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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)**

### **VOLUNTARY ANNOUNCEMENT**

#### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POTENTIAL FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 12 December 2016 (after trading hours), Luk Hing China entered into a non-legally binding Memorandum of Understanding with Zhuhai Wei Chong and its controlling shareholder, pursuant to which Luk Hing China and Zhuhai Wei Chong proposed to form a joint venture company in the PRC with other potential investors for the operation of a clubbing venue in Zhuhai.

This announcement is made by the Company on a voluntary basis for the purpose of keeping the Shareholders and potential investors informed of the latest business development of the Group.

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#### **MAJOR TERMS OF THE MEMORANDUM OF UNDERSTANDING**

Under the Memorandum of Understanding, the Parties agreed that, the JV Company shall be established and shall be held as to 15% by Luk Hing China, 30% by Zhuhai Wei Chong and 55% by other potential investors. The registered capital of the JV Company shall be RMB30 million and the amount to be contributed by Luk Hing China, Zhuhai Wei Chong and other potential investors should be RMB4.5 million, RMB9.0 million and RMB16.5 million respectively.

Subsequent to the setting up of the JV Company, Luk Hing China or its affiliated company shall enter into two agreements with the JV Company (i) to license the Group's relevant trademarks in the PRC relating to the clubbing business to the JV Company for the operation of the clubbing venue in Zhuhai; and (ii) to provide professional consultancy services relating to the operation of the clubbing business including management, financial and marketing services. Pursuant to such licensing and consultancy agreements, the JV Company shall pay a monthly royalty fee and monthly management fee in consideration of the licensing of the relevant trademarks and the consultancy services respectively.

Each of Zhuhai Wei Chong and its controlling shareholder undertakes to Luk Hing China that it shall not directly or indirectly engage in any clubbing business or similar business activity.

The Parties agree that if no formal agreement is entered into within two months of the Memorandum of Understanding (i.e. 11 February 2017) or such later date as the Parties agree, the Memorandum of Understanding will be cancelled automatically.

## **REASONS FOR ENTERING INTO THE MEMORANDUM OF UNDERSTANDING**

The Group is a premium clubbing and entertainment business operator, primarily engaged in operating Club Cubic located in the City of Dreams in Cotai, Macau and organising featured events.

As disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 27 October 2016, the Company plans to expand in regions other than Macau through exploring potential cooperation partners and acquisition targets, discuss or sign memorandum of understanding or agreement.

The Board is of the view that the proposed formation of the JV Company under the Memorandum of Understanding will pave way for great opportunities for the Group to extend its clubbing operations outside Macau as the Board believes that there is enormous business potential in the premium clubbing and entertainment business operations in Zhuhai.

The Board expects that the proposed formation of the JV Company will diversify the Group's business and expand our coverage and sources of revenue.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Zhuhai Wei Chong and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

## GENERAL

The Board wishes to emphasize that the Memorandum of Understanding has merely set out the strategic cooperation framework between the Parties and may or may not lead to the entering into a formal and legally binding joint venture agreement. The proposed formation of the JV Company, if materialized, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Should the Group (i) enter into formal agreement; (ii) decide not to proceed with the transactions contemplated under the Memorandum of Understanding; or (iii) encounter any material development on the proposed formation of the JV Company, the Group will inform the Shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

Shareholders and potential investors are advised 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.

“Board”	the board of Directors
“Company”	Luk Hing Entertainment Group Holdings Limited (stock code: 8052), a company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the GEM board of the Stock Exchange
“Directors”	the directors of the Company
“GEM”	Growth Enterprise Market
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and/or any of 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)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“JV Company”	a limited liability joint venture company to be established by Luk Hing China and Zhuhai Wei Chong in and under the laws of the PRC

“Luk Hing China”	Luk Hing Group Development (China) Limited, an indirect wholly-owned subsidiary of the Company incorporated with limited liability under the laws of Hong Kong
“Memorandum of Understanding”	the non-legally binding memorandum of understanding entered into between the Parties on 12 December 2016 (after trading hours) in relation to the proposed formation of the JV Company
“Party or Parties”	Luk Hing China, Zhuhai Wei Chong and its controlling shareholder, together the Parties and each, a Party
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Wei Chong”	Zhuhai Wei Chong Culture Broadcasting Company Limited* (珠海唯創文化傳播有限公司), a company incorporated with limited liability under the laws of the PRC

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

Hong Kong, 12 December 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 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 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 “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for 7 days from the date of its posting and be posted on the website of the Company at <http://www.lukhing.com>.*

*\* For identification purposes only*