

DATED 24th DAY OF FEBRUARY 2023

**LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED
(as Company)**

and

**SANSTON FINANCIAL GROUP LIMITED
(as Placing Agent)**

**PLACING AGREEMENT
RELATING TO PLACING OF UP TO 450,880,000
NEW SHARES OF HK\$0.01 EACH OF
LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED
UNDER GENERAL MANDATE**

THIS AGREEMENT is made the 24th day of February 2023

BETWEEN:

- (1) **LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED**, a company incorporated under the laws of the Cayman Islands with registered number 306320 whose registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and correspondence address is at Room 1505, 15/F., Shun Tak Centre West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong (the “**Company**”); and
- (2) **SANSTON FINANCIAL GROUP LIMITED**, a company incorporated under the laws of Hong Kong with company number 1078542 whose registered address is at 17/F, The L. Place, 139 Queen’s Road Central, Hong Kong (“**Placing Agent**”).

WHEREAS:

- (A) The Company was incorporated in the Cayman Islands and as at the date of this Agreement the Company has an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of which 2,290,400,000 Shares (as defined below) have been issued and are fully paid or credited as fully paid. The Shares of the Company are listed on GEM of the Stock Exchange (as defined below) (Stock Code: 8052).
- (B) At the date of this Agreement, the Placing Agent (CE No. AOR964) is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of Securities and Futures Ordinance) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities in Hong Kong.
- (C) The Company is desirous of issuing the Placing Shares (as defined below) and the Company intends to appoint the Placing Agent and the Placing Agent intends to act as placing agent for the purpose of placing the Placing Shares, on a best efforts basis, to the Placees, subject to the terms and conditions herein contained.
- (D) In consideration of the Placing Agent agreeing to enter into this Agreement on terms set out herein, the Company will, among other matters, give certain representations, warranties and undertakings for the benefit of the Placing Agent.
- (E) The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares (as defined below).
- (F) At the date of this Agreement, each of Welmen, Mr. Simon Choi and Mr. John Choi is deemed interested in 1,111,500,000 Shares, representing approximately 48.53% of the entire issued share capital of the Company.

IT IS HEREBY AGREED:

1. INTERPRETATION

1.1. In this Agreement (including the Recitals above), unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to each of them below:

“Agreement”	this placing agreement as amended or varied from time to time by an agreement in writing duly executed and delivered by the Parties
“Associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Business Day”	any day on which the Stock Exchange is open for business to deal in securities
“CCASS”	Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Completion”	completion of the subscription of the Placing Shares pursuant to Clause 6 in this Agreement
“Completion Date”	a Business Day within five (5) Business Days after fulfilment of the conditions stated in Clause 3 of this Agreement (or such other time and date as the Placing Agent and the Company may agree in writing prior to the Completion)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“connected persons”	has the meaning as ascribed to it in the GEM Listing Rules
“controlling shareholder”	has the meaning as ascribed to it in the GEM Listing Rules
“Directors”	the directors of the Company
“Financial Reports”	collectively, the annual report of the Company for the year ended 31 December 2021; the first quarterly report of the Company for the three months ended 31 March 2022; the interim report of the Company for the six months ended 30 June 2022; and the third quarterly report of the Company for the nine months ended 30 September 2022, all published on the website of the Stock Exchange and despatched to its Shareholders
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM of the Stock Exchange

“GEM”	GEM operated by the Stock Exchange
“General Mandate”	the general mandate granted to the directors of the Company to issue and deal in new Shares (up to 450,880,000 Shares) by the Shareholders at the annual general meeting of the Company held on 17 June 2022
“General Rules”	the General Rules of CCASS from time to time in force
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Indebted Sums”	an amount not exceeding HK\$50,000,000 which the Company and its wholly-owned subsidiaries, excluding Luk Hing Investment Limited is indebted to various creditors including the petitioner under the Petition as at the date of this Agreement
“Long Stop Date”	17 March 2023 (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Management Accounts”	the unaudited consolidated management accounts of the Group for the period from 1 January 2022 to 30 September 2022
“Mr. John Choi”	Mr. Choi Siu Kit, a controlling shareholder of the company and an executive Director
“Mr. Simon Choi”	Mr. Choi Yat Hon (formerly known as Choi Yiu Ying), a controlling shareholder of the company and an executive Director
“Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS from time to time in force
“Participant”	a person admitted for the time being by HKSCC as a participant of CCASS

“Parties”	the named parties to this Agreement and their respective successors and permitted assigns and “Party” means either of them
“Petition”	a winding-up petition from Jolly Rise Holdings Limited in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) filed in the High Court of The Hong Kong Special Administrative Region under Companies Winding-up Proceedings No. 467 of 2022
“Placee(s)”	any professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe the Placing Shares pursuant to its obligations hereunder
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares on the terms and subject to the conditions referred to herein
“Placing Price”	the price of HK\$0.016 per Placing Share
“Placing Shares”	up to 450,880,000 new Shares to be issued and allotted by the Company under the unutilised General Mandate and pursuant to this Agreement on the Completion Date, representing approximately 16.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Warranties”	the representations, warranties and undertakings under Clause 4 and Schedule 1
“Welman”	Welman Investment Co. Ltd, a controlling shareholder of the company

- 1.2. In this Agreement, including its recitals and schedules, unless otherwise defined or unless the context or subject matter otherwise requires:
- (A) any reference to the Parties shall include their respective permitted assignees and successors;
 - (B) any reference to Recitals, Clauses or Schedules is a reference to the recitals and clauses of, and the schedules to, this Agreement;
 - (C) the Recitals and Schedules form part of this Agreement and shall be construed as part thereof and shall have the same full force and effect as if expressly set out in the main body of this Agreement;
 - (D) words and phrases defined in the Companies Ordinance shall have the same meanings in this Agreement;
 - (E) any reference to a statutory provision shall include a reference to that provision as amended or re-enacted from time to time;
 - (F) headings are inserted for convenience only and shall be ignored in construing this Agreement;
 - (G) the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter;
 - (H) any reference to dates or times is a reference to a date or time in Hong Kong;
 - (I) any reference to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations, all forms of governmental body or authority, or any association or partnership (whether or not having a separate legal personality) of two or more of the foregoing;
 - (J) any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as it may have been, or may be, amended, varied, novated or supplemented;
 - (K) any reference to a document being “in the agreed terms” means documents in the terms agreed between the Parties and, for the purpose of identification, signed by them or on their behalf, or such document in such other terms as may be agreed in writing by the Parties from time to time in substitution for or in variation of such document;
 - (L) any reference to “best efforts basis” means the effort that a prudent placing agent desirous of achieving a result would reasonably use in similar circumstances to achieve that result;
 - (M) the rule known as the ejusdem generis rule shall not apply. Accordingly general words introduced or followed by the word “other” or “including” or “in particular”

shall not be given a restrictive meaning because they are followed by particular examples intended to fall within the meaning of the general words;

- (N) all warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one person are given or entered into jointly and severally;
- (O) in relation to any warranty, term or undertaking contained in this Agreement, references to “material breach” or “material respect” or similar expressions which connote materiality of the degree of breach, non-performance or default shall mean any such breaches, non-performances or defaults, either singly or in aggregate, would have a material adverse effect on the business, operations, financial conditions or prospects of the Group as a whole or in the context of the sale and purchase herein or the consideration to be paid hereunder; and
- (P) in relation to the business, operations, financial conditions or prospects of the Group, references to “material adverse change” or similar expressions which connote materiality of the degree of adverse change shall mean any event, circumstance or occurrence which might reasonably be expected to have a material adverse effect on the business, operations, financial conditions or prospects of the Group taken as a whole.

2. THE PLACING

- 2.1. The Company hereby appoints the Placing Agent and the Placing Agent, relying on the Warranties and subject as hereinafter mentioned, hereby agree, on the terms and subject to the conditions set out in this Agreement, as agent of the Company, on a best effort basis, to procure one (1) or more Placee(s) to subscribe for the Placing Shares at the Placing Price. For the avoidance of doubt, in the event the Placing Shares are under-subscribed, the Placing Agent shall have no obligation to take up any unsubscribed Placing Shares.
- 2.2. The choice of the Placees and the quantity of the Placing Shares to be allocated to any particular Placee shall be determined by the Placing Agent at its sole discretion subject to the requirement that, subject to Clause 2.5, each Placee shall be an individuals, corporate, institutional investors or other investors independent of and not connected with the Company and its connected persons and subject to any objection (if any) the Stock Exchange and the SFC and the Company may have to any particular person or company being a Placee.
- 2.3. The Placing Agent shall on the Completion Date make or procure the making of payment in HK\$ for value of the aggregate amount of the relevant Placing Shares subscribed of the number of the relevant Placing Shares it has successfully placed (together with such Stock Exchange trading fee, SFC transaction levy, Financial Reporting Council transaction levy, CCASS stock settlement fee and brokerage as may be payable by the Placee(s)) to the bank account nominated by the Company or in such other manner as may be agreed by the parties hereto, which shall constitute a complete discharge of the Placing Agent’s obligations in respect thereof.

- 2.4. In effecting the Placing, the Placing Agent shall be acting as the agent of the Company and the Company hereby authorises the Placing Agent to (i) act and to take all such actions on behalf of the Company as the Placing Agent reasonably deems necessary in order to carry into effect and complete the Placing and (ii) delegate any of their functions under this Agreement to any other person or sub-agent as the Placing Agent see fit in accordance with this Agreement.
- 2.5. The Placing Agent hereby represents to and agrees with the Company that:
- 2.5.1. the Placing Agent is an independent third party not connected to the Company and its connected persons; and the Placing Agent has not offered or sold and shall not offer or sell in Hong Kong, by means of any document, any Placing Shares other than to persons whose ordinary business consists of, among other things, buying or selling shares or debentures, whether as principal or as agent, or otherwise in circumstances which do not constitute an offer to the public;
 - 2.5.2. the Placing Agent has not issued or caused to be issued and shall not issue or cause to be issued by documents in relation to the Placing in Hong Kong other than with respect to the Placing Shares intended to be disposed of in Hong Kong only to persons whose business consists of, among other things, the acquisition, disposal, or holding, of securities whether as principals or as agents;
 - 2.5.3. the Placing Agent shall not, directly or indirectly, offer, sell or deliver any Placing Shares or distribute or publish any documents or make any representations or statements in relation to the Placing in any country or jurisdiction except such as, and under circumstances that, shall not result in or constitute a breach of any applicable laws and regulations or given rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained (other than such as are made or obtained by the Placing Agent) in any country or jurisdiction (including without limitation not to offer, sell or deliver, directly or indirectly, the Placing Shares to persons other than institutional or individual investors whose ordinary business consists of, among other things, dealing in securities) and all offers, sales and deliveries of the Placing Shares shall be made on such terms;
 - 2.5.4. the Placing shall be effected by telephone conversations leading to concluded contracts between the Placing Agent as the Company's agent and the Placees which shall be confirmed by letters of confirmation and its usual forms of acknowledgement;
 - 2.5.5. neither the Placing Agent nor any of its affiliates or any persons acting on their behalf have/has offered, sold or effected a placing of, and none of them shall offer, sell or effect a placing of, the Placing Shares, engage in price stabilisation in relation to the Placing or distribute or publish any offering material in relation to the Placing Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which any such offer, sale or placing takes place and, accordingly (without prejudice to the generality of the foregoing), that the Placing Agent shall comply, and shall use their best endeavours to procure that each of those affiliates and other persons (where

appropriate) through whom the Placing Agent may directly or indirectly effect the Placing or offer any Placing Shares complies;

- 2.5.6. neither the Placing Agent nor any of its affiliates or any persons acting on its behalf have/has made or shall make, in their respective capacity as agents of the Company in connection with the Placing, to any person to whom any of the Placing Shares may be offered any representation or statement regarding the Company or the financial or business position or prospects of the Company which was not or is not at the time of making the same been disclosed to the public in writing by the Company;
- 2.5.7. the Placing Agent shall use its best endeavours (after exercising due care) to ensure that the Placees shall be third parties independent of and not acting in concert with the Placing Agent and parties acting in concert with it and/or the connected persons of the Company. The Placing Agent shall make available and promptly supply, or use its best endeavours to procure the relevant Placees to make available and promptly supply, to the Stock Exchange and the SFC or any other relevant authority all information in relation to the Placees which may be required by the Stock Exchange, the SFC and/or such other authority;
- 2.5.8. the Placing Agent shall use its best endeavours (after exercising due care) to ensure that it will not offer or place any of the Placing Shares to or with any person, firm or company:
- (a) which will trigger a mandatory obligation under Rule 26 of the Takeovers Code on the part of the Placees, whether or not such mandatory offer obligation is triggered by the fact that (i) the voting right of any Placee after taking up the Placing Shares issued to it becomes 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) or more of the voting rights of the Company; or (ii) the voting right of each of two or more Placees after taking up the Placing Shares issued to them becomes 20% or more of the voting rights of the Company; and
 - (b) which will result in the Company's non-compliance with minimum public shareholding requirements under the GEM Listing Rules; and
- 2.5.9. the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable, the rules and codes of the SFC in relation to its role as placing agent for the Placing and will issue appropriate written confirmation of such fulfillment and compliance upon request by the Company and/or the relevant authority.

3. CONDITIONS PRECEDENT

3.1. Completion shall be conditional upon:

- (A) the listing committee of the Stock Exchange having granted (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall

reasonably object) the listing of, and permission to deal in, the Placing Shares and such approval has not been revoked prior to Completion;

- (B) the Shares remaining listed on GEM of the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Long Stop Date;
 - (C) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of this Agreement and the transactions contemplated thereunder;
 - (D) no Warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date;
 - (E) the Placing Agent having completed due diligence on the legal, financial and business aspects of the Group and the Placing Agent is satisfied with the due diligence results; and
- 3.2. If any of the above conditions cannot be fulfilled, the Subscriber may at its absolute discretion waive conditions (D) and/or (E) above. All other conditions are non-waivable, the Placing Agent and the Company is not entitled to waive any of the above conditions.
- 3.3. If, any of the conditions above is not fulfilled or waived at or prior to 4:00 p.m. (Hong Kong time) on or before the Long Stop Date, the Placing under this Agreement will terminate automatically and all rights, obligations and liabilities of the parties to this Agreement shall cease and terminate and none of the parties to this Agreement shall have any claim against any other in respect of the Placing, save for any antecedent breaches thereof.
- 3.4. The Company shall use its best endeavours to procure the fulfilment of the condition specified in Clause 3.1 on or prior to the Long Stop Date and in particular (without limiting the generality of the foregoing) the Company shall furnish such information, supply such documents, pay such fees and do all such acts and things as may be reasonably required by the Placing Agent, the Stock Exchange, SFC (if required) and the relevant authorities in connection with the application for the listing of, and permission to deal in, the Placing Shares.

4. WARRANTIES AND REPRESENTATIONS

- 4.1. The Company represents, warrants and undertakes with the Placing Agent in the terms set out in this Clause 4 and Schedule 1.
- 4.2. The Company agrees and acknowledges that the Placing Agent is entering into this Agreement in reliance on the Warranties.
- 4.3. All Warranties are deemed to be made on the date of this Agreement and are repeated every day until Completion and on Completion. The Company undertakes to notify the Placing Agent upon it becoming aware prior to Completion of any event which could

reasonably be expected as indicating that any of the Warranties may be or may have been incorrect, misleading or breached in any material respect or which may have or have had a material adverse effect on the business, financial or trading positions, prospects, assets or liabilities of the Group taken as a whole.

- 4.4. No investigation by or on behalf of the Placing Agent shall prejudice any claim or operate to reduce any amount recoverable and it shall not be a defence to any claim against the Company that the Placing Agent had any actual knowledge or ought to have known or had constructive knowledge of any information relating to the circumstances giving rise to such claim.
- 4.5. If the Company fails to perform any of its obligations in any material respect (including its obligation at Completion) under this Agreement or breaches any of the terms or Warranties set out in this Agreement in any material respect prior to the Completion, then without prejudice to all and any other rights and remedies available at any time to the Placing Agent (including but not limited to the right to damages for any loss suffered by it), the Placing Agent may, by notice either require the Company to perform such obligations or, insofar as the same is practicable, remedy such breach, or to the extent it relates to the failure of the Company to perform any of its obligations at or prior to Completion in any material respect, treat the Company as having repudiated this Agreement and rescind the same. Where the relevant breach is capable of remedy within 14 days after its occurrence and the Company is proceeding diligently to remedy such breach, the date for Completion shall be deferred to the first Business Day after such breach is remedied, which must be within 14 days, provided that the date for Completion shall not be so deferred more than once. The rights conferred upon the respective parties by the provisions of this Clause 4.5 are additional to and do not prejudice any other rights the respective parties may have. No failure to exercise any of the rights conferred in this Clause shall constitute a waiver of any such rights.

5. UNDERTAKINGS

- 5.1. The Company hereby undertakes with the Placing Agent that the Company shall:
 - 5.1.1. apply all of the net proceed from the Placing to repay the indebted sum under the Petition first and the rest to the remaining Indebted Sums (excluding any outstanding sums owing to Welmen, Mr. Simon Choi, Mr. John Choi, their Associates and/or parties acting in concert);
 - 5.1.2. comply in all respects with the terms and conditions of the Placing and, in particular, that the Company shall have sufficient unissued share capital for the Placing Shares;
 - 5.1.3. comply with the laws of Hong Kong and Cayman Islands and all requirements of the Stock Exchange and other relevant governmental or regulatory authorities to enable the listing of, and permission to deal in, the Placing Shares is granted and maintained;
 - 5.1.4. provide the Placing Agent with all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Group or

otherwise as may be reasonably required by the Placing Agent in connection with the Placing for the purposes of complying with all requirements of applicable law or of the Stock Exchange or other regulatory authorities;

- 5.1.5. comply with all obligations which may be imposed upon it by the Companies Ordinance, the GEM Listing Rules, and all applicable laws or otherwise in respect of or by reason of the matters contemplated by this Agreement including but without limitation, where applicable, the making of all necessary filings with the Registrar of Companies in Hong Kong.

5.2. Pending the completion of this Agreement, the Company hereby undertakes to

- 5.2.1. procure that the existing business of each member of the Group will continue to be operated in normal and prudent basis and in the ordinary course of day-to-day operations consistent with past practice and it will not do or omit to do (or allow to be done or omit to be done) any act or thing not in the ordinary course of day-to-day operations which has a material adverse effect on the Group and in particular (but without limiting the generality of the foregoing) will procure that, save as provided in this Agreement, the Group shall not prior to the Completion Date, do, allow, or procure any act or permit any omission which would or might constitute a breach of any of the Warranties or any of its undertakings set out in this Agreement, save with the Placing Agent's prior written consent;

- 5.2.2. procure that, at all times prior to the Completion Date, unless with the prior written consent of the Placing Agent, each member of the Group shall not amend the memorandum and articles of association or bye-laws of any member of the Group save for the amendments in compliance with the applicable laws and/or the requirement of the GEM Listing Rules.

5.3. The Company shall procure that particulars of every significant new factor known to it which is capable of materially affecting assessment of the Placing Shares and which arises between the date of this Agreement and the Completion Date shall be promptly provided to the Placing Agent.

5.4. The Company hereby undertakes with the Placing Agent that:

- (A) if at any time before the Completion Date, the Company comes to know or on reasonable enquiry ought to be known reasonably of any material new fact, circumstance or event which:
 - (i) is in any way inconsistent with any of the undertakings or Warranties given by the Company, or suggests that any fact warranted may not be as warranted or may be misleading; and/or
 - (ii) might affect the willingness of a prudent placee for value of the Placing Shares to enter into or to complete a subscription of, or the amount of the consideration which such placee would be prepared to pay for, the Placing Shares;

the Company shall, as soon as practicable, give written notice thereof to the Placing Agent; and

(B) before the Completion Date, the Company shall not, and shall procure that the members of the Group will not, do or allow any act or omission which would constitute a breach of any of its undertakings and Warranties if its undertakings and Warranties were given at any time up to the Completion Date.

5.5. Without prejudice to the foregoing obligations, the Company undertakes with the Placing Agent or the Placees that it shall do all such other acts and things as may be reasonably required to be done by it to carry into effect the Placing in accordance with the terms thereof and the terms of this Agreement.

5.6. The Company agrees and acknowledges that the undertakings contemplated under this Clause are given to and for the benefit of all Placees, notwithstanding that the Placees have not executed this Agreement. The Company agrees and acknowledges that each of the Placees shall be entitled to the full benefit of such undertakings contemplated under this Clause to the same extent as if each of the Placees had executed this Agreement.

5.7. Without prejudice to the foregoing obligations, the Company undertakes with the Placing Agent that it shall do all such other acts and things as may reasonably be required by the Placing Agent to be done by it to carry into effect the Placing in accordance with the terms thereof and the terms of this Agreement and the Instrument.

6. COMPLETION

6.1. Subject to Clause 8 below, Completion shall take place at the principal place of business of the Company in Hong Kong on the Completion Date by no later than 4:00 p.m. (unless otherwise agreed between the Placing Agent and the Company in writing) provided that all the conditions in Clause 3 have been fulfilled at the time of Completion.

6.2. At Completion, each Party shall perform its respective obligations as follows:

6.2.1. the Company shall (a) procure that its designated Participant(s) gives an irrevocable delivery instruction to effect a book-entry settlement of the relevant Placing Shares on Completion in accordance with this Agreement and the General Rules and the Operational Procedures to the credit of the stock accounts of the Participants of the Placee(s) in accordance with the details provided to the Company by the Placing Agent prior to Completion; and (b) deliver to, or procure that there be delivered to, the Placing Agent or as it may direct evidence of the giving of the delivery instruction in (a); and

6.2.2. against compliance in full by all the Company with its respective obligations pursuant to Clause 6.2.1, the Placing Agent shall on such Completion, make or procure the making of payment in Hong Kong dollars by delivery to the Company of cheque(s) or cashiers' order(s) of a licensed bank in Hong Kong and made payable to the Company or as the relevant Company may direct an amount in Hong Kong dollars equivalent to the Placing Price multiplied by the number of the relevant Placing Shares owned by the Company and successfully placed by the Placing Agent (less the relative amount referred to in Clause 7),

the payment of which shall constitute a complete discharge of the obligations of the Placing Agent in respect of the Placing Shares placed by the Placing Agent under this Agreement.

7. COMMISSIONS, EXPENSES AND STAMP DUTY

7.1. In consideration of the services of the Placing Agent in relation to the Placing, the Company shall pay to the Placing Agent and the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 6.2.2:

(A) a placing commission of 3.0% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully subscribed for by the Placees under the Placing, out of which the Placing Agent will meet its selling concession and sub-placing commission obligations (if any); and

(B) other out-of-pocket charges and expenses incurred by the Placing Agent in relation to the Placing with prior written approval of the Company.

7.2. Without limiting the generality of the provisions of Clause 8.1, the Company shall also pay in relation to the Placing:

(A) the costs, charges, fees and expenses of:

(i) the application to the Stock Exchange for the listing of, and permission to deal, in the Placing Shares, including the fees of the Stock Exchange in connection therewith;

(ii) publishing any announcement and other documents in connection with this Agreement or in relation to the Placing under the GEM Listing Rules;

(iii) any professional advisers of the Company engaged in connection with the Placing or this Agreement;

(iv) any approval, filing, registration with or other charges or fees imposed or charged by the Registrars of Companies in Hong Kong, Cayman Islands or other relevant governmental or regulatory authorities; and

(v) all other costs incurred in connection with the Placing not already paid by the Placing Agent on the Company's behalf; and

(B) any capital duty, premium duty and any other fees, charges and expenses payable on the increase in the share capital of the Company and the allotment and issue of the Placing Shares.

7.3. Subject to this Clause 7, each Party shall bear its own costs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated herein.

8. TERMINATION

8.1. Notwithstanding anything contained in this Agreement, if, at any time prior to 4:00 p.m. (Hong Kong time) on the Completion Date, in the reasonable opinion of the Placing Agent that the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

8.1.1. any material breach of any of the representations and warranties set out in Clause 4 or the undertakings set out in Clause 5; or

8.1.2. the occurrence of any of the following events:

- (i) any new law or regulation or any material change or development involving a prospective change in existing laws or regulations in Hong Kong which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole;
- (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
- (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iv) a material change or development involving a prospective change in taxation in Hong Kong or Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (v) any material adverse change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing under this Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 4:00 p.m. (Hong Kong time) on the Completion Date.

8.2. In the event that the Placing Agent terminates this Agreement pursuant to Clause 8.1, all obligations of the parties relating to Placing under this Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter arising out of or in connection with this Agreement except for any breach arising prior to such termination.

9. INDEMNITY

9.1. The Company agrees and undertakes, to the fullest extent permitted by law, to indemnify the Placing Agent, person(s) lawfully appointed as sub-placing agent(s) pursuant to

Clause 2 and any of their respective officers, directors, employees, agents and authorised representatives which shall have been involved in effecting the Placing (collectively, the “**Indemnified Parties**” and each an “**Indemnified Party**”):

- 9.1.1. against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all reasonable costs, charges and expenses paid or incurred in investigating, disputing or defending any of the foregoing) which any of them may incur or which may be reasonably incurred by any of them arising out of or in relation to or in connection with the Placing and/or any material breach or alleged material breach of any of the representations, warranties and undertakings by the Company contained in this Agreement save to the extent that such loss, liability, cost, claim, action, demand or expenses results from or arises solely in connection with the failure to comply with the selling restrictions, fraud, wilful default or gross negligence of any of the Indemnified Parties; and
- 9.1.2. against all or any proceedings brought or established against any of the Indemnified Parties by any purchaser of any of the Placing Shares or by any governmental agency, regulatory body or other person, directly or indirectly arising out of or in connection with the Placing and/or any material breach or alleged material breach of any of the representations, warranties and undertakings by the Company contained in this Agreement and against all losses and all costs, charges, and expenses (including legal fees as they are reasonably incurred) which any of the Indemnified Parties may suffer or incur (except for any loss, costs, charge or expense suffered or incurred as a result of or in connection with any fraud, wilful default or gross negligence or solely as a result of or in connection with the failure to comply with the selling restrictions, on the part of the Indemnified Parties) including, but not limited to, all such losses, reasonable costs charges or expenses suffered or incurred in disputing, settling or defending any proceedings and/or in establishing its right to be indemnified pursuant to this clause and/or in seeking advice in relation to any proceedings.
- 9.2. No claim shall be made against any Indemnified Party by the Company to recover any damage, cost, charge or expense which the Company may suffer or incur by reason of or arising from the carrying out by the Placing Agent of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing except for any loss or damage arising out of any fraud, wilful default or gross negligence or arising solely out of any failure to comply with the selling restrictions on the part of the Indemnified Parties.
- 9.3. The indemnities and contribution contained in Clauses 9.1 and 9.2 shall remain in full force and effect notwithstanding completion of the Placing in accordance with the terms hereof and shall extend to include all costs, charges and expenses which the Company or the Placing Agent and/or any of their respective officers, directors, employees, authorized representatives, servants or agents may reasonably incur or pay in disputing, settling or compromising any matter to which the indemnity might relate and in establishing the right to indemnification pursuant to this clause in respect of any matter.

10. ANNOUNCEMENTS

10.1. Subject as required by law or by the Stock Exchange or the SFC, no announcement or circular or any other document by or on behalf of the Company, or the Company shall ensure that the Company (and in particular no announcement relating to the Placing or its associated transactions) shall be issued from the date of this Agreement until Completion without the prior written approval of the Placing Agent.

10.2. The Company hereby undertakes to the Placing Agent to provide all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Company or otherwise as may be reasonably required by the Placing Agent for the purpose of complying with any requirement of law or of the Stock Exchange or the SFC.

11. NOTICES

11.1. A notice under or in connection with this Agreement (the “**Notice**”):

- (i) shall be in writing;
- (ii) shall be in the English language; and
- (iii) may be delivered personally or sent by courier or by fax to the party due to receive the Notice to the address or addresses specified in Clause 11.2 or to another address, person or fax number specified by that party by written notice to the other Party received before the Notice was despatched.

11.2. The addresses referred to in Clause 11.1 are:

- (i) in the case of the Company:

Address : Room 1505, 15/F., Shun Tak Centre West Tower, 168–
200 Connaught Road Central, Sheung Wan, Hong Kong
Email : johnchoi@lukhing.com
Attention : Board of director

- (ii) in the case of Placing Agent:

Address : 17/f., The L. Place, 139 Queen’s Road Central, Hong
Kong
Email : anson.cheng@sanston.com
Attention : Mr. Anson Cheng

11.3. A Notice is deemed given:-

- (i) if delivered personally, on delivery at the address referred to in Clause 11.2;
- (ii) if sent by courier, 2 clear Business Days after posting it; and
- (iii) if sent by electronic mail, on the date of transmission.

12. MISCELLANEOUS

- 12.1. Any time, date or period mentioned in any Clause in this Agreement may be varied by mutual agreement between the Parties, made in writing and signed by or on behalf of each of the Parties, but, as regards any time, date or period originally fixed and not so varied, or any time, date or period so varied, as aforesaid, time shall be of the essence of this Agreement.
- 12.2. Each Party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be necessary or reasonably desirable to implement and/or give effect to this Agreement and the transactions contemplated by it.
- 12.3. This Agreement sets out the entire agreement between the parties hereto and supersedes any other commitments, agreements, warranties or understandings, written or verbal, that the parties hereto may have had with respect to the subject matter of this Agreement.
- 12.4. If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 12.5. Any right, power or remedy expressly conferred upon any Party under this Agreement shall be in addition to, not exclusive of, and without prejudice to all rights, powers and remedies which would, in the absence of express provision, be available to it; and may be exercised as often as such Party considers appropriate.
- 12.6. No failure, relaxation, forbearance, indulgence or delay of any Party in exercising any right or remedy provided by law or under this Agreement shall affect the ability of that Party subsequently to exercise such right or remedy or to pursue any other rights or remedies, nor shall such failure or delay constitute a waiver or variation of that or any other right or remedy. No single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.
- 12.7. No variation of any of the terms of this Agreement (or of any document described in or expressed to be entered into in connection with this Agreement) shall be effective unless such variation is made in writing and signed by or on behalf of each of the Parties. The expression “**variation**” shall include any variation, supplement, deletion or replacement however effected.
- 12.8. This Agreement shall be binding upon, and enure to the benefit of, the Parties and their respective successors and permitted assigns. No Party shall take any steps to assign, transfer, charge or otherwise deal with all or any of its rights and/or obligations under or pursuant to this Agreement without the prior written consent of the other Party. In the absence of the prior written consent of the Parties, this Agreement shall not be capable of assignment.
- 12.9. This Agreement may be executed in any number of counterparts all of which, taken together, shall constitute one and the same agreement. Any Party may enter into this Agreement by executing any such counterpart.

12.10. Each of the obligations, warranties, indemnities and undertakings accepted or given by the Parties pursuant to this Agreement, excluding those having been fully performed at Completion, shall continue in full force and effect notwithstanding Completion.

12.11. A person who is not a party to this Agreement shall no rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any terms of this Agreement. Consent of any person who is not a party is not required to rescind or vary any provisions of this Agreement.

13. GOVERNING LAW AND JURISDICTION

13.1. This Agreement is governed by and shall be interpreted in accordance with the laws of Hong Kong.

13.2. The parties hereto hereby irrevocably submit to the non-exclusion jurisdiction of the courts of Hong Kong in connection herewith but this Agreement may be enforced in any court of competent jurisdiction.

Schedule 1

Representations and Warranties of the Company

1. **Incorporation:** The Company is duly incorporated and validly existing under the laws of its jurisdiction of incorporation, with full power and authority to own its properties, to conduct its business as currently conducted.
2. **Agreements:** This Agreement and the Placing Shares have been duly authorised, and have been or will on or before the Completion Date be duly executed and delivered and this Agreement constitutes and the Placing Shares on issue will constitute, valid and legally binding obligations enforceable in accordance with their respective terms, and the performance by the Company of the obligations to be assumed by them have been duly authorised by all corporate or other action.
3. **Authority:** The Company has the necessary power and authority to enter into this Agreement and issue the Placing Shares and perform the obligation thereunder subject to the fulfillment of the conditions stated in Clause 3 of this Agreement.
4. **Listing Status:** The entire existing issued share capital of the Company is listed on GEM of the Stock Exchange and the Company is not aware of any circumstances whereby such listing will be cancelled or revoked before or after Completion as a result of the transactions contemplated by this Agreement.
5. **Shares:**
 - (A) the creation, allotment and/or issue of the Placing Shares will comply with the laws of Hong Kong and Cayman Islands and all requirements of the Stock Exchange and other relevant governmental or regulatory authorities to enable the listing of, and permission to deal in, the Placing Shares is granted and maintained;
 - (B) the creation, allotment and/or issue of the Placing Shares pursuant to this Agreement will not cause any breach of any agreement or by which it and/or any of its subsidiaries is a party or by which it is or any of them is bound and will not infringe or exceed any limits on, powers of, or restrictions on or the terms of any contract, obligation or commitment whatsoever of, the Company and/or any of its subsidiaries and/or their respective board of directors; and
 - (C) the Placing Shares will be allotted and issued pursuant to this Agreement free from all claims, charges, liens, encumbrances and equities and will rank pari passu in all respects with the existing Shares together with all rights and entitlements accruing after the date of the Completion and the right to receive all dividends or other distributions declared, paid or made or proposed to be made on such existing Shares at any time by reference to a record date falling on or after the date of the Completion.
6. **Consents:** All consents, clearances, approvals, authorisations, orders, registrations or qualifications of or with any court, regulatory authority or governmental agency or body

of the Cayman Islands and Hong Kong required for the execution and delivery of this Agreement and the allotment and issue of the Placing Shares will have been obtained and will be in full force and effect and be entitled to all dividends and other distributions the record date of which falls on a date after the Completion.

7. **No conflict:** The execution and delivery by or on behalf of the Company of this Agreement and the allotment and issue of the Placing Shares, the consummation of the transactions herein and therein contemplated and compliance with the terms hereof and thereof (i) do not conflict with or result in a breach of the constitutional documents of the Company or any existing applicable treaty, law, bye-law or rule, regulation, judgment, order or decree of any government, governmental body or court in the Cayman Islands or Hong Kong; and (ii) do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, trust deed, mortgage or other agreement or instrument to which the Company is a party or by which any of its properties or assets are bound, which conflict, breach or default could adversely affect the legality, validity or enforceability of this Agreement, the Placing Shares or could adversely affect the Company's ability to perform its obligations hereunder and thereunder or is otherwise material in the context of the allotment and issue of the Placing Shares.
8. **Title:** The Group has good and marketable title to all real property and good and marketable title to all personal property owned by it, in each case which is material to its businesses, in each case (save as disclosed in the Financial Reports) free and clear of such liens, encumbrances (other than mortgages or charges created thereon in the ordinary course of business and/or for purposes of securing finance to the Company and/or its subsidiaries) and defects as do not materially affect the value of such property and do not interfere with the use made and proposed to be made by it of such property. Any real property and facilities held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made by it of such property and buildings.
9. **Financial Statements:** The Financial Reports and the Management Accounts complies in all material respects with the requirements of the Stock Exchange and Hong Kong and Cayman Islands law and accounting requirements and practice (if applicable) and present fairly the financial position and results of operations of the Company and its subsidiaries on the basis stated therein at the respective dates and for the respective periods specified therein, the Financial Reports and the Management Accounts has been prepared in accordance with the then prevailing Hong Kong Financial Reporting Standard applied consistently throughout the periods involved save as disclosed therein. The Company has no material liability or obligations, direct or contingent, other than those reflected in the Financial Reports.
10. **No Materially Adverse Contracts, etc:** The Company is not subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation

which in the judgment of the Company's authorised officer has or is expected in the future to have a material adverse effect on the Company's financial condition. Save as disclosed in the Financial Reports, the Company is not a party to any contract or agreement which is expected to have a material adverse effect on the financial condition of the Company or any of its subsidiaries taken as a whole.

11. **Indebtedness:**

(A) as at the date of this Agreement, the total indebtedness of the Company and the Company's wholly-owned subsidiaries, excluding Luk Hing Investment Limited, does not exceed HK\$50,000,000

(B) save as disclosed in the Financial Reports and announcements published on the website of the Stock Exchange, no part of the loan capital, borrowings or indebtedness in the nature of borrowings of the Company is dependent on the guarantee or indemnity of, or security provided by, another person which is not the Company.

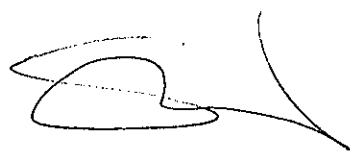
12. **Disclosure:** The representations, warranties and undertakings given by the Company under this Agreement shall be qualified by such disclosures as shall be made by the Company prior to the Completion Date in its annual reports, interim reports, quarterly reports, announcements to the Stock Exchange, circulars and/or documents published in the press or (as the case may be) despatched to its respective shareholders, and disclosures prior to the Completion Date regarding the Company pursuant to the GEM Listing Rules or the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Petition. No claim will lie against the Company in respect of any matter fully and fairly disclosed as referred to above.

EXECUTION PAGE

IN WITNESS whereof the parties or their duly authorised representatives have executed this Agreement on the date first before appearing.

THE COMPANY

SIGNED by *Choi Sin Kit*)
for and on behalf of)
LUK HING ENTERTAINMENT)
GROUP HOLDINGS LIMITED)
in the presence of: *Wong Chung Siny*)
MM)



THE PLACING AGENT

SIGNED by Anson Chey)
for and on behalf of)
SANSTON FINANCIAL GROUP LIMITED)
in the presence of: Wong Chung Sing)

