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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)

(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(II) PROPOSED SHARE CONSOLIDATION

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK\$20,000,000 divided into 2,000,000,000 Existing Shares to HK\$50,000,000 divided into 5,000,000,000 Existing Shares by creating additional 3,000,000,000 unissued Existing Shares, such Existing Shares shall rank *pari passu* in all respects.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of poll at the EGM. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

GENERAL

The EGM will be convened and held for the Shareholders to consider, if thought fit, approve, among other things, the Share Consolidation. The Circular containing, among other things, (i) further details of the Increase in Authorised Share Capital and the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 12 May 2021.

(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK\$20,000,000 divided into 2,000,000,000 Existing Shares to HK\$50,000,000 divided into 5,000,000,000 Existing Shares by creating additional 3,000,000,000 unissued Existing Shares, such Existing Shares shall rank *pari passu* in all respects.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole.

(II) PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 1,440,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the EGM and the Increase in Authorised Share Capital is approved at the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$50,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 144,000,000 Consolidated Shares will be in issue and fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the EGM and the Increase in Authorised Share Capital is not approved at the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$20,000,000 divided into 200,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 144,000,000 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares.

Other than the expenses to be incurred in relation to the Increase in the Authorised Share Capital and the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 1 June 2021, being the second Business Day after the EGM.

As at the date of this announcement, none of the conditions above have been fulfilled.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be set out in the Circular to be despatched to the Shareholders.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may during the period from Tuesday, 1 June 2021 to Friday, 9 July 2021 (both days inclusive) submit share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 7 July 2021, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the share certificates for the Existing Shares which are in gold colour.

REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For most of the trading days during last 12 months, the share price of the Company has been lower than HK\$0.1 and the existing board lot value has been less than HK\$2,000. The closing price of the Existing Shares as at the date of this announcement was HK\$0.105 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the closing price of HK\$0.105 per Existing Share as at the date of this announcement and the existing board lot size of 12,000 Existing Shares, the Board resolved to propose the Share Consolidation, resulting in HK\$1.050 per Consolidated Share and HK\$12,600 per board lot of 12,000 Consolidated Shares with the view to complying with the trading requirements under the GEM Listing Rules. The board lot size for trading in the Consolidated Shares after the Share Consolidation will remain as 12,000 Consolidated Shares.

The Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. Taking into account the lowest share price of last 12 months which was HK\$0.03 per Existing Share, and that the theoretical value of one board lot of 12,000 Consolidated Shares at HK\$0.03 would be HK\$3,600 after the Share Consolidation, the Board believes that the Share Consolidation will best serve its purpose by consolidating ten (10) Existing Shares into one (1) Consolidated Share in case the share price fluctuates.

In view of the above reasons, the Board considers that the Share Consolidation is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation is set out below:

Event(s)	Time and date
Expected date of despatch of the Circular, the notice of the EGM and the form of proxy of the EGM.	Wednesday, 12 May 2021
Latest date and time for lodging transfer documents in order to qualify for attendance and voting at the EGM.	4:30 p.m. on Monday, 24 May 2021
Closure of register of members for determining the entitlement to attend and vote at the EGM.	Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM.	3:00 p.m. on Wednesday, 26 May 2021
Expected date and time of the EGM	3:00 p.m. on Friday, 28 May 2021
Announcement of poll results of the EGM for the Share Consolidation	Friday, 28 May 2021
The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:	
Effective date of the Share Consolidation	Tuesday, 1 June 2021
First day for free exchange of existing share certificates for new share certificates of the Consolidated Shares	Tuesday, 1 June 2021
Dealings in the Consolidated Shares commence	9:00 a.m. on Tuesday, 1 June 2021
Original counter for trading in the Existing Shares in board lot of 12,000 Existing Shares temporarily closes.	9:00 a.m. on Tuesday, 1 June 2021
Temporary counter for trading in the Consolidated Shares in board lot of 1,200 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Tuesday, 1 June 2021

Event(s)	Time and date
Original counter for trading in the Consolidated Shares in board lot of 12,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 16 June 2021
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Wednesday, 16 June 2021
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.	9:00 a.m. on Wednesday, 16 June 2021
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares.	4:00 p.m. on Wednesday, 7 July 2021
Temporary counter for trading in the Consolidated Shares in board lot of 1,200 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Wednesday, 7 July 2021
Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. on Wednesday, 7 July 2021
Last date and time for free exchange of existing share certificates for the new share certificates of the Consolidated Shares	4:10 p.m. on Friday, 9 July 2021

All times and dates specified in this announcement refer to the Hong Kong local times and dates. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation and is therefore for indicative purpose only. Any subsequent changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve, among other things, the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholders are required to abstain from voting on the resolutions in relation to the Share Consolidation to be proposed at the EGM.

The Circular containing, among other things, (i) further details of the Increase in the Authorised Share Capital and the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 12 May 2021.

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation”. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System operated by the HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular of the Company to be despatched to the Shareholders to provide, among other things, (i) further details regarding the Increase in Authorised Share Capital and the Share Consolidation, and (ii) a notice convening the EGM
“Company”	Dragon King Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8493)

“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, to approve the Increase in Authorised Share Capital and the Share Consolidation
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	an increase in the authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Existing Shares to HK\$50,000,000 divided into 5,000,000,000 Existing Shares by creating additional 3,000,000,000 unissued Existing Shares
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be

“Share Consolidation”	the proposed share consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 26 April 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; Mr. Lee Yiu Keung, Ms. Leung Hoi Ki and Mr. Lin Zhisheng as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.dragonkinggroup.com.