“connected person(s)”	having the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rule(s)”	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HEXA 六公館”	HEXA 六公館, one of the restaurants of the Group operating under Betula as a high class modern Chinese restaurant and an entertainment club
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	person(s) or company(ies) which is independent of the Company and its connected persons and is not a connected person of the Company
“Landlord”	Wharf Realty Limited
“Premises”	Shop OTE 101, Ground Floor, Ocean Terminal, Harbour City
“Shareholder(s)”	holder(s) of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 15 August 2022 in respect of the Premises entered into between Wharf Realty Limited as landlord and Betula Profit Holdings Limited as tenant

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

Hong Kong, 19 August 2022

As at the date of this announcement, the executive Directors are Mr. Choi Yiu Ying, Mr. Choi Siu Kit, Mr. Yeung Chi Shing and Mr. Zhang Rongxuan; the non-executive Director is Mr. Au Ka Wai; and the independent non-executive Directors are Mr. Tang Tsz Tung, Mr. Chan Wai and Mr. Ip Hoi Fan.

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 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.