

Unless otherwise defined, capitalised terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus (the “**Prospectus**”) of Luk Hing Entertainment Group Holdings Limited (the “**Company**”) dated 27 October 2016.

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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares or other securities of the Company. Potential investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.



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)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 450,000,000 Shares

**Placing Price : HK\$0.21 per Placing Share plus
brokerage of 1.0%, SFC transaction
levy of 0.0027% and Stock Exchange
trading fee of 0.005%**

Nominal value : HK\$0.01 per Share

Stock code : 8052

Sole Sponsor



Sole Global Coordinator and Sole Bookrunner



Joint Lead Managers



SUMMARY

- The Placing Price has been determined at HK\$0.21 per Placing Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.21 per Placing Share, the net proceeds from the Placing to be received by the Company, after deducting the underwriting fees and other expenses in connection with the Placing, are estimated to be approximately HK\$67.5 million. The Company intends to apply the net proceeds from the Placing in accordance with the purposes set forth in the section headed “Future plans and use of proceeds” in the Prospectus.
- The 450,000,000 Placing Shares offered by the Company under the Placing have been slightly over subscribed and have been conditionally allocated to a total of 135 professional, institutional and other investors.
- A total of 53 placees, representing 39.3% of the total number of placees under the Placing, have been allotted one board lot of Shares.
- Based on the Placing Price of HK\$0.21 per Placing Share and pursuant to the Cornerstone Investment Agreement entered into with Mr. Lee Seunghyun (the “Cornerstone Investor”), as referred to the section headed “Cornerstone Investment” in the Prospectus, the number of the Placing Shares subscribed for by the Cornerstone Investor has now been determined as set out below:

	Number of Placing Shares subscribed	Approximate percentage of the total number of Placing Shares	Approximate percentage of shareholdings over the enlarged issued share capital of the Company immediately upon completion of the Capitalisation Issue and the Placing
Mr. Lee Seunghyun	<u>14,610,000</u>	<u>3.2%</u>	<u>0.8%</u>

- The offer of Placing Shares to the Cornerstone Investor forms part of the Placing. The Cornerstone Investor has not subscribed for any Placing Shares under the Placing other than pursuant to the Cornerstone Investment Agreement. The Cornerstone Investor will not have any Board representation in the Company, nor will become a substantial shareholder of the Company immediately after completion of the Capitalisation Issue and the Placing. The shareholding of the Cornerstone Investor will be counted towards the public float of the Shares. Under the Cornerstone Investment Agreement, the Cornerstone Investor will be subject to restrictions on disposals of their Placing Shares during the period of six months following the Listing Date.
- The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing, including the Cornerstone Investor, are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective close associates (as defined under the GEM Listing Rules), and are not any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing, and none of the Shares subscribed by the placees has been financed directly or indirectly by the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates, and none of the placees is accustomed to taking instructions from any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it. No placees will individually be placed more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing and the Capitalisation Issue. The Directors confirm that there will not be any new substantial shareholder of the Company within the meaning of the GEM Listing Rules immediately after completion of the Capitalisation Issue and the Placing.
- Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25.0% of the total number of issued Shares at the time of Listing and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50.0% of the Shares in public hands at the time of Listing shall be beneficially owned by the three largest public Shareholders. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be 32.5% of the enlarged issued share capital of the Company, and not more than 50.0% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- No receipt will be issued for subscription monies for the Placing Shares. The Company will not issue temporary documents of title.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 11 November 2016. The Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8052.

- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF PROCEEDS

The Placing Price has been determined at HK\$0.21 per Placing Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). Based on the Placing Price of HK\$0.21 per Placing Share, the net proceeds from the Placing to be received by the Company, after deducting the underwriting fees and other expenses in connection with the Placing, are estimated to be approximately HK\$67.5 million. The Company intends to apply the net proceeds from the Placing in accordance with the purposes set forth in the section headed “Future plans and use of proceeds” in the Prospectus in the following manner:

- approximately 49.2% of the net proceeds, representing approximately HK\$33.2 million, will be used for the opening costs to expand the scale of Club Cubic in Macau, which will be used primarily for decoration, furniture and fixture expenses, respectively and the remaining will be used for the engagement of professional consultants;
- approximately 21.0% of the net proceeds, representing approximately HK\$14.2 million, will be used for organizing events in venues other than Club Cubic including but not limited to venue rental, engaging performers and dancers and hiring part-time staff, and events marketing and promotion;
- approximately 19.8% of the net proceeds, representing approximately HK\$13.3 million, will be used for the research of expansion in regions other than Macau which includes engaging external market consultants and legal advisers to conduct business development studies and feasibility studies including market research, business, financial and legal analysis. The Group currently does not have any detailed plan or timeframe for the expansion plan; and
- approximately 10% of the net proceeds, representing approximately HK\$6.8 million, will be used for general working capital and other general corporate purpose.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The 450,000,000 Placing Shares offered by the Company under the Placing have been slightly over subscribed.

RESULTS OF ALLOCATION

Pursuant to the Placing, 450,000,000 Placing Shares (representing 25% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing) have been conditionally allocated to a total of 135 professional, institutional and other investors. A total of 53 placees, representing 39.3% of the total number of placees under the Placing, have been allotted one board lot of Shares. The distribution of the Placing Shares is set forth as below:

	Aggregate number of Placing Shares allocated	Approximate percentage of the total number of Placing Shares allocated	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing
Top placee	80,100,000	17.8%	4.5%
Top 5 placees	188,880,000	42.0%	10.5%
Top 10 placees	275,880,000	61.3%	15.3%
Top 25 placees	393,530,000	87.5%	21.9%

Number of Placing Shares allocated	Number of Placees
10,000	53
10,001 to 100,000	19
100,001 to 1,000,000	15
1,000,001 to 5,000,000	28
5,000,001 to 10,000,000	7
10,000,001 and above	<u>13</u>
Total	<u><u>135</u></u>

CORNERSTONE INVESTOR

Based on the Placing Price of HK\$0.21 per Placing Share and pursuant to the Cornerstone Investment Agreements entered into with the Cornerstone Investor as referred to the section headed “Cornerstone Investment” in the Prospectus, the number of the Placing Shares subscribed for by the Cornerstone Investor has now been determined as set out below:

	Number of Placing Shares subscribed	Approximate percentage of the total number of Placing Shares	Approximate percentage of shareholdings over the enlarged issued share capital of the Company immediately upon completion of the Capitalisation Issue and the Placing
Lee Seunghyun	<u>14,610,000</u>	<u>3.2%</u>	<u>0.8%</u>

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Cornerstone Investor is an independent third party, not a connected person, and not an existing Shareholder or close associate (as defined under the GEM Listing Rules) of the Company.

The offer of Placing Shares to the Cornerstone Investor forms part of the Placing. The Cornerstone Investor has not subscribed for any Placing Shares under the Placing other than pursuant to the Cornerstone Investment Agreement. The Cornerstone Investor will not have any Board representation in the Company, nor will become a substantial shareholder of the Company immediately after completion of the Capitalisation Issue and the Placing. The shareholdings of the Cornerstone Investor will be counted towards the public float of the Shares. Under the Cornerstone Investment Agreement, the Cornerstone Investor will be subject to restrictions on disposals of their Placing Shares during the period of six months following the Listing Date.

Please refer to the section headed “Cornerstone Investment” in the Prospectus for further details relating to the Cornerstone Investor.

The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing, including the Cornerstone Investor, are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective close associates (as defined under the GEM Listing Rules), and are not any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing, and none of the Shares subscribed by the placees has been financed directly or indirectly by the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates,

and none of the placees is accustomed to taking instructions from any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it. No placees will individually be placed more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing and the Capitalisation Issue. The Directors confirm that there will not be any new substantial shareholder of the Company within the meaning of the GEM Listing Rules immediately after completion of the Capitalisation Issue and the Placing.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(2)(b) of the GEM Listing Rules, the Shares in the hands of the public should, as at the time of Listing, be held among at least 100 persons.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25.0% of the total number of issued Shares at the time of Listing and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50.0% of the Shares in public hands at the time of Listing shall be beneficially owned by the three largest public Shareholders. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be 32.5% of the enlarged issued share capital of the Company, and not more than 50.0% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date (i.e. Friday, 11 November 2016) or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for subscription monies for the Placing Shares. The Company will not issue temporary documents of title.

The share certificates for the Placing Shares allotted and issued to the placees (other than the Cornerstone Investor) will be deposited into CCASS on or before Thursday, 10 November 2016 for credit to the respective CCASS participant's stock accounts or CCASS investor participant's stock accounts designated by the Sole Global Coordinator (for itself and on behalf of the Underwriters), the placees or their respective agents (as the case may be).

Prospective investors of the Placing Shares should note that the Sole Global Coordinator (for itself and on behalf of the Underwriters) are entitled to terminate their obligations under the Underwriting Agreement by giving notice in writing to the Company upon the occurrence of any of the events stated in under the paragraph headed "Grounds for termination" under the section headed "Underwriting" in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, i.e. Friday, 11 November 2016. Should the Sole Global Coordinator (for itself and on behalf of the Underwriters) exercise their rights and terminate the Underwriting Agreement, the Placing will lapse, all monies received will be refunded to subscribers of the Placing Shares without interests and the Stock Exchange will be notified immediately. Notice of lapse of the Placing will be published by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.lukhing.com accordingly immediately following such lapse.

All share certificates for the Placing Shares will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 11 November 2016. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.lukhing.com. The Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8052.

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

Hong Kong, 10 November 2016

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 Ion Weng and Ms. Poon Kam Yee Odilia; and the independent non-executive Directors with effect from the Listing Date are Mr. Lam Wai Chin Raymond, Mr. Chan Ting Bond Michael and Mr. Tse Kar Ho Simon.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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