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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2021

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the unaudited comparative figures for the corresponding period in 2020, are as follows:

		Unaudited	
		Three months ended 31 March	
		2021	2020
	Notes	HK\$'000	HK\$'000
Revenue	3	49,149	57,652
Costs of inventories consumed		<u>(16,413)</u>	<u>(17,388)</u>
Gross profit		32,736	40,264
Other income and gains, net	4	7,476	1,595
Staff costs		(22,561)	(24,149)
Depreciation of items of property, plant and equipment		(1,768)	(3,232)
Depreciation of right-of-use assets		(5,690)	(6,273)
Loss on disposal of a subsidiary		–	(644)
Rental and related expenses		(4,915)	(5,372)
Other operating expenses		(9,231)	(9,999)
Finance costs		<u>(1,055)</u>	<u>(1,322)</u>
Loss before tax	5	(5,008)	(9,132)
Income tax expense	6	<u>–</u>	<u>–</u>
Loss for the period attributable to the owners of the Company		<u>(5,008)</u>	<u>(9,132)</u>
Loss per share		HK cents	HK cents
– Basic and diluted	8	<u>(0.35)</u>	<u>(0.63)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME**

For the three months ended 31 March 2021

	Unaudited	
	Three months ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(5,008)	(9,132)
Other comprehensive expense:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	<u>(107)</u>	<u>98</u>
Total comprehensive expense for the period	<u>(5,115)</u>	<u>(9,034)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity/ (deficit) <i>HK\$'000</i>
At 1 January 2020	14,400	88,057	(43,224)	42,703	131	(83,870)	18,197
Loss for the period	-	-	-	-	-	(9,132)	(9,132)
Other comprehensive income for the period, net of income tax							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising on translation of foreign operations	-	-	-	-	98	-	98
Total comprehensive expense for the period	-	-	-	-	98	(9,132)	(9,034)
At 31 March 2020 (Unaudited)	<u>14,400</u>	<u>88,057</u>	<u>(43,224)</u>	<u>42,703</u>	<u>229</u>	<u>(93,002)</u>	<u>9,163</u>
At 1 January 2021	14,400	88,057	(43,224)	42,703	(310)	(158,629)	(57,003)
Loss for the period	-	-	-	-	-	(5,008)	(5,008)
Other comprehensive income for the period, net of income tax							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising on translation of foreign operations	-	-	-	-	(107)	-	(107)
Total comprehensive expense for the period	-	-	-	-	(107)	(5,008)	(5,115)
At 31 March 2021 (Unaudited)	<u>14,400</u>	<u>88,057</u>	<u>(43,224)</u>	<u>42,703</u>	<u>(417)</u>	<u>(163,637)</u>	<u>(62,118)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 August 2016. The registered office 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 have been listed on GEM of the Stock Exchange since 16 January 2018.

The Company is an investment holding company. The Group is principally engaged in the operation and management of restaurants in Hong Kong, Macau and People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2021 are consistent with those adopted in the Group's audited annual report dated 30 March 2021 (the "2020 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 31 March 2021 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 31 March 2021.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the three months ended 31 March 2021 are presented in thousand of Hong Kong dollars ("HK\$'000"), which is also the functional currency of the Group.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. REVENUE

	Unaudited	
	Three months ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers		
Restaurant operations	<u>49,149</u>	<u>57,652</u>

(i) Disaggregated revenue information

	Unaudited	
	Three months ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Type of goods or services		
Revenue from Chinese restaurant operations	<u>49,149</u>	<u>57,652</u>
Geographical markets		
Hong Kong and Macau	40,637	53,303
The PRC	<u>8,512</u>	<u>4,349</u>
Total	<u>49,149</u>	<u>57,652</u>
Timing of revenue recognition		
At a point in time	<u>49,149</u>	<u>57,652</u>

(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.

4. OTHER INCOME AND GAINS, NET

	Unaudited	
	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Other income and gains, net		
Bank interest income	1	1
Fair value gains on financial assets at fair value through profit or loss	25	40
Subsidies received from a utility company for purchases of property, plant and equipment*	74	105
Subsidies received from government	4,200	1,400
Rental Concession**	3,176	–
Others	–	49
	<u>7,476</u>	<u>1,595</u>

* As at 31 March 2021 and 2020, there were no unfulfilled conditions or other contingencies attaching to the subsidies that had been recognised by the Group.

** During the three months ended 31 March 2021, the Group reorganised rental concession of approximately HK\$3,176,000 of which approximately HK\$733,000 related to COVID-19 Related Rental Concessions.

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Unaudited	
	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Contingent rents under operating leases*	–	490
Auditor's remuneration	230	250
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	20,160	21,589
Pension scheme contributions	798	1,102
	<u>20,958</u>	<u>22,691</u>

* Contingent rents are included in "Rental and related expenses" in the unaudited condensed consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

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.

For the three months ended 31 March 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% on the estimated assessable profits.

PRC tax and Macau tax have been provided at the rate of 25% and 12% on the estimated profits arising in the PRC and Macau during the three months ended 31 March 2021 (2020: 25% and 12%), respectively.

	Unaudited	
	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current – Hong Kong	–	–
Current – elsewhere	–	–
	<hr/>	<hr/>
Total tax charge for the period	<u>–</u>	<u>–</u>

7. DIVIDEND

The board of Directors (the “**Board**”) does not recommend any payment of dividend in respect of the three months ended 31 March 2021 (2020: Nil).

8. LOSS PER SHARE

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

	Unaudited	
	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(5,008)</u>	<u>(9,132)</u>
	Number of shares	
	2021	2020
	'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 three months ended 31 March 2021 and 2020 were presented as there were no potential ordinary shares in issue for the three months ended 31 March 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

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

Restaurant Operations

For the three months ended 31 March 2021, the Group operated nine full-service restaurants in Hong Kong, Macau and Shanghai, the PRC to provide Cantonese cuisine under the brand name of “Dragon King (龍皇)”, “Dragon Seal (龍璽)”, “Dragon Gown (龍袍)” and “Imperial Seal (皇璽)”. 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 March 2021, 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**”).

For the three months ended 31 March 2021, the food and beverage industry still suffered from the outbreak of COVID-19. The Group is facing a challenging business environment due to the outbreak of COVID-19. In the first quarter of 2021, the Shanghai Restaurant performance keep improving due to the effective control of the spread of COVID-19 in the PRC.

However, the Group’s restaurants in Hong Kong are facing a challenging business environment. In early 2020, the HKSAR Government announced the restrictions on the maximum number of persons for each table and in mid-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 and such restrictions still imposed in the first quarter of 2021. The result of the continuous outbreak of COVID-19 and series of anti-epidemic measures implemented causing adverse impacts on the Group’s financial performance, the Group’s revenue has suffered a decrease of approximately HK\$8.6 million or approximately 14.9% and recorded a loss during the three months ended 31 March 2021.

FINANCIAL REVIEW

Revenue

For the three months ended 31 March 2021, the Group recorded a total revenue of approximately HK\$49.1 million, representing a decrease of approximately HK\$8.6 million or approximately 14.9% as compared to approximately HK\$57.7 million for the three months ended 31 March 2020.

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

	For the three months ended 31 March			
	2021		2020	
	Revenue	% of total	Revenue	% of total
	HK\$'000	(%)	HK\$'000	(%)
Dragon King (龍皇)	30,488	62.0%	39,137	67.9%
Dragon Seal (龍璽)	5,816	11.8%	6,061	10.5%
Dragon Gown (龍袍)	4,333	8.8%	5,175	9.0%
Imperial Seal (皇璽)	8,512	17.4%	4,349	7.5%
Dragon Feast (龍宴)*	N/A	N/A	2,930	5.1%
Total revenue	<u>49,149</u>	<u>100.0%</u>	<u>57,652</u>	<u>100.0%</u>

* Disposed of on 17 January 2020

Dragon King (龍皇)

The revenue generated from Dragon King decreased by approximately HK\$8.6 million, or approximately 22.0%, from approximately HK\$39.1 million for the three months ended 31 March 2020 to approximately HK\$30.5 million for the three months ended 31 March 2021.

The overall decrease in revenue was mainly due to the outbreak of COVID-19 in Hong Kong since January 2020 and the recurrence throughout the first quarter of 2021 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 during the period ended 31 March 2021.

Dragon Seal (龍璽)

The revenue generated from Dragon Seal decreased by approximately HK\$0.3 million, or approximately 4.9%, from approximately HK\$6.1 million for the three months ended 31 March 2020 to approximately HK\$5.8 million for the three months ended 31 March 2021. 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 decreased by approximately HK\$0.9 million, or approximately 17.3%, from approximately HK\$5.2 million for the three months ended 31 March 2020 to approximately HK\$4.3 million for the three months ended 31 March 2021. 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 increased by approximately HK\$4.2 million, or approximately 97.7%, from approximately HK\$4.3 million for the three months ended 31 March 2020 to approximately HK\$8.5 million for the three months ended 31 March 2021. Such increase was mainly due to the effective control on the COVID-19 in the PRC and thus the revenue generated resumed normal.

Gross profit and gross profit margin

The Group's gross profit (i.e. revenue minus cost of inventories consumed) amounted to approximately HK\$32.7 million for the three months ended 31 March 2021, representing a decrease of approximately HK\$7.6 million or approximately 18.9% from approximately HK\$40.3 million for the three months ended 31 March 2020 driven by the decrease in revenue.

The Group's overall gross profit margin decreased by 3.2% for the period ended 31 March 2021 when compared to the period ended 31 March 2020 as more promotional menu was provided to the customers during the period.

Other income and gains, net

Other income and gains, net significantly increased by approximately HK\$5.9 million or approximately 368.75% from approximately HK\$1.6 million for the three months ended 31 March 2020 to approximately HK\$7.5 million for the three months ended 31 March 2021. Such increase was mainly due to the one-off subsidies amounted to HK\$4.2 million received from the The Food and Environmental Hygiene Department under the Anti-epidemic Fund.

Staff costs

Staff costs was approximately HK\$22.6 million for the three months ended 31 March 2021, representing an decrease of approximately HK\$1.5 million or approximately 6.2% as compared to HK\$24.1 million for the three months ended 31 March 2020. Such decrease was mainly due to all Directors, senior management members and employees of the Group agreed and have unpaid leaves as one of the cost controls measures in response to the pandemic.

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.

Rental and related expenses

The Group's rental and related expenses decreased by approximately HK\$0.5 million or approximately 9.3% from approximately HK\$5.4 million for the three months ended 31 March 2020 to approximately HK\$4.9 million for the three months ended 31 March 2021. Such decrease was mainly due to certain short-term lease payment, management fees and promotion levy were waived by landlord due to the Epidemic.

Other operating expenses

The Group's other operating expenses decreased by approximately HK\$0.8 million or approximately 8.0% from approximately HK\$10.0 million for the three months ended 31 March 2020 to approximately HK\$9.2 million for the three months ended 31 March 2021. Such decrease was mainly due to the improvement of operational efficiency as a result of the Group's further control over its operational costs.

Loss attributable to owners of the Company

For the three months ended 31 March 2021, the Group recorded a loss attributable to owners of the Company of approximately HK\$5.0 million, as compared to a loss attributable to owners of the Company of approximately HK\$9.1 million for the three months ended 31 March 2020. The decrease in the loss attributable to owners of the Company mainly due to the one-off subsidies received and offset with the decrease in revenue.

DIVIDEND

The Board does not recommend any payment of dividend for the three months ended 31 March 2021 (2020: Nil).

PROSPECTS

The shares of the Company were listed on GEM of the Stock Exchange (the "**Listing**") on 16 January 2018 (the "**Listing Date**") by way of share offer. The Directors believe that Listing could enhance the Group's profile and recognition which will enhance the customers' confidence to the Group. In addition, the net proceeds from the share offer will provide additional resources to the Group to expand its business and improve its capital base.

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 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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Ms. Lee Ching Nung Angel ("Ms. Lee") ^{Note 1}	Interest of spouse	578,880,000	40.20%
Mr. Wong Wing Chee ("Mr. Wong WC") ^{Note 2}	Interested in a controlled corporation	578,880,000	40.20%
Mr. Wong Wing Hong ("Mr. Wong WH") ^{Note 3}	Interested in a controlled corporation	10,800,000	0.75%

Notes:

- Ms. Lee is the spouse of Mr. Wong WC. Under the SFO, Ms. Lee is deemed to be interested in the same number of shares of the Company in which Mr. Wong WC is interested.
- Mr. Wong WC beneficially owns the entire issued share capital of Million Edge Developments Limited ("Million Edge"). Therefore, Mr. Wong WC is deemed, or taken to be, interested in all the shares held by Million Edge for the purpose of the SFO. Mr. Wong WC is the sole director of Million Edge.
- Mr. Wong WH beneficially owns the entire issued share capital of Wealthy Time Limited ("Wealthy Time"). Therefore, Mr. Wong WH is deemed, or taken to be, interested in all the shares of the Company held by Wealthy Time for the purpose of the SFO. Mr. Wong WH is the sole director of Wealthy Time.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executive of the Company, as at 31 March 2021, the following person/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Million Edge	Beneficial owner	578,880,000	40.20%

Save as disclosed above, as at 31 March 2021, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debenture of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

There was a duplication of interests of 578,880,000 shares among Ms. Lee, Mr. Wong WC and Million Edge which represented the same block lot shares.

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 three months ended 31 March 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance during the three months ended 31 March 2021 and up to the date of this announcement.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees of the Company, the Directors and other selected participants for their contributions to the Group. The Company has conditionally adopted the Share Option Scheme on 15 December 2017. Further details of the Share Option Scheme are set in the section headed "Statutory and General Information – E. Share option scheme" in Appendix V of the Prospectus.

For the three months ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the three months ended 31 March 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee was established on 15 December 2017. The chairlady of the Audit Committee is Ms. Leung Hoi Ki, the independent non-executive Director, and other members include Mr. Lin Zhisheng and Mr. Lee Yiu Keung, 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 auditors 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 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.

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 10 May 2021

As at the date of this announcement, the Board comprises Ms. Lee Ching Nung Angel, Mr. Wong Wing Chee, Mr. Zhu Min and Mr. Chan Ko Cheung as executive Directors; Mr. Lee Yiu Keung, Mr. Lin Zhisheng and Ms. Leung Hoi Ki as independent non-executive Directors.