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Dragon King Group Holdings Limited

龍皇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8493)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Dragon King Group Holdings Limited (the “**Company**”, together with its subsidiaries the “**Group**”) 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.*

This announcement will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.dragonkinggroup.com.

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company announces the preliminary consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019. The financial information of the Group has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	196,038	402,320
Cost of inventories consumed		(61,060)	(124,625)
Gross profit		134,978	277,695
Other income and gains, net		33,538	3,025
Staff costs		(87,538)	(150,009)
Depreciation of property, plant and equipment		(12,789)	(17,366)
Depreciation of right-of-use assets		(35,024)	(42,279)
Loss on written-off of other receivables		(2,373)	–
Loss on disposal of a subsidiary		(644)	–
Impairment losses of property, plant and equipment		(9,891)	–
Impairment losses of right-of-use assets		(12,549)	–
Impairment losses under expected credit loss model, net		(6,500)	–
Rental and related expenses		(24,864)	(31,881)
Other operating expenses		(45,429)	(64,246)
Finance costs	6	(5,533)	(7,593)
Loss before tax		(74,618)	(32,654)
Income tax expense	7	(141)	(2,819)
Loss for the year attributable to owners of the Company	8	(74,759)	(35,473)
Loss per share		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	10	(5.2)	(2.5)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	(74,759)	(35,473)
Other comprehensive expense:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(441)</u>	<u>447</u>
Total comprehensive expense for the year	<u>(75,200)</u>	<u>(35,026)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		37,558	63,336
Right-of-use assets		36,040	97,234
Deposits and other receivables		9,587	10,413
Deferred tax assets		3,417	3,454
		<u>86,602</u>	<u>174,437</u>
CURRENT ASSETS			
Inventories		7,957	10,263
Trade receivables	11	2,368	2,624
Prepayments, deposits and other receivables		24,219	48,556
Financial assets at fair value through profit or loss		4,928	4,864
Amounts due from related companies		1,543	1,671
Tax recoverable		215	270
Bank balances and cash		11,692	14,227
		<u>52,922</u>	<u>82,475</u>
CURRENT LIABILITIES			
Trade payables	12	34,599	46,962
Other payables and accruals		25,960	28,338
Lease liabilities		39,190	38,058
Bank borrowings		76,448	43,423
Tax payable		1,053	2,714
		<u>177,250</u>	<u>159,495</u>
NET CURRENT LIABILITIES		<u>(124,328)</u>	<u>(77,020)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(37,726)</u>	<u>97,417</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Other payables and accruals		2,408	2,468
Lease liabilities		16,869	62,475
Loan from a shareholder		–	14,277
		<u>19,277</u>	<u>79,220</u>
NET (LIABILITIES) ASSETS		<u>(57,003)</u>	<u>18,197</u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	14,400	14,400
Reserves		(71,403)	3,797
TOTAL (DEFICIT) EQUITY		<u>(57,003)</u>	<u>18,197</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 December 2020

1. GENERAL INFORMATION

Dragon King Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 8 August 2016. The registered address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at Office A, 20/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 January 2018.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the “**Group**”) are principally engaged in operation and management of restaurants.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to Hong Kong Accounting Standards (“ HKAS ”) 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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

2.2 Impacts on early application of Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020.

The Group has benefited from 2 to 11 months waiver of lease payments on several leases in Shanghai and Macau. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments, resulting in a decrease in the lease liabilities of HK\$4,530,000, which has been recognised as variable lease payments in profit or loss for the current year.

New and 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:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Hong Kong Accounting Guildline 5 (Revised)	Merger Accounting for Common Control Combinations ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the directors of the Company (the “**Directors**”) anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs 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 include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

During the year ended 31 December 2020, the Group reported loss attributable to owners of the Company loss of approximately HK\$74,759,000. In addition, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$124,328,000 and the Group had net liabilities by approximately HK\$57,003,000. As at the same date, the Group’s total current bank borrowings amounted to approximately HK\$76,448,000, while its cash and cash equivalents amounted to approximately HK\$11,692,000.

The Directors considered the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis after taking into consideration the followings:

- (i) the Group had interest-bearing bank borrowings of HK\$76,448,000 as at 31 December 2020, of which approximately HK\$18,584,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to approximately HK\$57,864,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The Group will actively negotiate with the bank for the renewal of the Group's bank borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the Directors, the Group will be able to roll over or refinance the bank borrowings upon their maturity;
- (ii) management has been endeavoring to improve the Group's operating results and cash flows through various cost control measures and will slow down the opening of new restaurants or will close underperforming restaurants in the future;
- (iii) negotiating with banks for new banking facilities; and
- (iv) negotiating with the landlords for rent concessions due to the reduced number of customers as overshadowed by the outbreak of novel coronavirus disease.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write-down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue information from contracts with customers

For the year ended 31 December 2020

	Operation and management of restaurants <i>HK\$'000</i>
Type of goods or services	
Revenue from Chinese restaurant operations	<u>196,038</u>
Geographical markets	
Hong Kong and Macau	166,679
People's Republic of China (the "PRC")	<u>29,359</u>
Total	<u><u>196,038</u></u>
Timing of revenue recognition	
At a point in time	<u><u>196,038</u></u>

For the year ended 31 December 2019

	Operation and management of restaurants <i>HK\$'000</i>
Type of goods or services	
Revenue from Chinese restaurant operations	402,320
	<hr/> <hr/>
Geographical markets	
Hong Kong and Macau	366,115
The PRC	36,205
	<hr/>
Total	402,320
	<hr/> <hr/>
Timing of revenue recognition	
At a point in time	402,320
	<hr/> <hr/>

(ii) **Performance obligations for contracts with customers**

Operation and management of restaurants

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit period is generally few days to 60 days.

(iii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

All revenue contracts are for a period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OPERATING SEGMENT

Information reported to the Board of Directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is operation and management of restaurants.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from operation and management of restaurants for the years ended 31 December 2020 and 2019.

Geographical information

The Group's operations are located in Hong Kong, Macau and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong and Macau	166,679	366,115	51,858	127,638
The PRC	29,359	36,205	21,740	32,932
	<u>196,038</u>	<u>402,320</u>	<u>73,598</u>	<u>160,570</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group for the years ended 31 December 2020 and 2019.

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on:		
Lease liabilities	2,982	5,691
Bank borrowings	1,828	1,902
Imputed interest expense of loan from a shareholder	723	–
	<u>5,533</u>	<u>7,593</u>

7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
Hong Kong	178	2,497
Macau	–	58
	<u>178</u>	<u>2,555</u>
Under provision in prior years		
Hong Kong	–	155
Deferred tax		
Current year	(37)	109
	<u>141</u>	<u>2,819</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the both years.

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the year. The maximum tax rate is 12% for the year ended 31 December 2020 (2019: 12%).

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Employee benefit expense (excluding directors' and chief executive's remuneration)		
– salaries, bonuses and allowances	78,082	135,402
– retirement benefit scheme contributions	3,407	6,536
	<u>81,489</u>	<u>141,938</u>
Auditor's remuneration		
– audit services	920	1,075
– non audit services	–	173
Legal and professional fee	5,768	2,284
Loss on written-off of property, plant and equipment	–	52
	<u>–</u>	<u>52</u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

10. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(74,759)</u>	<u>(35,473)</u>
	Number of shares	
	2020	2019
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,440,000</u>	<u>1,440,000</u>

No diluted earnings per share for the years ended 31 December 2020 and 2019 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2020 and 2019.

11. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contracts with customers	2,368	2,624
Less: Allowance for credit losses	—	—
	<u>2,368</u>	<u>2,624</u>

As at 1 January 2019, trade receivables from contracts with customers amounted to approximately HK\$7,539,000, net of allowance for credit losses of approximately HK\$1,989,000.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	1,447	2,566
1 to 2 months	676	14
2 to 3 months	47	—
Over 3 months	198	44
	<u>2,368</u>	<u>2,624</u>

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of reporting period, based on the invoice date, is as follow:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	3,018	9,112
1 to 2 months	3,670	5,930
2 to 3 months	3,732	3,792
Over 3 months	24,179	28,128
	<u>34,599</u>	<u>46,962</u>

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
As at 1 January 2019, 31 December 2019 and 2020	<u>2,000,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
As at 1 January 2019, 31 December 2019 and 2020	<u>1,440,000,000</u>	<u>14,400</u>

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 December 2020 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Dragon King Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter 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

Multiple fundamental uncertainties relating to going concern

As described in Note 3 to the consolidated financial statements, the Group reported loss attributable to owners of the Company of approximately HK\$74,759,000 for the year ended 31 December 2020. In addition, the Group’s current liabilities exceeded its current assets by approximately HK\$124,328,000 and the Group had net liabilities of approximately HK\$57,003,000 as at 31 December 2020. As at the same date, the Group’s total current bank borrowings amounted to approximately HK\$76,448,000, while its cash and cash equivalents amounted to approximately HK\$11,692,000 only.

These conditions, together with other matters described in Note 3 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company (the “**Directors**”) have been undertaking a number of measures to improve the Group’s liquidity and financial position as described in Note 3 to the consolidated financial statements. The consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that this material uncertainty relating to going concern basis and their cumulative effect on the consolidated financial statements is so extreme that we have disclaimed our opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

The Group is a Cantonese full-service restaurants group operating Cantonese cuisine restaurant under five self-owned brands.

Restaurant Operations

For the year ended 31 December 2020, the Group operated ten Cantonese full-service restaurants in Hong Kong, Macau and Shanghai, the PRC. The Group's restaurants are operated under five self-owned brands, namely "Dragon King (龍皇)", "Dragon Seal (龍璽)", "Dragon Gown (龍袍)", "Imperial Seal (皇璽)" and "Dragon Feast (龍宴)". All of the Group's restaurants are strategically located in prominent commercial areas, residential areas or shopping complexes. The Group is committed to provide high quality food and services as well as comfortable dining environment to the customers.

Vast majority of the Group's restaurants are located in Hong Kong. As at 31 December 2020, the Group had seven restaurants in Hong Kong, two of which are located on Hong Kong Island (respectively known as the "**Causeway Bay Restaurant**" and the "**Wan Chai Restaurant**"), four of which are located in Kowloon (respectively known as the "**ICC Restaurant**", the "**Kwun Tong Restaurant**", the "**San Po Kong Restaurant**" and the "**Whampoa Restaurant**"), and one of which is located in New Territories (known as the "**Kwai Chung Restaurant**"). The Group's restaurant in Macau is located in the Venetian Macao (known as the "**Macau Restaurant**") and the restaurant in Shanghai is located in Pudong New District (known as the "**Shanghai Restaurant**").

In January 2020, the Sheung Shui Restaurant was disposed of to an independent third party due to the worsening financial performance in recent years.

For the year ended 31 December 2020, the food and beverage industry has been hit by the outbreak of COVID-19. The Group is facing a challenging business environment due to the outbreak of COVID-19. In the first half of the year, the outbreak of COVID-19 spread in the PRC, the operation of the Shanghai Restaurant was suspended from late January 2020 to early March 2020 and the Shanghai Restaurant performance was improved in the second half of the year due to the persistently low number of new confirmed cases of COVID-19 reported in the PRC.

However, the Group's restaurants is facing a challenging business environment in Hong Kong. In late March 2020, the HKSAR Government announced the restrictions on the maximum number of persons for each table and in mid July 2020, the HKSAR Government further announced the restrictions on the dine-in hours of restaurants, such series of anti-epidemic precautionary imposed by the HKSAR Government which causing adverse impact on the number of customers and their frequency of visit. The result of the continuous outbreak of the novel coronavirus throughout the year and series of anti-epidemic measures implemented causing adverse impacts on the Group's financial performance, the Group's revenue has suffered a significant decrease of approximately HK\$206.3 million or approximately 51.3% and recorded a significant loss during the year ended 31 December 2020.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the Group recorded a total revenue of approximately HK\$196.0 million, representing a significant decrease of approximately HK\$206.3 million or approximately 51.3% as compared to approximately HK\$402.3 million for the year ended 31 December 2019.

The table below sets forth a breakdown of the Group's revenue generated by each of the Group's self-owned brands:

	For the year ended 31 December			
	2020	% of total	2019	% of total
	Revenue	revenue	Revenue	revenue
	HK\$'000	%	HK\$'000	%
Dragon King (龍皇)	122,234	62.4%	229,627	57.1%
Dragon Seal (龍璽)	24,099	12.3%	57,883	14.4%
Dragon Gown (龍袍)	17,788	9.1%	28,401	7.1%
Imperial Seal (皇璽)	29,359	15.0%	36,205	9.0%
Dragon Feast (龍宴)*	2,558	1.2%	50,204	12.4%
Total revenue	<u>196,038</u>	<u>100.0%</u>	<u>402,320</u>	<u>100.0%</u>

* *Disposed of on 17 January 2020*

Dragon King (龍皇)

The revenue generated from Dragon King significantly decreased by approximately HK\$107.4 million, or approximately 46.8%, from approximately HK\$229.6 million for the year ended 31 December 2019 to approximately HK\$122.2 million for the year ended 31 December 2020.

The overall decrease in revenue was mainly due to the outbreak of COVID-19 in Hong Kong since January 2020 and the recurrence in July and November 2020 and the resulting anti-epidemic precautionary measures including restrictions on catering business premises imposed in Hong Kong which had an adverse impact on the revenue generated for the year ended 31 December 2020.

Dragon Seal (龍璽)

The revenue generated from Dragon Seal significantly decreased by approximately HK\$33.8 million, or approximately 58.4%, from approximately HK\$57.9 million for the year ended 31 December 2019 to approximately HK\$24.1 million for the year ended 31 December 2020. Such decrease was mainly due to the outbreak of COVID-19 and the anti-epidemic precautionary measures discussed above.

Dragon Gown (龍袍)

The revenue generated from Dragon Gown significantly decreased by approximately HK\$10.6 million or approximately 37.3%, from approximately HK\$28.4 million for the year ended 31 December 2019 to approximately HK\$17.8 million for the year ended 31 December 2020. Such decrease was mainly due to the outbreak of COVID-19 and the anti-epidemic precautionary measures discussed above.

Imperial Seal (皇璽)

The revenue generated from Imperial Seal significantly decreased by approximately HK\$6.8 million, or approximately 18.8%, from approximately HK\$36.2 million for the year ended 31 December 2019 to approximately HK\$29.4 million for the year ended 31 December 2020. Such decrease was mainly due to the outbreak of COVID-19 spread in the PRC in the first half of 2020 and the operation of restaurant was suspended from late January 2020 to early March 2020. The revenue generated by Imperial Seal gradually increased during the second half of 2020 driven by the persistently low number of new confirmed cases of COVID-19 reported in the PRC.

Dragon Feast (龍宴)

The revenue generated from Dragon Feast significantly decreased by approximately HK\$47.6 million, or approximately 94.8%, from approximately HK\$50.2 million for the year ended 31 December 2019 to approximately HK\$2.6 million for the year ended 31 December 2020. Such decrease was mainly due to the disposal of the Sheung Shui Restaurant to an independent third party in mid-January 2020.

Gross profit and gross profit margin

The Group's gross profit (i.e. revenue minus cost of inventories consumed) amounted to approximately HK\$135.0 million for the year ended 31 December 2020, representing a significant decrease of approximately HK\$142.7 million or approximately 51.4% from approximately HK\$277.7 million for the year ended 31 December 2019 driven by the significant decrease in revenue.

The Group's overall gross profit margin remained consistent for both year end 31 December 2020 and 2019.

Other income and gains, net

Other income and gains, net significantly increased by approximately HK\$30.5 million from approximately HK\$3.0 million for the year ended 31 December 2019 to approximately HK\$33.5 million for the year ended 31 December 2020. Such increase were mainly due to the rent concession amounted to approximately HK\$14.4 million, one-off subsidies amounted to approximately HK\$13.2 million and approximately HK\$4.4 million received from the The Food and Environmental Hygiene Department and the Employment Support Scheme from the HKSAR Government under the Anti-epidemic Fund, respectively.

Staff costs

Staff costs was approximately HK\$87.5 million for the year ended 31 December 2020, representing a significant decrease of approximately HK\$62.5 million or approximately 41.7% as compared to HK\$150.0 million for the year ended 31 December 2019. Such decrease was mainly due to all Directors, senior management members and employees of the Group agreed and have unpaid leaves starting from February 2020 to December 2020 as one of the cost saving measures in response to the outbreak of COVID-19.

Depreciation of right-of-use assets

Depreciation of right-of-use assets was charged on a straight-line basis over the lease term. The lease terms of the leased premises are generally between three to ten years, with some lease agreements provide an option for the Group to renew.

Impairment loss on property, plant and equipment and right-of-use assets

In view of the deteriorating economy and significant disruption in the operations of the Group arising from the COVID-19 and the related anti-epidemic precautionary measures in Hong Kong, Macau and the PRC throughout the year ended 31 December 2020, the Group assessed if any impairment loss should be recognised for the non-current assets of the Group including property, plant and equipment and right-of-use assets.

Impairment loss of approximately HK\$9.9 million (2019: Nil) and HK\$12.5 million (2019: Nil) were recognised for property, plant and equipment and right-of-use assets during the year ended 31 December 2020 respectively.

Impairment loss on under expected credit losses model, net

The Group assessed the measurement of expected credit losses for other receivables using a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For the year ended 31 December 2020, impairment losses on other receivables and amount due from related companies of approximately HK\$6.5 million (2019: Nil) was recognised. Due to the ongoing impact of the COVID-19, most business activities and the payment chain in Hong Kong, Macau and the PRC were significantly affected which caused the extension of debt collection periods and increase in loss allowance on other receivables.

Rental and related expenses

The Group's rental and related expenses significantly decreased by approximately HK\$7.0 million or approximately 22.0% from approximately HK\$31.9 million for the year ended 31 December 2019 to approximately HK\$24.9 million for the year ended 31 December 2020. Such decrease was mainly due to certain short-term lease payment, management fees and promotion levy were waived by landlord due to the outbreak of COVID-19.

Other operating expenses

The Group's other operating expenses significantly decreased by approximately HK\$18.8 million or approximately 29.3% from approximately HK\$64.2 million for the year ended 31 December 2019 to approximately HK\$45.4 million for the year ended 31 December 2020. Such decrease was mainly due to the improvement of operational efficiency as a result of the Group's further control over its operational costs.

Finance costs

Finance costs of the Group decreased by approximately HK\$2.1 million or approximately 27.6% from approximately HK\$7.6 million for the year ended 31 December 2019 to approximately HK\$5.5 million for the year ended 31 December 2020. The decrease in finance costs was mainly attributable to the decrease in interest on lease liabilities attributable to the right-of-use assets under HKFRS 16.

Loss attributable to owners of the Company

For the year ended 31 December 2020, the Group recorded a loss attributable to owners of the Company of approximately HK\$74.8 million, as compared with loss of approximately HK\$35.5 million for the year ended 31 December 2019. It was mainly due to the outbreak of COVID-19 and the anti-epidemic precautionary measures imposed by the HKSAR Government which led to a significant decrease in revenue during the year ended 31 December 2020, the impairment loss on property, plant and equipment and right-of-use assets of the Group's restaurant and the impairment loss under the expected credit loss model and offset with the subsidies received from the the HKSAR Government to support the Group's operation under the outbreak of COVID-19.

PROSPECTS

In view of the recent economic downturn accompanied by the outbreak of COVID-19 in Hong Kong, the Group will adopt a conservative and cautious approach to operate its business. The food and beverage industry is facing a very challenging business environment including a slowdown in economic growth in Hong Kong, weakened consumption sentiments due to the outbreak of COVID-19, reduction in number of visitors that affected the total consumptions in the Group's restaurants and the anti-epidemic precautionary measures including restrictions on catering business premises imposed by the HKSAR Government. The total effects of the above pose a challenge to the Group's business.

On the other hand, the staff costs and food costs remained relatively high despite the current economic downturn, therefore the Group is facing pressure on striking the balance between cost control and the qualities of the food and services. Another major cost component for the Group is the rental expenses. The Group has been negotiating with the landlords for rent concessions as some of the Group's restaurants could not be opened due to the restrictions on catering business premises and the reduced number of visitors as overshadowed by the outbreak of COVID-19.

In response to the adverse business environment brought by the outbreak of COVID-19, the Group has adopted a series of cost saving measures and set out contingency plans to overcome the difficulties in the current business and market environment. The Group will continue to evaluate the overall market conditions and strike a balance between expanding the Group's restaurants and closing down underperforming restaurants in the future.

Moreover, the Group has set up an online sales platform to promote the Group's packaged foods and several packaged sauces in late 2020 and will further expand the online sales business in the future. The development of online sales business is to diversify the operational and financial risks facing in operating the restaurants under the COVID-19 and lower the reliance on the revenue generated from the restaurant operations.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The Group will endeavour to achieve the following business objectives:

Business Strategy as stated in the prospectus of the Company dated 29 December 2017 (the “Prospectus”)	Implementation activities up to 31 December 2020 as stated in the Prospectus	Actual business progress up to the date of this announcement
Expansion in Hong Kong with multi-brand strategy	<ul style="list-style-type: none"> To open restaurant in Hong Kong under the brand name of “Dragon King” and “Dragon Feast” 	<ul style="list-style-type: none"> The Kwai Chung Restaurant commenced its operation as “Dragon King” on 2 May 2018 The Wan Chai Restaurant commenced its operation as “Dragon Gown” on 15 August 2018 The Group carefully evaluated the market and delayed the expansion plan
Further enhance the Group’s brand recognition	<ul style="list-style-type: none"> To advertise and promote more in conventional media channels and online platforms To engage in more marketing campaigns and other marketing activities 	<ul style="list-style-type: none"> Continue to enhance the Group’s brand recognition through various media channels Ms. Alice Chan (陳煒) was appointed as the Group’s spokesperson
Enhancement of existing restaurant facilities	<ul style="list-style-type: none"> To refurbish the Group’s existing restaurants’ fitting out and utensils To attract new and returning customer traffic 	<ul style="list-style-type: none"> The refurbishment work in the Group’s restaurants continues
Repayment of bank and other borrowings	<ul style="list-style-type: none"> To repay part of our outstanding bank borrowings 	<ul style="list-style-type: none"> Early repayment of four outstanding bank borrowings amounted to HK\$3.0 million

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the listing on GEM (the “**Listing**”) on 16 January 2018 (the “**Listing Date**”) through the share offer of 360,000,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.21 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$37.3 million.

As at 31 December 2020, the net proceeds from share offer were applied as follows:

	Planned use of net proceeds as stated in the Prospectus up to 31 December 2020 <i>HK\$ million</i>	Actual use of net proceeds up to 31 December 2020 <i>HK\$ million</i>	Unutilised net proceeds up to 31 December 2020 <i>HK\$ million</i>
Expansion in Hong Kong with multi-brand strategy			
– Capital expenditure, working capital and rental deposit of opening of “Dragon King” Restaurant in Kwai Chung	9.6	9.6	–
– Capital expenditure, working capital and rental deposit of opening of “Dragon Gown” Restaurant in Wan Chai	11.0	11.0	–
– Capital expenditure, working capital and rental deposit of opening of “Dragon King” Restaurant in Eastern District	6.8	–	6.8
Sub-total	27.4	20.6	6.8
Enhancement of existing restaurant facilities			
– Renovation costs for the Group’s Restaurant	4.1	4.1	–
Sub-total	4.1	4.1	–
Enhancement of marketing and promotions			
– Advertise and promote more in conventional media channels and online platforms	0.8	0.8	–
– Engage in more marketing campaigns and appointment of spokesperson	0.4	0.4	–
Sub-total	1.2	1.2	–
Repayment of bank and other borrowings	3.0	3.0	–
Working capital	1.6	1.6	–
	37.3	30.5	6.8

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 31 December 2020, approximately HK\$30.5 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds of approximately HK\$6.8 million were deposited in licensed banks in Hong Kong. The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group. Nevertheless, given the current economic condition together with the continuous outbreak of COVID-19 in Hong Kong subsequent to the reporting period, the Group has decided to delay the plan of opening new restaurant until the Directors consider the condition of COVID-19 will be further controlled and the overall economical atmosphere resume and is suitable for the expansion which is expected in late 2021.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing Date. The capital of the Group only comprised of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank and other borrowings.

As at 31 December 2020, the Group had borrowings of approximately HK\$76.4 million which was denominated in Hong Kong Dollars (2019: approximately HK\$43.4 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2020, the Group's cash and cash equivalents were approximately HK\$11.7 million (2019: approximately HK\$14.2 million). The Directors believe that the Group is in a healthy financial position to achieve its business objectives.

GEARING RATIO

As at 31 December 2020, the gearing ratio of the Group was approximately 145.0% (2019: approximately 92.4%). Gearing ratio is calculated as net debt divided by capital and net debt. Net debt represented total liabilities (excluding tax payable) of the Group less cash and cash equivalents. Capital represented the equity attributable to owners of the Company.

CHARGE ON GROUP ASSETS

As at 31 December 2020, the borrowings were secured by a building owned by the Group and life insurance policies amounted to approximately HK\$28.7 million (2019: approximately HK\$29.5 million) and approximately HK\$4.9 million (2019: approximately HK\$4.9 million), respectively, for certain banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

As disclosed in the Company's announcement dated 17 January 2020, Dragon King Holdings Limited, the direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Prominent Voice Limited ("**Prominent Voice**"), an indirect wholly-owned subsidiary of the Company, at a consideration of approximately HK\$2.7 million. Prominent Voice is principally engaged in operating the Sheung Shui Restaurant.

Except for the above, there was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 December 2020. There is no other plan for material investments or capital assets as at 31 December 2020.

FOREIGN EXCHANGE EXPOSURE

Most of the income and expenditures of the Group are denominated in Hong Kong Dollars ("**HKD**") and Renminbi ("**RMB**"), which are the functional currencies of the respective group entities. Although HKD is not pegged to RMB, the historical exchange rate fluctuation on RMB was not significant during the year. Therefore, no significant exposure is expected on RMB transactions and balances.

The Group does not have any material foreign exchange exposure. During the year ended 31 December 2020, the Group had not used any financial instruments for hedging purposes.

TREASURY POLICIES

The Directors 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

The Group did not have any material contingent liabilities as at 31 December 2020 (2019: Nil).

COMMITMENTS

The Group does not have any commitments as at 31 December 2020 (2019: Nil).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2020, the Group had 390 employees (2019: 590 employees) working in Hong Kong, Macau and Shanghai. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various kind of trainings were provided to the employees. The total staff costs (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 December 2020 amounted to approximately HK\$87.5 million (2019: approximately HK\$150.0 million).

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign currency risk

The Group currently does not expose to material foreign exchange risk as most of the monetary assets and liabilities are denominated in Hong Kong Dollars.

Credit risk

The Group trades with a large number of individual customers and trading terms are mainly on cash and credit card settlement. In view of the Group's operation, it does not have significant credit risk exposure to any single individual customer. The credit risk of the other financial assets comprises carrying amounts of cash and bank balances, deposits and other receivables and amounts due from related companies. These credit risks are monitored on an ongoing basis.

Liquidity risk

The Group has policy in place to regularly monitor the Group's liquidity requirements, both existing and expected, in order to maintain sufficient reserves of cash from short term to long term. The Directors are of the view that the liquidity risk management policy enables the Group to have sufficient resources to meet the debt obligations and working capital needs.

Capital risk

The Group's objectives for managing capital are to ensure the ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to minimise the cost of capital. To maintain or adjust capital structure, the Group may adjust dividend payout ratio, make return of capital to shareholders in the form of dividend or share buyback, issue new Shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2020, to the best knowledge of the Board, the Company had complied with all the applicable code provisions set out in the CG code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

On 10 February 2021, Mr. Chan Ko Cheung has been appointed as an executive director of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 15 December 2017. The chairman of the Audit Committee is Mr. Kwong Ping Man, the independent non-executive Director, and other members included Mr. Lin Zhisheng and Mr. Chang Cheuk Cheung Terence, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

During the year, the Audit Committee held five meetings to review and comment on the Company's 2019 annual results, 2020 interim results, quarterly results, audit plans for annual audit 2020 as well as the Company's internal control procedures and risk management system.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly, interim and annual financial statements, and announcements to the shareholders of the Company. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. Except from the issues discussed under paragraph "Multiple fundamental uncertainties relating to going concern" in the announcement, as at 31 December 2020, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

THE BOARD AND THE AUDIT COMMITTEE'S PLAN TO ADDRESS THE DISCLAIMER OF OPINION

To tackle the issues raised by the auditor of the Company in its disclaimer of opinion, the Board shall spare no effort in improving the Group's liquidity and financial position. The Board has adopted different measures and taken various actions with different dimensions to further improve its liquidity and financial position:

- (i) The Directors will implement stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs;
- (ii) The Directors are in the process of further reviewing and shortening the reporting intervals and improving follow up measures on receivable collection;
- (iii) the management will consider other financing arrangements with a view to increasing the Group's capitalisation/equity; and
- (iv) the management will continue to refinance and/or roll-over the Group's existing loans with a view to improving the Group's liquidity.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

By order of the Board
Dragon King Group Holdings Limited
Lee Ching Nung Angel
Chairman and Executive Director

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises Ms. Lee Ching Nung Angel, Mr. Wong Wing Chee, Mr. Wong Wing Hong and Mr. Chan Ko Cheung as executive Directors; and Mr. Kwong Ping Man, Mr. Lin Zhisheng and Mr. Chang Cheuk Cheung Terence as independent non-executive Directors.