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LUK HING ENTERTAINMENT GROUP

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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*This announcement, for which the directors (the "**Directors**") of Luk Hing Entertainment Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

Dear Shareholders,

On behalf of the board of directors, I am pleased to present the performance of Luk Hing Entertainment Group Holdings Limited for the year ended 31 December 2023.

As pandemic control measures were cancelled in 2023, the economy experienced a gradual recovery and the market regained its energy. The restaurants business industry in Hong Kong gets back on track gradually. The Group's revenue had recovered significantly during the year, compared with the year ended 31 December 2022.

BUSINESS ENVIRONMENT AND DEVELOPMENT

At present, the Group are operating two restaurants which are "HEXA" and "SIXA" in Hong Kong. Following the full resumption of cross-border travel on February 6, 2023, relaxation of COVID-19 restrictions and increase in tourist arrivals in Hong Kong, the restaurant business has resumed to pre-pandemic levels. Despite the business environment of the restaurant industry in Hong Kong remains challenging and competitive, the Group continually and regularly introduced special set menus, including various festival meal sets for reunion feast in order to attract more customers.

OUTLOOK

As more time is required for a complete economic recovery, the Group will adopt a prudent approach on the business development of the restaurant industry.

Looking forward to 2024, although the risks directly caused by the pandemic have been fully revealed, inflationary pressures and the risk of financing costs will be a key concern in the year ahead for the Group as its business operation is inevitably relying on capital leverage.

In addition, the Group completed share consolidation and rights issue during the year to enhance its working capital and improve its financial position. The board believes that 2024 will be a better year and the Group will plan to continue optimizing its existing operations in 2024 to enhance operational efficiency. At the same time, the Group's management is exploring investment opportunities in the restaurant and/or new business sectors.

Overall, the Company will continue to review its existing business on a regular basis and is committed to improving the business operations and financial position of the Group, while trying to identify potential business and investment opportunities to expand its source of income. Despite the uncertain and challenging business environments in Hong Kong, we will try our best to leverage our brand and network in order to improve our financial positions for our shareholders.

APPRECIATION

On behalf of the board of directors, I would like to express our sincere gratitude to our valued customers, business partners and shareholders for their persistent support, and express our appreciation to the management team and employees for their hard work and contribution to the Group.

Choi Siu Kit
Executive Director
Hong Kong, 28 March 2024

ANNUAL RESULTS

The board (the "**Board**") of Directors of Luk Hing Entertainment Group Holdings Limited (the "**Company**") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the preceding year ended 31 December 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023** *HK$'000*	Year ended 31 December 2022 *HK$'000*
Revenue	*4*	**95,747**	58,590
Other income and gain	*5*	**6,046**	4,596
Cost of inventories sold		**(26,853)**	(18,313)
Staff costs		**(35,678)**	(32,189)
Property rentals and related expenses		**(7,408)**	(8,965)
Advertising and marketing expenses		**(350)**	(155)
Other operating expenses		**(23,335)**	(15,987)
Depreciation and amortisation		**(13,272)**	(22,969)
Impairment losses under expected credit loss model, net of reversal		**(368)**	(11,654)
Loss on cessation of business		–	(11,341)
Fair value change of financial assets at fair value through profit or loss		**145**	315
Gain on disposal of a subsidiary		**25,153**	16,424
Share of losses of joint ventures		**(3)**	(764)
Finance costs	*6*	**(3,734)**	(6,523)
Profit/(loss) before taxation	*8*	**16,090**	(48,935)
Taxation	*7*	**(183)**	–

	Notes	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Profit/(loss) for the year		**15,907**	(48,935)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translating of financial statements of overseas subsidiaries		**2,381**	2,134
Other comprehensive income for the year		**2,381**	2,134
Total comprehensive income/(expense) for the year		**18,288**	(46,801)
Profit/(loss) for the year attributable to:			
Owners of the Company		**14,899**	(32,093)
Non-controlling interests		**1,008**	(16,842)
		15,907	(48,935)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**16,886**	(31,083)
Non-controlling interests		**1,402**	(15,718)
		18,288	(46,801)
			(Restated)
Earnings/(loss) per share *(in HK cents)*			
– Basic	*10*	**4.06**	(14.01)
– Diluted	*10*	**4.04**	(14.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Non-current assets			
Plant and equipment		**4,100**	6,815
Intangible assets		**–**	130
Financial assets at fair value through profit or loss ("**Financial assets at FVTPL**")		**6,354**	6,209
Right-of-use assets		**4,087**	13,521
Investment in joint ventures		**–**	3
Investment in an associate		**–**	–
Deposits	*11*	**–**	3,903
		14,541	30,581
Current assets			
Inventories		**487**	560
Account and other receivables	*11*	**7,075**	8,027
Loan receivables		**–**	–
Amounts due from non-controlling interests		**–**	1,808
Cash and cash equivalents		**846**	626
		8,408	11,021
Current liabilities			
Account and other payables	*12*	**19,316**	101,352
Income tax payables		**183**	–
Lease liabilities		**4,652**	10,105
Bank loans		**17,435**	21,605
Provision for reinstatement costs		**1,565**	–
		43,151	133,062
Net current liabilities		**(34,743)**	(122,041)
Total assets less current liabilities		**(20,202)**	(91,460)

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Non-current liabilities		
Lease liabilities	–	4,652
Amounts due to non-controlling interests	**1,840**	10,041
Provision for reinstatement costs	–	1,565
	1,840	16,258
Net liabilities	**(22,042)**	(107,718)
Equity		
Share capital	**54,826**	22,904
Reserves	**(62,402)**	(94,505)
Equity attributable to owners of the Company	**(7,576)**	(71,601)
Non-controlling interests	**(14,466)**	(36,117)
Total equity	**(22,042)**	(107,718)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Luk Hing Entertainment Group Holdings Limited ("**the Company**") was incorporated in Cayman Islands on 30 November 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 11 November 2017, the Company's shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1180, Cayman Islands and the principal place of business in Hong Kong is located at Room 1505, 15/F., Shun Tak Centre West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong. The Company is an investment holding company.

The directors of the Company regard Welmen Investment Co. Ltd, a company incorporated in the British Virgin Islands as the ultimate holding company.

The Company and its subsidiaries (collectively referred as the "**Group**") are principally engaged in the food and beverage and entertainment industry. There were no significant changes in the nature of the Group's principal activities during the year.

The functional currency of the subsidiaries established in the People's Republic of China (the "**PRC**") is Renminbi ("**RMB**") and the functional currency of the Company and Hong Kong operating subsidiaries is Hong Kong dollars (HK$).

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") for the convenience of the investors as the shares of the Company are listed on the GEM of the Stock Exchange. All values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Application of amendments to HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

2.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements includes applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Going concern

These consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon the Group being a going concern and will be able to continue its operations for the forseeable future. The ability of the Group to continue as a going concern is dependent on the continued availability of adequate finance to the Group and the Group's ability to attain profitable operations in the foreseeable future, all of which depend on the eventual successful outcome of the below mentioned plans and measures in view of the fact that, as of that date, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$34,743,000 and HK$22,042,000 respectively. As at that date, the Group's aggregate bank loans and lease liabilities amounted to approximately HK$17,435,000 and HK$4,652,000 respectively as of 31 December 2023. On the other hand, the Group's cash and cash equivalents amounted to only approximately HK$846,000.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures to deal with the conditions referred to above, as follows:

(i) the management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;

(ii) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company; and

(iii) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Having considered the above and after reviewing the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

The eventual outcome of the plans and measures described above are inherently uncertain. Should the Group fail to achieve successful outcome from the above-mentioned plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying values of its assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in food and beverage and entertainment industry. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

Information about geographical areas

The Group's business and non-current assets are located in Hong Kong and the PRC. The Group's revenue from external customers based on the location of the customers is detailed as below:

	Year ended 31 December 2023 *HK$'000*	Year ended 31 December 2022 *HK$'000*
Hong Kong	**95,747**	57,930
The PRC	**–**	660
	95,747	58,590

The Group's locations of non-current assets are detailed as below:

	Year ended 31 December 2023 *HK$'000*	Year ended 31 December 2022 *HK$'000*
Hong Kong	**14,541**	30,581

Information about major customers

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for both years.

4. REVENUE

Revenue represents the amounts received or receivable from the sales of food, beverage and other products and loan interest income from Money Lending Business.

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Sales of food, beverage and other products	**95,747**	58,334
Revenue from other sources:		
Loan interest income	**–**	256
	95,747	58,590

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of food, beverage and other products is recognised at the point in time when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. OTHER INCOME AND GAIN

	Year ended 31 December 2023	Year ended 31 December 2022
	HK$'000	*HK$'000*
Net foreign exchange loss	**(280)**	(424)
Consultancy and management fee income	**90**	142
COVID-19 related rental concession	**–**	881
Rents refund	**226**	–
Government grants *(Note (a))*	**–**	3,864
Waive of other payables *(Note (c))*	**821**	–
Waive of interest expenses *(Note (c))*	**4,751**	–
Gain on disposal of plant and equipments	**–**	62
Others *(Note (b))*	**438**	71
	6,046	4,596

Note:

(a) During the year ended 31 December 2023, none of government grant was received (2022: HK$3,864,000) in respect of COVID-19-related subsidies, e.g. Employment Support Scheme (2022: approximately HK$2,179,000) and other subsidies under the Anti-epidemic Fund provided by the Hong Kong government and Macau Financial Services Bureau respectively (2022: HK$1,200,000 and HK$485,000 respectively).

(b) Others mainly included the tips income and reversal of accrued expense in prior year.

(c) During the year ended 31 December 2023, the Group entered the settlement agreements with other creditors from defaulted convertible loans of HK$8,405,000, defaulted convertible promissory notes of HK$13,715,000 and interest payables of HK$6,849,000, and agreed to discharge the balances of HK$18,177,000, the remaining amount of HK$821,000 and HK$4,751,000 represent the amounts of waive of other payables and waive of interest expenses. The direct transaction cost incurred in the settlement agreements was HK$3,816,000. The remaining outstanding balance of HK$1,404,000 was recognised in other payables.

6. FINANCE COSTS

	Year ended 31 December 2023 *HK$'000*	Year ended 31 December 2022 *HK$'000*
Interest on convertible promissory notes	–	1,341
Interest on convertible loans	–	522
Default interest on convertible loans	**1,958**	1,309
Interest on bank loans	**748**	592
Interest on lease liabilities	**760**	2,499
Others	**268**	260
	3,734	6,523

7. TAXATION

	Year ended 31 December 2023 *HK$'000*	Year ended 31 December 2022 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**183**	–
– The PRC Enterprise Income Tax (the "**EIT**")	–	–
	183	–

8. PROFIT/(LOSS) BEFORE TAXATION

	Year ended 31 December 2023 *HK$'000*	Year ended 31 December 2022 *HK$'000*
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Staff costs:		
Directors' emoluments (included retirement scheme contributions)	**2,080**	1,811
Salaries and other benefits	**32,318**	29,133
Retirement benefits scheme contributions	**1,279**	1,245
	35,677	32,189
Auditors' remuneration:		
Audit services:		
– D & Partners CPA Limited	**550**	–
– HLB Hodgson Impey Cheng Limited	**–**	600
– Other auditor	**–**	36
	550	636
Cost of inventories sold	**26,853**	18,313
Impairment losses under expected credit loss ("**ECL**") model, net of reversal:		
– account and other receivables	**368**	4,342
– loan receivables	**–**	3,371
– amounts due from non-controlling interests	**–**	(16)
– loan to an associate and amount due from an associate	**–**	3,957
Loss on cessation of business *(Note (i))*	**–**	11,341
Fair value change of financial assets at FVTPL	**(145)**	(315)
Bad debt written off*	**5,279**	–
Loss on financial guarantees *(Note (ii))**	**2,206**	–
Provision for legal claim *(Note (iii))**	**1,988**	–
Utilities*	**2,128**	1,752
Legal and professional fee*	**4,109**	4,563
Entertainment and travelling*	**329**	752
Repair and maintenance*	**746**	284
Uniform and cleaning*	**1,360**	1,112
Bank charges*	**96**	1,341

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Short term leases#	**1,018**	1,391
Profit sharing for lease payment *(Note (iv))*#	**1,369**	245
Depreciation of plant and equipment	**3,838**	12,785
Depreciation of right-of-use assets	**9,434**	10,184
	13,272	22,969

* These items were grouped under other operating expense.

\# These items were grouped under property rentals and related expenses.

Notes:

(i) During the year ended 31 December 2022, due to disputes between Zhuhai Urban Construction Group Co., Ltd. and Zhuhai Urban Construction Haiyun Asset Management Co., Ltd., and the Group in relation to the operation of CUBIC SPACE+ in Zhuhai, the Group would be unable to continue to operate CUBIC SPACE+ from 20 October 2022. For further details, please refer to Note 14(b). The loss on cessation of business represents for written off on plant and equipment, written off deposits, inventories and gain on lease termination which amounted for approximately HK$24,409,000, HK$910,000, HK$227,000 and HK$14,205,000 respectively.

(ii) The Company had the financial guarantee for the bank loans of an associate, Luk Hing Mandarin Limited, and the former subsidiary, Luk Hing Investment Limited, the management considered not highly probable to settle the financial guarantees for the year ended 31 December 2022.

During the year ended 31 December 2023, an associate and the former subsidiary failed to repay the bank loans, with the total amount of HK$2,206,000 and the Company had an obligation to settle the financial guarantees. The former subsidiary was disposed on 23 December 2022.

(iii) Provision for legal claim was represented by the provision of Zhuhai Ruiye's litigation cases. The litigation cases were mainly related to labour disputes and business disputes.

(iv) Profit sharing for lease payment was the contingent rental depending on the net profit of the restaurant, net of royalty and provision for fixed assets maintenance, pursuant to the term and conditions as set out in the respective agreement.

9. DIVIDENDS

No dividend has been paid or proposed by the Company since its date of incorporation. The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Year ended 31 December 2023	Year ended 31 December 2022
	HK$'000	*HK$'000*
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**14,899**	(32,093)
	'000	*'000* (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**367,004**	229,040
Effect of dilutive potential ordinary shares:		
Options	**2,098**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**369,102**	229,040

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted for the consolidation of shares on 4 July 2023.

11. ACCOUNT AND OTHER RECEIVABLES

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Account receivables	**2,408**	1,725
Less: Allowance for ECL	**(883)**	(656)
	1,525	1,069
Other receivables	**2,909**	9,075
Less: Allowance for ECL	**(2,493)**	(3,873)
	416	5,202
Prepayments	**614**	719
Deposits	**4,680**	5,049
Less: Allowance for ECL	**(160)**	(109)
	4,520	4,940
	7,075	11,930
Less: Portion classified as non-current		
– Deposits	**–**	(3,903)
Current portion	**7,075**	8,027

For account receivables, the Group allows credit period of within 60 days which are agreed with its debtors.

The Group seeks to maintain strict control over its outstanding receivables. Long outstanding balances are reviewed regularly by senior management. In view of the aforementioned and the fact that account receivables of the Group relate to a large number of diversified customers, there is no significant concentration of credit risk. Account receivables are non-interest-bearing.

The following is an aged analysis of account receivables, net of allowance for ECL, presented based on the invoice date at the end of the reporting period:

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
0 to 30 days	**1,396**	1,064
31 to 60 days	**44**	–
61 to 90 days	**85**	–
91 to 120 days	**–**	–
Over 120 days	**–**	5
	1,525	1,069

12. ACCOUNT AND OTHER PAYABLES

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Account payables	**2,989**	6,567
Rental payables	**599**	5,112
Other payables	**9,132**	68,573
Loan from directors *(Note (i))*	**750**	4,904
Loan from shareholders *(Note (ii))*	**1,082**	1,059
Loan from third parties *(Note (iii))*	**–**	382
Accruals	**4,764**	14,755
	19,316	101,352

The credit period on account payables are generally within 45 days.

Notes:

(i) As at 31 December 2023, the amount of approximately HK$750,000 (2022: HK$4,720,000) was represented loan from directors was unsecured, with annual interest at 5.25% and repayable within 1 year.

As at 31 December 2023, the amount of approximately HK$Nil (2022: HK$184,000) was represented loan from directors was unsecured, interest free and repayable on demand.

(ii) As at 31 December 2023, the amount of approximately HK$572,000 (2022: HK$674,000) represented loan from shareholders of a subsidiary of the Group was unsecured, interest-free, and repayable on demand.

As at 31 December 2023, the amount of approximately HK$360,000 (2022: HK$385,000) represented loan from shareholders of the Group was unsecured, interest-free, and repayable on demand.

As at 31 December 2023, the amount of approximately HK$150,000 (2022: HK$Nil) represented loan from shareholders of the Group was unsecured, with annual interest at 5.25% and repayable on demand.

(iii) As at 31 December 2023, the amount of approximately HK$Nil (2022: HK$382,000) represented loan from a third party was unsecured, with annual interest at 5% and repayable within 1 year.

Included in account payables are creditors with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	As at 31 December 2023 ***HK$'000***	As at 31 December 2022 *HK$'000*
0–30 days	**856**	219
31–60 days	**709**	103
61–90 days	**4**	15
9 1 to 120 days	**1,420**	6,230
	2,989	6,567

13. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period contracted but not provided for in the consolidated financial statements were as follows:

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Unpaid balance of capital contribution to a subsidiary in the PRC	**29,714**	40,044

14. LITIGATION AND CONTINGENT LIABILITIES

(a) On 19 October 2021, the Company's subsidiary, Luk Hing Investment received a summons issued by COD Resorts Limited ("**COD**") (as plaintiff) against Luk Hing Investment (as defendant) and filed with Court of the Macau to such civil proceeding. COD alleged that Luk Hing Investment breached the contractual obligations of the Operating Agreement and Supplemental Agreement (the "**Agreements**") due to default of payment of the rental expenses and contingent rental expense during the year ended 31 December 2021. COD further understands that Luk Hing Investment, by failing to comply with its contractual obligations on a timely manner, the termination of the Agreements shall be deemed valid and effective and requested Luk Hing Investment to pay all the amounts claimed under the Agreements of approximately HK$85,982,000 (equivalent to approximately MOP88,562,000) including the outstanding rental expenses, the rental expenses for the remaining contract terms, interest regards to the outstanding rental expenses, etc..

On 12 January 2022, an objection was filed by Luk Hing Investment to the Court to deny the amounts requested by COD as their request were onerous, excessive, disproportional and unreasonable. In addition, due to the termination of the Agreements, Luk Hing Investment filed a counterclaim in relation to the equipment held by Luk Hing Investment, that remained unrecovered in the former premises of Club Cubic Macau, Luk Hing Investment objected via credit offset and a counterclaim of the total amounts approximately HK$5,805,000 (equivalent to approximately MOP5,979,000).

On 7 March 2022, COD filed the reply to objection of Luk Hing Investment to the Court. COD objected to the claim of credit offset and counterclaim of Luk Hing Investment in respect of the equipment, which remains unrecovered in the former Club Cubic Macau, claiming that such equipment was accounted as a cost of Luk Hing Investment, but immediately incorporated into the Club Cubic Macau, becoming COD the owner and proprietor of the said. COD objects to the arguments made by Luk Hing Investment and maintaining the amount as requested.

On 23 December 2022, Luk Hing Development Limited and Luk Hing International Limited, both being direct wholly-owned subsidiaries of the Company, had entered into share purchase agreement with San Thai Food Investment Limited to dispose of the entire issued share capital in Luk Hing Investment at the consideration of approximately HK$100,000. The disposal was completed on 23 December 2022 and subsequent to which, Luk Hing Investment Limited ceased to be subsidiary of the Company. For further details, please refer to the announcement of the Company dated 23 December 2022.

(b) On 11 October 2021, Zhuhai Ruiye, the Company's subsidiary, received an arbitration request issued by 珠海城市建設集團有限公司 ("**城建集團**"), the landlords of CUBIC SPACE+ and 珠海城建海韵資產經營管理有限公司 ("**城建海韵**"), the property management company of CUBIC SPACE+, alleged that Zhuhai Ruiye has breached the tenancy agreement of CUBIC SPACE+ in Zhuhai, the PRC. 城建集團 and 城建海韵 alleged that Zhuhai Ruiye had failed to pay the rental expense and building management fee for the period of October 2018 to August 2019 and February 2020 to April 2020, together with costs of the legal proceedings for approximately HK$8,346,000 (equivalent to approximately RMB6,924,000). Zhuhai Ruiye submitted that the condition of the property was substandard quality at the delivery date and suffered substantial losses due to the leakage of the property. Zhuhai Ruiye applied for a counterclaim to the landlords and the property management company and requested waiver for the rental fee and building management fee for the above period and compensation for the losses due to the water leakage of the property, repairs and maintenances, labor costs together with costs of legal proceedings for approximately HK$15,947,000 (equivalent to approximately RMB13,230,000). The arbitration committee requested Zhuhai Ruiye to provide the evidences of the substandard quality of the property and breakdown for the labor cost for further judgement.

On 7 September 2022, Zhuhai Arbitration Commission issued an Arbitration Award against the case between Zhuhai Ruiye, 城建集團 and 城建海韵. According to the Arbitration Award, Zhuhai Ruiye had to pay rental expenses to 城建集團 for the period of 24 January 2019 to 31 August 2019 which amounted for approximately HK$1,932,000 (equivalent to approximately RMB1,726,000) and 50% of rental expenses of April 2020 which amounted for approximately HK$140,000 (equivalent to approximately RMB125,000). Zhuhai Ruiye also had to pay the liquidated damages and penalties to 城建集團 which amounted for HK$1,130,000 (equivalent to approximately RMB1,010,000) together with the costs of legal proceedings of approximately HK$248,000 (equivalent to approximately RMB222,000). The amounts are included in other payables.

On 21 October 2022, the Company further announced that due to disputes between 城建集團 and 城建海韵 in relation to the operation CUBIC SPACE+ at landmark Zhuhai Grand Theatre, the Group would be unable to continue to operate CUBIC SPACE+ from 20 October 2022 and the Company is seeking legal advice in relation to its rights over the aforesaid matter.

On 29 December 2023, the Company had entered into share purchase agreement with independent third party to dispose of the entire issued share capital in Luk Hing Group Development Limited, intermediate holding company of Zhuhai Ruiye, at the consideration of US$1 (equivalent to HK$8). The disposal was completed on 29 December 2023 and subsequent to which, Zhuhai Ruiye ceased to be subsidiary of the Company.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2023 which included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern basis

We draw attention to Note 2.2 in the consolidated financial statements, which describes as at 31 December 2023, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately HK$34,743,000 and HK$22,042,000 respectively. As at that date, the Group's aggregate bank loans and lease liabilities amounted to approximately HK$17,435,000 and HK$4,652,000 respectively. On the other hand, the Group's cash and cash equivalents amounted to only approximately HK$846,000. These events and conditions, along with other matters as set forth in Note 2.2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors have certain plans and measures to improve the Group's liquidity and financial position, which are set out in Note 2.2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these plans and measures, which are subject to multiple uncertainties, including (i) whether the Group is able to successfully negotiate with the banks for renewing banking facilities; (ii) whether the Company is successful in implementing alternative capital raising initiatives to provide additional funds for the Group; and (iii) whether the Group is able to implement its cost control measures to attain positive cash flows from operations of the Group.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2023, the Group is primarily engaged in the operation of restaurants namely “HEXA” and “SIXA” in Hong Kong.

BUSINESS REVIEW

Hong Kong’s retail sales are ticking up since the end of 2022, with the latest figure showing an improvement in spending on catering businesses after full resumption of cross-border travel on February 6, 2023. Recovery of local consumption and the increase in the number of visitors led to the uplift of sales revenue of our restaurants in 2023. Our restaurants have resumed to the pre-pandemic level of revenue performance. The restaurant business continues to contribute a stable source of income to the Group.

The impact of COVID-19 is finally receding after three years long. Our business and operations revert to normal after lifting of anti-epidemic measures. The Group continued maintaining its proactive while prudent approach to recover from the pandemic shadow. During the period under review, the Group has taken a number of measures to improve its liquidity and financial position including: (i) the Company has implemented stronger measures to improve the working capital and cashflow of the Group, including closely monitoring incurrence of other operating expenses; and (ii) the Company has proactively explored fund raising activities included (1) having successfully completed placing of 450,880,000 placing shares by issuance of new shares under general mandate for net proceeds of approximately HK$6.9 million on 17 March 2023; and (2) having entered into underwriting agreement and placing agreement with Sanston Financial Group Limited on 6 April 2023 in respect of, among others, rights issue on the basis of one (1) rights shares for every one (1) consolidated share, for raising gross proceeds of up to approximately HK$43.9 million. Please refer to the announcements of the dated 24 February 2023, 1 March 2023, 17 March 2023, 6 April 2023, 4 August 2023, 18 August 2023 as well as the circular and the prospectus of the Company dated 9 June 2023 and 14 July 2023 for details.

Winding up Petition

On 16 December 2022, the Company received a petition (the "**Petition**") from Jolly Rise Holdings Limited (the "**Petitioner**"), being Investor B, one of the Investors to the Convertible Promissory Note, in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) ("**CWUMPO**") filed in the High Court of The Hong Kong Special Administrative Region (the "**High Court**") under Companies Winding up Proceedings No. 467 of 2022 that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The Petition was filed against the Company for failure to settle an amount of USD500,000 plus interest accrued owed to the Petitioner in accordance with the respective Note Purchase Agreement. On 27 February 2023, the High Court has ordered that the Petition be dismissed. Please refer to the announcements of the Company dated 16 December 2022 and 27 February 2023 for details.

Disposal of entire issued share capital in a subsidiary

On 29 December 2023, the wholly owned subsidiary of the Company, Luk Hing Group Development Limited entered into a sale and purchase agreement with an independent third party, pursuant to which the entire issued share capital in Luk Hing Group Development Limited, was disposed for a total consideration of approximately HK$8. Luk Hing Group Development Limited ceased to be a subsidiary of the Company and its financial results, asset and liabilities is no longer be consolidated into the financial statements of the Group. A gain on the disposal of approximately HK$25.2 million was recorded.

On 23 December 2022, the wholly owned subsidiaries of the Company, Luk Hing Development Limited and Luk Hing International Limited entered into the share transfer agreement with the purchaser, a limited private company incorporated in Macau which is wholly owned by Mr. Liu Liangfeng, pursuant to which the entire issued share capital in Luk Hing Investment Limited which is principally engaged in the operation of Club Cubic Macau, was disposed for a total consideration of HK$100,000. Luk Hing Investment Limited ceased to be a subsidiary of the Company and its financial results, asset and liabilities is no longer be consolidated into the financial statements of the Group. A gain on the disposal of approximately HK$16.4 million was recorded. Please refer to the announcement of the Company dated 23 December 2022 for details.

FINANCIAL REVIEW

Revenue

Total revenue of the Group increased by 63.3% from approximately HK$58.6 million in 2022 to approximately HK$95.7 million in 2023 as our restaurants have resumed to the pre-pandemic level of revenue performance after full resumption of cross-border travel.

Expenses

Cost of inventories sold mainly represents for the costs of beverage, food and other products sold. It increased by 47.0% from approximately HK$18.3 million in 2022 to approximately HK$26.9 million in 2023 in line with the increase of revenue.

Staff costs is one of the major components of the Group's operating expenses, which mainly consists of Directors' emoluments, salaries, retirement benefit scheme contribution and other benefits. Staff costs increased by 10.9% from approximately HK$32.2 million in 2022 to approximately HK$35.7 million in 2023. Staff costs resumed to normal along with rebound of sales revenue for which the increased impact was partially offset by the stringent cost control measure.

Property rentals and related expenses decreased by 17.8% from approximately HK$9.0 million in 2022 to approximately HK$7.4 million in 2023 due to the cessation of operation of CUBIC SPACE+.

Advertising and marketing expenses increased by 125.8% from approximately HK$155,000 in 2022 to approximately HK$350,000 in 2023 due to the rebound of sales revenue.

Other operating expenses represent expenses incurred for the operations. These include mainly cleaning and laundry, utilities, credit card commission, repair and maintenance and legal and professional fee. Other operating expenses increased by 45.6% from approximately HK$16.0 million in 2022 to approximately HK$23.3 million in 2023. This increase was mainly attributable to the provision for legal claims of approximately HK$2.0 million from Zhuhai Ruiye's litigation cases which were mainly related to labour disputes and business disputes and bad debt written off of approximately HK$5.3 million on the value added tax recoverable and other receivables from the disposal of a subsidiary in 2023 as well as loss on financial guarantees of approximately HK$2.2 million which were guaranteed for the bank loan of an associate and a former subsidiary.

Depreciation and Amortization decreased by 42.2% from approximately HK$23.0 million in 2022 to approximately HK$13.3 million in 2023. This was mainly due to the cessation of operation of CUBIC SPACE+ from October 2022.

Profit/(Loss) Attributable to Owners of the Company

Profit attributable to owners of the Company was approximately HK$14.9 million in 2023 compared to a net loss attributable to owners of the Company was approximately HK$32.1 million in 2022. The significant increase was primarily due to (i) the rebound of sale revenue in our restaurants; and (ii) operating expenses minimized in CUBIC SPACE+ after cessation of operation in October 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Below is a summary of the key financial ratio:

	Notes	**As at 31 December 2023**	As at 31 December 2022
Current ratio	*1*	**0.2**	0.1
Quick ratio	*2*	**0.2**	0.1
Debt ratio	*3*	**196.0%**	358.9%
Gearing ratio	*4*	**N/A**	N/A

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities as at the respective period end.

2. Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the respective period end.

3. Debt ratio is calculated by dividing total liabilities by total assets as at the respective period end.

4. Gearing ratio is calculated by dividing total borrowings by total equity attributable to owners of the Group as at the respective period end.

The Group had cash and cash equivalents of HK$0.8 million as at 31 December 2023 (31 December 2022: HK$0.6 million).

As at 31 December 2023, The Group had external borrowing of HK$17.4 million (31 December 2022: HK$48.8 million). A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group, for details please refer to Note 2.2.

CHARGES ON ASSETS

As at 31 December 2023, the Group did not have any charges on its assets except the pledge of the life insurance policy to China Citic Bank International Limited for the revolving loan facility of HK$5.1 million for the life insurance policy premium financing.

FOREIGN EXCHANGE EXPOSURE

The Group's principal operations are primarily conducted and recorded in Hong Kong dollar ("**HK$**"), Renminbi ("**RMB**"). The financial statements of foreign operations are translated into HK$ which is the Company's functional and presentation currency. During the year under review, a significant portion of revenues are denominated in Hong Kong dollar.

TREASURY POLICIES

The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

Save as disclosed in Note 14 to this announcement of the Group, the Group did not have any contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for those disclosed in this announcement, there were no other significant investments held by the Group as at 31 December 2023, nor were there other material acquisitions and disposal of subsidiaries and affiliated companies by the Group during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual announcement, the Group has no concrete plan for future investments or acquisition of capital assets in place as at the date of this annual announcement.

DIVIDEND

The Board does not recommend the payment of dividend by the Company for the year ended 31 December 2023.

PLACING

On 24 February 2023, the Company has entered into a placing agreement with Sanston Financial Group Limited, the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, a maximum of 450,880,000 placing shares at the placing price of HK$0.016 per placing share to one or more placee(s) who and whose beneficial owners shall be Independent Third Parties (the "**Placing**"). The Placing Price of HK$0.016 per placing share is equal to the closing price of HK$0.016 per existing Share as quoted on the Stock Exchange on 24 February 2023, being the date of the placing agreement. The net issue price of approximately HK$0.0155 per placing share. The placing shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the placing shares. The Placing was completed on 17 March 2023 and the net proceeds was approximately HK$7 million among which approximately HK$6.5 million was used to partial settlement of outstanding principal of convertible promissory notes and convertible loans and the remaining HK$0.5 million will be used as working capital of the Company. The net proceeds have been fully utilised.

For details, please refer to the Company's announcements dated 24 February 2023, 1 March 2023 and 17 March 2023.

SHARE CONSOLIDATION

On 4 July 2023, a share consolidation (the "**Share Consolidation**") on the basis that every ten issued and unissued existing shares were consolidated into one consolidated share of HK$0.1 (the "**Consolidated Shares**") each became effective. The Share Consolidation was approved by shareholders at the extraordinary general meeting held on 30 June 2023.

RIGHTS ISSUE

On 6 April 2023, the Company proposed to raise gross proceeds of up to approximately HK$43.9 million before expenses by way of a rights issue of 274,128,000 rights shares at the subscription price of HK$0.160 each and on the basis of one (1) rights share for every one (1) share held by the qualifying shareholders on the record date (the "**Rights Issue**"). The Directors consider that the Rights Issue represents an opportunity to settle, in a full and final manner, its major outstanding liabilities, in particular the amount due in respect of its convertible promissory notes issuance in July 2019 and the convertible loans obtained in June 2019, strengthen the Group's financial position, and raise additional funding for the business operations of the Group without any interest burden.

The rights shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu with the existing shares in all respects. The subscription price represents a discount of approximately 5.88% to the theoretical closing price of HK$0.17 per consolidated share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.017 per Previous Share as quoted on the Stock Exchange on 6 April 2023. The aggregate nominal value of the rights shares will be up to HK$27,412,800. The net price per rights shares will be approximately HK$0.149 per rights share.

The actual net proceeds from the rights issue of the Company completed on 18 August 2023 (the "**Rights Issue**"), after deduction of all expenses borne by the Company in connection with the Rights Issue, were approximately HK$40.9 million (the "**Rights Issue Proceeds**"), which was fully utilised in accordance with the intended use during the year ended 31 December 2023.

For details, please refer to the Company's announcements dated 10 April 2023, 2 May 2023, 25 May 2023, 30 June 2023, 4 August 2023 and 18 August 2023, the circular dated 9 June 2023, the prospectus dated 14 July 2023 (the "**Prospectus**").

ADDITIONAL INFORMATION ON AUDITORS' DISCLAIMER OF OPINION AND THE COMPANY'S VIEW AND MEASURES TO ADDRESS THE DISCLAIMER OF OPINION

The Board wishes to draw the attention of the shareholders of the Company (the "**Shareholders**") to the section headed "Basis for Disclaimer of Opinion" as contained in the Independent Auditor's Report dated 28 March 2024 issued by the Company's auditors, D & PARTNERS CPA LIMITED (the "**Auditor**"), contained in pages 23 and 24 of this announcement.

In respect of the basis for disclaimer of opinion as disclosed in the independent auditor's report for the year ended 31 December 2023 relating to the appropriateness of the assumption regarding the Company's ability to continue as a going concern, the Group has prepared a forecast covering a period of 15 months from the end of the reporting period taking into account of a number of measures undertaking to improve its liquidity and financial position including but not limited to:

(i) the management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;

(ii) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company; and

(iii) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Taking into account the successful and continued implementation of such measures, the Directors are of the opinion that the Group will have sufficient working capital and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Assuming all the plans and measures in the forecast can be successfully implemented as scheduled and there are no other material adverse changes to the business operation and financial conditions of the Group, the Company's auditor will consider to remove the Disclaimer in next year's audit report.

AUDIT COMMITTEE’S VIEW ON THE DISCLAIMER OF OPINION

The audit committee of the Company (the “**Audit Committee**”) had critically reviewed the basis for disclaimer of opinion (the “**Disclaimer**”) of the Auditor. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered the Auditor’s rationale and understood their consideration in arriving the disclaimer of opinion. The Audit Committee is in agreement with the management with respect to the Disclaimer and the Group’s ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group. The Audit Committee’s views are based on (i) a critical review of the action plan to address the Disclaimer; and (ii) discussions between the Audit Committee, the auditors and the management regarding the Disclaimer and the proposed measures and action plan together with the timeline stated therein to address the Disclaimer. The Audit Committee requested the management to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group has recognized the importance of transparency and accountability, and the Board believes that shareholders can benefit from good corporate governance. Therefore, the Group strives to achieve sound corporate governance standards in order to maintain the trust and confidence of customers, suppliers and employees, as well as other stakeholders. We believe that this can create long term value for the shareholders of the Company and is beneficial for the Group’s sustainable growth.

The Company has adopted and complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as previously set out in Appendix C1 to the GEM Listing Rules for the year ended 31 December 2023, except for the below deviation.

F.2

One non-executive Director and three independent non-executive Directors were absent from the last annual general meeting of the Company held on 16 June 2023 as they were away from Hong Kong due to other important engagements at the time of this meeting. The Board considered that sufficient measures had been taken for the absent Directors to understand the views of shareholders, including having circulated the minutes of the annual general meeting to each of the absent Directors after the conclusion of the annual general meeting.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the CG Code. As of the date of this announcement, the audit committee is chaired by our independent non-executive Director, Ms. Tse Mei Ling, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules and consists of another two independent non-executive Directors Mr. Mak Kwok Kwan Terence and Ms. Woo Man Hung. The primary functions of the audit committee include but not limited to: (i) assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management systems; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the Group's audited annual results for the year ended 31 December 2023 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on the preliminary announcement.

DEFINITIONS AND GLOSSARY

"Board"	the board of Directors
"City of Dreams"	an integrated resort located on two adjacent pieces of land in Cotai, Macau, which was opened in June 2009 and owned by Melco Crown (COD) Developments Limited (now known as COD Resorts Limited)
"Club Cubic Macau"	a clubbing venue operated by the Group under the name of Cubic which was opened in April 2011 and located at 2nd and 3rd floor, The Boulevard, City of Dreams, Cotai, Macau
"CUBIC SPACE+"	a clubbing venue in Zhuhai to be operated by a joint venture company in which the Group shall hold less than 20% interest, details of which are disclosed in the Company's announcement dated 12 December 2016, 10 February 2017, 11 April 2017, 11 May 2017 and 2 June 2017
"COD"	COD Resorts Limited, which merged with Melco Resorts (COD) Retail Services Limited (formerly known as Melco Crown (COD) Retail Services Limited), owner of the club premises of Club Cubic Macau
"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
"Controlling Shareholders"	has the meaning ascribed thereto in the GEM Listing Rules and in the case of our Company, means Welmen Investment Co. Ltd ("**Welmen**"), Yui Tak Investment Limited, Ocean Concept Holdings Limited, Toprich Investment (Group) Limited, Perfect Succeed Limited, Mr. Choi Yat Hon (formerly known as Choi Yiu Ying), Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing. Mr. Choi Yiu Ying, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing are regarded as parties acting in concert and a group of concerted shareholders by virtue of an acting in concert confirmation dated 2 March 2016
"Directors"	the directors of the Company
"GEM"	GEM operated by the Stock Exchange

"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM
"Group"	the Company and/or any of its subsidiaries
"HEXA"	a modern Chinese restaurant operated by the Group under the name of HEXA which was opened in October 2017 and located at shop OTE 101, ground floor, Ocean Terminal, Harbour City, Tsim Sha Tsui, Hong Kong
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Macau"	The Macau Special Administrative Region of the PRC
"MOP"	Macau Pataca(s), the lawful currency of Macau
"M&A"	memorandum of association and articles of association
"Operating Agreement"	an operating agreement dated 28 April 2010 entered into between COD (as the owner) and Star Century Investments Limited (as the operator), novated by a novation agreement dated 14 January 2011 entered into between COD (as the owner), Star Century Investments Limited (as the old operator) and Luk Hing Investment Limited (as the new operator), and supplemented by a supplemental agreement dated 28 November 2012 and further supplemented by a second supplemental agreement dated 5 August 2016, concerning the operation of Club Cubic Macau. The operating agreement was renewed to a term until March 2017. On 26 September 2019, the Company renewed the Operating Agreement with COD for a term until March 2027
"PRC"	the People's Republic of China (for the purpose of this annual result announcement, exclude Hong Kong, Macau and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	the ordinary shares of HK$0.1 each in the issued share capital of the Company
"Shareholders"	the holders of the Shares

"SIXA"	a modern Chinese restaurant wholly-owned by HEXA which was opened in August 2019 and located at Shop 601, 6/F, Citygate, 1820 Tat Tung Road, Tung Chung, Lantau, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "US"	the United States of America
"US$" or "USD"	United States dollar, the lawful currency of the United States

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are:

Executive Director:
Mr. Choi Siu Kit

Independent non-executive Directors:
Ms. Tse Mei Ling
Mr. Mak Kwok Kwan Terence
Ms. Woo Man Hung

By Order of the Board of
LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED
Choi Siu Kit
Executive Director

Hong Kong, 28 March 2024

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