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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)**

### **PAST CONTINUING CONNECTED TRANSACTIONS WITH DRAGON KING PTY**

The Board would like to inform the shareholders that Gold Profit, an indirect wholly owned subsidiary of the Company, entered into the Dragon King Pty Framework Agreement with Dragon King Pty on 30 November 2018.

As at the date of the Dragon King Pty Framework Agreement, Dragon King Pty is a company owned as to 50% and 50% by Mr. Wong WC and Ms. Lee, respectively. Dragon King Pty is therefore a connected person of the Company and the transactions contemplated under the Dragon King Pty Framework Agreement constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios (as defined under the GEM Listing Rules) for the proposed annual caps under the Dragon King Pty Framework Agreement is less than 25% and all the proposed annual caps are less than HK\$10.0 million, the transactions contemplated under the Dragon King Pty Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

However, due to an inadvertent oversight the Company did not make an appropriate announcement for the transactions. Thus, there has been an inadvertent breach by the Company of Chapter 20 of the GEM Listing Rules in respect of the transactions.

Due to the beneficial interests of Mr. Wong WC and Ms. Lee in Dragon King Pty and Mr. Wong WH's relationship with Mr. Wong WC, Mr. Wong WC, Mr. Wong WH and Ms. Lee are regarded as having a material interest in the transactions contemplated under the Dragon King Pty Framework Agreement, and have abstained from voting on the relevant resolutions of the Board for approving the Dragon King Pty Framework Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Wong WC, Mr. Wong WH and Ms. Lee, none of the Directors has any material interest in the Dragon King Pty Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

## TRANSACTION WITH DRAGON KING PTY

On 30 November 2018, Gold Profit, an indirect wholly-owned subsidiary of the Company, entered into the Dragon King Pty Framework Agreement with Dragon King Pty, pursuant to which Dragon King Pty agreed to provide food ingredients to the Group from time to time upon request from 1 January 2019 to 31 December 2021.

Set out below is a summary of the principal terms of the Dragon King Pty Framework Agreement:

Date	:	30 November 2018
Parties	:	(i) Gold Profit (ii) Dragon King Pty
Subject	:	Pursuant to the Dragon King Pty Framework Agreement, Dragon King Pty agreed to provide food ingredients to the Group from time to time in response to purchase initiated by the Group by sending corresponding purchase orders
Term	:	The Dragon King Pty Framework Agreement has a fixed term from 1 January 2019 to 31 December 2021 (both days inclusive)

### Pricing policy

The price payable for the food ingredients under the Dragon King Pty Framework Agreement by the Group to Dragon King Pty shall be determined after arm's length negotiation between the parties with regard to the prevailing market rates of similar providers from time to time. In order to ensure that the prices are fair and reasonable and in line with prevailing market rates, the Group will obtain quotations of food ingredients which are of similar nature, quantity and delivery time frame from not fewer than two Independent Third Parties food ingredients providers, at a frequency not less than on a quarterly basis. The Group will only accept Dragon King Pty's quotation when the prices and terms offered by Dragon King Pty are no less favourable than those offered to the Group by the Independent Third Parties food ingredients providers.

### Historical figures, existing annual caps and proposed annual caps

The table below sets out the historical figures and the annual caps under the Existing Dragon King Pty Framework Agreement and the proposed annual caps under the Dragon King Pty Framework Agreement:

For the ten months ended 31 October		For the year ending 31 December		
2018	2018	2019	2020	2021
Historical amount	Existing annual cap	Proposed annual cap	Proposed annual cap	Proposed annual cap
(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
(unaudited)				
644	2,400	4,800	4,800	4,800

## **Basis of annual caps**

For the ten months ended 31 October 2018, the aggregate amount payable by the Group to Dragon King Pty amounted to approximately HK\$644,000.

The proposed annual caps for the Dragon King Pty Framework Agreement have been determined after taking into consideration (i) the historical transaction amount of food ingredients purchased by the Group from Dragon King Pty; (ii) the prevailing average market price of different types of ingredients being offered by Dragon King Pty to Independent Third Parties having regard to the quantity, quality, specifications, time frame and/or other conditions of the food ingredients similar to those purchased by the Group; and (iii) the expected demand of the Group for the food ingredients. In determining the annual caps, the Directors also considered the inflation of the cost of food ingredients in the past years.

## **REASONS AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in the operation and management of restaurants in Hong Kong, Macau and the People's Republic of China. The Directors believe that sourcing food ingredients from the origin can maintain the quality and stable supply of the food ingredients, which enables the Group to provide certain dishes to the customers throughout the year.

Taking into account that the food ingredients provided to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Board (including the independent non-executive Directors) is of the view that the terms of the Dragon King Pty Framework Agreement (including the proposed annual caps) are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company. The Group principally engages in operating Cantonese cuisine restaurants under four self-owned brands.

## **INFORMATION OF DRAGON KING PTY**

Dragon King Pty is a company incorporated in Australia with limited liability which is owned as to 50% and 50% by Mr. Wong WC and Ms. Lee, respectively. Dragon King Pty is principally engaged in trading of food ingredients in Australia.

## **INFORMATION OF GOLD PROFIT**

Gold Profit is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Gold Profit is principally engaged in the trading of food and beverages and provision of management services in Hong Kong.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As at the date of the Dragon King Pty Framework Agreement, Dragon King Pty is a company owned as to 50% and 50% by Mr. Wong WC and Ms. Lee, respectively. Dragon King Pty is therefore a connected person of the Company and the transactions contemplated under the Dragon King Pty Framework Agreement constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios (as defined under the GEM Listing Rules) for the proposed annual caps under the Dragon King Pty Framework Agreement is less than 25% and all the proposed annual caps are less than HK\$10.0 million, the transactions contemplated under the Dragon King Pty Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Each of Mr. Wong WC, Mr. Wong WH and Ms. Lee is regarded as having a material interest in the transactions contemplated under the Dragon King Pty Framework Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the Dragon King Pty Framework Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Wong WC, Mr. Wong WH and Ms. Lee, none of the Directors has any material interest in the Dragon King Pty Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

However, at the material time, the Company did not comply with the aforesaid requirements due to the Company's misinterpretation of the GEM Listing Rules and it was unintentional.

The Company inadvertently oversight the annual caps requirements for the continuing connected transactions under the GEM Listing Rules and did not make an appropriate announcement for the transactions.

## **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the relevant connected transaction requirements under Chapter 20 of the GEM Listing Rules and would like to stress that such noncompliance was inadvertent.

Hence, the Company now issues this announcement disclosing the details of the transactions with Dragon King Pty in accordance with the relevant provisions of Chapter 20 of the GEM Listing Rules in order to keep the shareholders of the Company informed.

Furthermore, the following remedial actions will be taken by the Company to ensure the strict compliance by the Company with the GEM Listing Rules in the future:

1. Relevant internal training session will be arranged for all the Directors and senior management/relevant personnel of the Company and its subsidiaries to explain the relevant requirements under Chapter 20 of the GEM Listing Rules;
2. For proposed transaction(s) which may constitute new connected transaction(s) of the Group, to consult legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into of such transaction(s); and
3. the business and financial management departments at the subsidiary level shall promptly report any proposed transaction or event where the counterparty(ies) or the subject company(ies) of the proposed transaction may in anyway relate to any of the substantial shareholders, chief executives or directors of any member of the Group (including their relatives and related trusts or companies) in order to ascertain whether there will be any connected transaction implication under Chapter 20 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associate(s)”	has the meaning ascribed to it under GEM Listing Rules
“Board”	the board of Directors
“Company”	Dragon King Group Holdings Limited (龍皇集團控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands, the shares of which are listed on GEM (Stock code: 8493)
“connected person”	has the meaning ascribed to it under GEM Listing Rules
“Directors”	The directors of the Company
“Dragon King Pty”	Dragon King Pty Limited, a company incorporated in Australia on 8 September 2011 with limited liability which is owned as to 50% and 50% by Mr. Wong WC and Ms. Lee, respectively and is a connected person of the Company
“Dragon King Pty Framework Agreement”	the agreement entered into between Gold Profit and Dragon King Pty on 30 November 2018 for a term of three years ending 31 December 2021, pursuant to which Dragon King Pty agreed to provide food ingredients to the Group from time to time upon its request

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Gold Profit”	Gold Profit Trading Limited (金益貿易有限公司), a company incorporated in Hong Kong on 20 April 2007 with limited liability, which shall be an indirect wholly-owned subsidiary of our Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Mr. Wong WC”	Mr. Wong Wing Chee (黃永熾), an executive Director, the chief executive officer of the Company, a controlling shareholder, the brother of Mr. Wong WH and the spouse of Ms. Lee
“Mr. Wong WH”	Mr. Wong Wing Hong (黃永康), an executive Director and the brother of Mr. Wong WC
“Ms. Lee”	Ms. Lee Ching Nung Angel (李靜濃), the chairlady of the Board, an executive Director, and the spouse of Mr. Wong WC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 19 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; and 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 website of the Stock Exchange at [www.hkexnews.hk](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](http://www.dragonkinggroup.com).*