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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)

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Luk Hing Entertainment Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 October 2016 (the “**Prospectus**”) in relation to the listing of the shares of the Company on GEM of the Stock Exchange by way of placing (the “**Placing**”); (ii) the announcement dated 26 September 2019 (the “**2019 Announcement**”) in relation to the change in use of proceeds from Placing (the “**Net Proceeds**”); and (iii) the annual report of the Company published on 8 May 2020 (the “**2019 Annual Report**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2019 Annual Report.

USE OF PROCEEDS IN THE PROSPECTUS AS REVISED PURSUANT TO THE 2019 ANNOUNCEMENT

The original intended use of the Net Proceeds, which amounted to approximately HK\$65.6 million in connection with the Placing, was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. In the 2019 Announcement, the Company announced certain changes in the use of the Net Proceeds which remained unutilized as at 26 September 2019 amounting to approximately HK\$26.2 million. The revised intended use of the Net Proceeds as disclosed in the 2019 Announcement was as follows:

- approximately HK\$6.2 million for expansion in regions other than Macau; and
- approximately HK\$20 million for renovation of Club Cubic Macau.

As at the date of this announcement, the Group has utilized approximately HK\$4.0 million for establishment of Club Cubic Guangzhou and approximately HK\$8.3 million for renovation of Club Cubic Macau.

FURTHER CHANGE IN USE OF PROCEEDS

As disclosed in the 2019 Annual Report, the unutilized Net Proceeds as at 31 December 2019 amounted to approximately HK\$13.9 million (the “**unutilized Net Proceeds**”). The Board has resolved to further change the use of the remaining unutilized Net Proceeds as follows:

	Revised intended use of Net Proceeds as stated in the 2019 Announcement (HK\$ million)	Unutilized Net Proceeds up to the date of this announcement (HK\$ million)	Proposed Change in use of unutilized Net Proceeds (HK\$ million)
Expansion in regions other than Macau	6.2	2.2	—
Renovation of Club Cubic Macau	20	11.7	—
Working capital and general corporate use	—	—	13.9
Total	26.2	13.9	13.9

REASONS FOR CHANGE IN USE OF PROCEEDS

In view of the social instability in Hong Kong since June 2019 and the outbreak of Coronavirus disease (“**COVID-19**”) pandemic since January 2020, the economy and the market situations of Macau and Hong Kong have been severely hit and the continuous impact on the economic outlook remains uncertain. The Board is of the view that the current priority should be to focus on its existing operations and strengthen its position in the market which would require more working capital to provide stronger support for the frontline operations.

The Group therefore weighed up the costs and benefits and considered to adopt a prudent approach of holding up the capital investments including the renovation of Club Cubic Macau and the establishment of Club Cubic Guangzhou. The unutilized net proceeds of approximately HK\$13.9 million will be reallocated to the general working capital of the Group. The Board is of the view that the use of proceeds is appropriately adjusted to better meet the current economic climate and is more beneficial to the Group’s operational needs in combatting the challenges brought by the COVID-19 pandemic. As at the date of this announcement, the Group has utilized approximately HK\$4.0 million for the establishment of Club Cubic Guangzhou, which is mainly for the rental deposit and renovation deposit of the venue. The Group is in negotiation with the strategic partner to take up the project and refund the paid deposits to the Group.

As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the above change will allow the Company to preserve capital in times of economic uncertainties which is in the best interest of the Company and Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Directors will continuously assess the plans for the use of Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

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

Hong Kong, 26 June 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 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.lukhing.com.