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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)

PROFIT WARNING

This announcement is made by Luk Hing Entertainment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Director(s)**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review and assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Group is expected to record a net loss of approximately HK\$45 million for the year ended 31 December 2019 as compared to the net profit of approximately HK\$3 million for the corresponding period in 2018.

The Board considers that the loss was primarily attributable to:

- (i) The effects of the application of Hong Kong Financial Reporting Standard 16 “Leases” (“HKFRS 16”, effectively from 1 January 2019) on the expenditures spent on the leases of the restaurants;
- (ii) The pre-opening and startup costs of our newly operated clubbing business in Zhuhai City of the PRC which is named “Club Cubic Zhuhai” and has commenced business operation at the end of August 2019;
- (iii) The pre-opening and startup costs of our newly operated restaurant, namely “SIXA” in Citygate Outlets of Tung Chung town center, which has commenced business operation at the end of August 2019; and

(iv) The weak sales performance of “SIXA” hit by sharp decline in inbound visitors and the continuous weak economic environment and sentiments of the society.

The outbreak of the COVID-19 coronavirus in 2020 could further weaken the economic environment and market sentiments which will negatively impact on the sales performance of our clubbing and restaurant businesses. We expect more challenging business environment in the year ahead. The Group will continue to take short-term and long-term measures to control cost and drive operation efficiency.

The Group is still in the process of finalising its consolidated financial results for the year ended 31 December 2019 (the “**Annual Results**”). As such, this announcement is made solely on the basis of preliminary assessment by the Board with reference to the information currently available to the Board and may be subject to adjustments. The Annual Results may be different from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the Annual Results announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 March 2020

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 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.