



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



Third Quarterly Report

2023



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*This report, for which the directors (the "**Directors**") of Dragon King Group Holdings Limited (the "**Company**" and 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 report 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 report misleading.*

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The Board of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2023, together with the unaudited comparative figures for the corresponding period in 2022, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2023

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	3	25,188	20,875	79,513	56,770
Costs of inventories consumed		(7,682)	(6,776)	(22,340)	(18,115)
Gross profit		17,506	14,099	57,173	38,655
Other income and gains, net	4	3	2,087	185	6,913
Staff costs		(8,986)	(10,545)	(28,692)	(29,710)
Depreciation of property, plant and equipment		(509)	(200)	(907)	(598)
Impairment loss on right-of-use assets		-	-	-	(9,350)
Gain on disposal of a subsidiary		-	-	-	12,628
Rental and related expenses		(2,318)	(2,908)	(6,981)	(9,216)
Other operating expenses		(4,258)	(6,897)	(12,966)	(14,925)
Finance costs		(628)	(571)	(2,356)	(2,443)
Profit (loss) before tax	5	810	(4,935)	5,456	(8,046)
Income tax expenses	6	-	-	-	-
Profit (loss) for the period attributable to the owners of the Company		810	(4,935)	5,456	(8,046)
Loss per share		HK cents	HK cents	HK cents	HK cents
- Basic and diluted	8	0.47	(2.86)	3.16	(4.66)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Profit (loss) for the period	810	(4,935)	5,456	(8,046)
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translating foreign operations	–	–	–	–
– Release of exchange fluctuation reserve upon disposal of a subsidiary	–	–	–	273
Total comprehensive income (expense) for the period	810	(4,935)	5,456	(7,773)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Issued capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated loss HK\$'000	Total equity HK\$'000
At 1 January 2022 (Audited)	17,280	90,912	(43,224)	42,703	(424)	(209,395)	(102,148)
Loss for the period	-	-	-	-	-	(8,046)	(8,046)
Other comprehensive income for the period, net of income tax							
<i>Item that maybe reclassified subsequently to profit or loss:</i>							
Release of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	-	273	-	273
Total comprehensive income (expense) for the period	-	-	-	-	273	(8,046)	(7,773)
At 30 September 2022 (Unaudited)	17,280	90,912	(43,224)	42,703	(151)	(217,441)	(109,921)
At 1 January 2023 (Audited)	17,280	90,912	(43,224)	42,703	(133)	(214,690)	(107,152)
Profit for the period	-	-	-	-	-	5,456	5,456
At 30 September 2023 (Unaudited)	17,280	90,912	(43,224)	42,703	(133)	(209,234)	(101,696)

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 was located at Unit C, 11/F., King Yip Factory Building, 59 King Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company's shares are 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.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 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 nine months ended 30 September 2023 are consistent with those adopted in the Group's audited consolidated financial statement for the year ended 31 December 2022 as contained in the Group's 2022 audited report (the "2022 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 nine months ended 30 September 2023 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2023.

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 nine months ended 30 September 2023 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 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 2023.

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the audit committee of the Company.

3. REVENUE

(i) Disaggregated revenue information

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$’000	2022 HK\$’000	2023 HK\$’000	2022 HK\$’000
Type of goods or services				
Revenue from Chinese restaurant operations	25,188	20,875	79,513	56,770
Geographical markets				
Hong Kong and Macau	25,188	20,875	79,513	56,770
Timing of revenue recognition				
At a point in time	25,188	20,875	79,513	56,770

(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 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Other income and gains, net				
Bank interest income	-	-	1	-
Fair value gains on financial assets at fair value through profit or loss	-	-	-	276
Exchange gain	-	-	4	-
Subsidies received from government (Note)	-	1,877	-	6,353
Others	3	210	180	284
	3	2,087	185	6,913

Note: During the nine months ended 30 September 2023, the Group has no government grants income (30 September 2022: approximately HK\$6,353,000) in respect of COVID-19-related subsidies, of which Nil (30 September 2022: approximately HK\$2,377,000) relates to the Employment Support Scheme, Nil (30 September 2022: approximately HK\$3,976,000) related to the Anti-epidemic fund of the Hong Kong Government, which were included in other income and gains, net. The Group has complied all attached conditions for the nine months ended 30 September 2023.

5. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Auditor's remuneration	-	300	750	900
Employee benefit expense (excluding Directors' and chief executive's remuneration)	8,597	9,710	27,065	27,314
Wages and salaries	379	437	1,190	1,216
Pension scheme contributions				
	8,976	10,147	28,255	28,530

6. INCOME TAX EXPENSES

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 nine months ended 30 September 2023 and 2022, 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 a flat rate of 16.5%.

The directors of the Company 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 period.

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 both period.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Current – Hong Kong	-	-	-	-
Total tax charge for the period	-	-	-	-

7. DIVIDEND

The board of Directors (the “Board”) does not recommend any payment of dividend in respect of the nine months ended 30 September 2023 (2022: 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 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	810	(4,935)	5,456	(8,046)
	Number of shares		Number of shares	
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	172,800	172,800	172,800	172,800
Basic earning (loss) per share (HK cents per share)	0.47	(2.86)	3.16	(4.66)

No diluted earnings per share for the nine months ended 30 September 2023 and 2022 were presented as there were no potential ordinary shares in issue for the nine months ended 30 September 2023 and 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

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

Restaurant Operations

For the nine months ended 30 September 2023 (the “**Period**”), the Group operated three full-service restaurants in Hong Kong to provide Cantonese cuisine under the brand names “Dragon King (龍皇)” and “Dragon Gown (龍袍)”. All of the Group’s restaurants are strategically located in prominent commercial areas, residential areas or shopping complexes. The Group is committed to providing high quality food and services as well as a comfortable dining environment to its customers.

As at 30 September 2023, the Group had three restaurants in Hong Kong, one of which is located on Hong Kong Island (known as the “**Wan Chai Restaurant**”), two of which are located in Kowloon (respectively known as the “**Kwun Tong Restaurant**” and the “**Whampoa Restaurant**”).

Following the relaxation of the COVID policies and lifting of anti-epidemic measures imposed by the Hong Kong government, including removing of mass testing and central quarantine requirements, as well as the full opening of boarders in the beginning of 2023, the overall business environment and consumer sentiments in Hong Kong have improved and thus, the catering and beverage industry has gradually picked up the rebound momentum. Driven by the resumption of normal services of the Group’s restaurants, revenue for the Period improved subsequently. The Group was able to deliver operating profit by taking proactive cost structure measures which helped to improve operating leverage and profit margins.

FINANCIAL REVIEW

Revenue

For the Period, the Group recorded a total revenue of approximately HK\$79.5 million, representing a significant increase of approximately HK\$22.8 million or approximately 40% as compared to approximately HK\$56.8 million for the nine months ended 30 September 2022.

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

	For the nine months ended 30 September			
	2023		2022	
	Revenue HK\$'000	% of total revenue (%)	Revenue HK\$'000	% of total revenue (%)
Dragon King (龍皇)	52,426	65.93%	41,301	72.28%
Dragon Seal (龍璽)*	-	-	1,104	1.94%
Dragon Gown (龍袍)	27,087	34.07%	14,635	25.78%
Total revenue	79,513	100%	56,770	100%

* Closed in January 2022.

Dragon King (龍皇)

The revenue generated from Dragon King increased by approximately HK\$11.1 million, or approximately 26.9%, from approximately HK\$41.3 million for the nine months ended 30 September 2022 to approximately HK\$52.4 million for the Period. The considerable increase in revenue for the Period was mainly resulted from the improved consumer spending and relief of austerity measures as well as full resumption of the Group's restaurant operations as compared with the fragile operating environment and weakened market sentiments during the Preceding Period.

Dragon Seal (龍璽)

No revenue was generated from Dragon Seal for the Period as compared to approximately HK\$1.1 million for the nine months ended 30 September 2022, which was due to the closure of the ICC Restaurant (operated under the brand name of "Dragon Seal") in early January 2022 upon the expiry of its rental agreement.

Dragon Gown (龍袍)

The revenue generated from Dragon Gown increased by approximately HK\$12.5 million, or approximately 85.6%, from approximately HK\$14.6 million for the nine months ended 30 September 2022 to approximately HK\$27.1 million for the Period. Such increase was mainly due to the improvement of consumer sentiments and uplift of austerity measures as well as full resumption of the Group's restaurant operations during the Period.

Gross profit and gross profit margin

Given the growth in revenue for the Period, the Group's gross profit (i.e. revenue minus cost of inventories consumed) amounted to approximately HK\$57.2 million for the Period, representing an improvement of approximately HK\$18.5 million or approximately 47.9% versus approximately HK\$38.7 million for the nine months ended 30 September 2022. The Group's overall gross profit margin slightly increased by 3.8% for the Period when compared to the nine months ended 30 September 2022 which was mainly due to the operation efficiency improvement and implementation of cost control measures.

Other income and gains, net

Other income and gains, net decreased by approximately HK\$6.7 million or approximately 97.3% from approximately HK\$6.9 million for the nine months ended 30 September 2022 to approximately HK\$0.2 million for the Period. Such decrease was primarily due to the non-recurrence of the government grants and subsidies for the Period.

Staff costs

Staff costs amounted to approximately HK\$28.7 million for the Period, representing an decrease of approximately HK\$1 million or approximately 3.4% as compared to approximately HK\$29.7 million for the nine months ended 30 September 2022. Such decrease was attributable to the cost control on staff cost.

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\$2.2 million or approximately 24.3% from approximately HK\$9.2 million for the nine months ended 30 September 2022 to approximately HK\$7 million for the Period. Such decrease was mainly due to the reduction in the number of restaurants operated by the Group in 2023 as compared to those operated in 2022.

Other operating expenses

The Group's other operating expenses decreased by approximately HK\$2 million or approximately 13.1% from approximately HK\$14.9 million for the nine months ended 30 September 2022 to approximately HK\$12.9 million for the Period. Such decrease was mainly due to the cost control during the first half of 2023.



Profit attributable to owners of the Company

For the Period, the Group recorded a profit attributable to owners of the Company of approximately HK\$5.5 million, as compared with a loss of approximately HK\$8.0 million for the nine months ended 30 September 2022. Such improvement was mainly due to the increase in revenue achieved by the Group during the Period.

PROSPECTS

During the fourth quarter of 2022, there were substantial changes in COVID policies and anti-pandemic measures in Hong Kong, with the relief of austerity measures and full resumption of the Group's restaurant operations and full opening of the borders during the Period, the Group had responded swiftly to relocating resources to its remaining restaurants to capture the growth momentum whilst implementing various measures to streamline its operations with a view to improving the operating efficiency and reducing the costs. Against the backdrop of improving market sentiments and overall economy, the Group's management is cautiously optimistic about the business environment for catering and beverage industry in the second half of 2023. The Group is committed to its business of restaurant operations and will accelerate the pace of new openings for smaller scale of operations across multiple cuisine to diversify its existing restaurant portfolio if the market conditions allow. The catering and beverage industry in Hong Kong is facing a labour shortage, the Company will consider to the introduction of technologies to enhance management efficiency and reduce reliance on manpower. Our management will also keep on monitoring and adjusting nimbly the Group's operating strategies to address the consumer needs, capture holiday spending and regain growth in revenue. We will continue to stay agile through evolving market conditions and strengthen our competitive edges to drive for long term growth and enhance shareholders' value of the Group.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 16 January 2018. There has been no change in the capital structure of the Group since then. The capital of the Group only comprised of ordinary shares.

SEGMENT INFORMATION

The Group principally operates in one business segment, which is the operation and management of restaurants.

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

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the Period. There is no other plan for material investments or capital assets as at 30 September 2023.

FOREIGN EXCHANGE EXPOSURE

Most of the income and expenditures of the Group are denominated in Hong Kong Dollars (“HKD”), which is the functional currency of the Company and its subsidiaries.

The Group does not have any material foreign exchange exposure. During the Period, 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 30 September 2023 (31 December 2022: Nil).

COMMITMENTS

As at 30 September 2023, the Group does not have any commitments (31 December 2022: Nil).

DIVIDEND

The Board does not recommend any payment of dividend for the Period (2022: Nil).



EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had a workforce of 113 employees. Total staff cost for the Period was about HK\$28.7 million.

The emolument policy of the employees of the Group is formulated by the remuneration committee of the Company (the “**Remuneration Committee**”) with reference to the duties, responsibilities, experience and competence of individual employees. The same policy also applies to the Directors. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefits included pension scheme contributions. The emoluments of the Directors are reviewed annually by the Remuneration Committee.

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors) may also be granted share options by the Company from time to time pursuant to the share option scheme of the Company adopted on 15 December 2017.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees’ responsibilities. The Group also provides its employees with quality control standards and work safety standards training to enhance their safety awareness.

COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any business or interest which competed or might compete with the business of the Group nor had any other conflict of interests with the Group for the Period.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 15 December 2017 (the “**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. 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 Period, no share option was granted, exercised, expired or lapsed under the Share Option Scheme.

OTHER INFORMATION

MATERIAL LITIGATION

District Court of the Hong Kong Special Administrative Region

DCCJ4551/2021

The Company, as defendant, received a writ of summons dated 24 September 2021 and issued by Blooming (HK) Business Limited ("**Blooming**") as plaintiff ("**DCCJ4551 Writ**"). The DCCJ4551 Writ relates to a claim by Blooming in respect of an outstanding contractual sum payable by the Company. The orders sought by Blooming against the Company under the DCCJ4551 Writ are (i) the sum of HK\$453,200; (ii) interest thereon; and (iii) costs.

On 19 January 2022, a final judgment was made against the Company, whereby the Company shall repay Blooming HK\$453,200 and interest thereon as well as costs.

DCCJ4705/2021

The Company, as defendant, received a writ of summons dated 8 October 2021 and issued by Frontpage Capital Limited ("**Frontpage**") as plaintiff ("**DCCJ4705 Writ**"). The DCCJ4705 Writ relates to a claim by Frontpage in respect of an outstanding contractual sum payable by the Company. The orders sought by Frontpage against the Company under the DCCJ4705 Writ are (i) the sum of HK\$1,500,000; (ii) interest thereon; and (iii) costs.

On 19 January 2022, a final judgment was made against the Company, whereby the Company shall pay Frontpage the sum of HK\$1,500,000 and interest thereon as well as costs. Partial payment of approximately HK\$374,000 has been made by the Group.

DCCJ460/2022

On 11 May 2022, a final judgment was made against Dragon King Restaurant Group Limited ("**DKRGL**"), as defendant and an indirect wholly-owned subsidiary of the Company, whereby DKRGL shall repay Wan Kin Engineering Limited a sum of HK\$334,000 and interest thereon as well as costs.

DCCJ838/2022

On 22 March 2022, Oriental Etrade Limited (“**Oriental**”), as defendant and a wholly-owned subsidiary of the Company, received a writ of summons issued by Lawrence Chan & Co. (“**LCC**”) as plaintiff (“**DCCJ838 Writ**”). The DCCJ838 Writ relates to a claim by LCC in respect of a dishonored cheque drawn by Oriental in favour of LCC. The orders sought by LCC against Oriental under the DCCJ838 Writ are (i) the sum of HK\$2,000,000; (ii) interest thereon; and (iii) costs. On 11 May 2022, a final judgment was made against Oriental, whereby Oriental shall repay LCC a sum of HK\$2,000,000 and interest thereon as well as costs.

High Court of the Hong Kong Special Administrative Region

HCA457/2022

On 4 May 2022, Premier Oriental Limited (“**Premier**”), as defendant and a wholly-owned subsidiary of the Company, received an amended writ of summons issued by WKE as plaintiff (“**HCA457 Writ**”). The HCA457 Writ relates to a claim by WKE in respect of a contract sum for certain decoration and renovation work undertaken at Dragon Gown (龍袍), the Group’s restaurant in Wanchai, Hong Kong. Premier filed a defence to contest the proceedings and reached a settlement with WKE subsequently by end of April 2023.

Partial payment of HK\$850,000 has been made by the Group during the Period.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 30 September 2023, none of the Directors and chief executives of the Company 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 Securities and Future Ordinance (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 30 September 2023, the following persons/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
CHAN Yuen Lung Alfred	Beneficial owner	34,560,000	16.67%

Save as disclosed above, as at 30 September 2023, 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 member of the Group.



ISSUE OF NEW SHARES FOR DEBT CAPITALISATION

Reference is made to the announcements of the Company dated 27 June 2023 and 3 July 2023 in respect of the issue of new shares by the Company under general mandate for debt capitalisation.

On 27 June 2023, the Company and the creditor have agreed to settle the partial indebted sum of approximately HK\$3,456,000 by way of allotment and issue of a total of 34,560,000 capitalisation shares at the price of HK\$0.1 per share to the creditor. On 3 July 2023, the Company issued and allotted an aggregate of 34,560,000 shares to the creditor.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Period and up to the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in rules 5.48 to 5.67 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 Period.

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 Part 2 of Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the Period, except the following:

Code provision C.1.8 of the CG Code requires that the company should arrange appropriate insurance cover in respect of legal action against its directors. The Company did not arrange such insurance cover during the Period as Directors considered that the risk of material legal claims against Directors is minimal. Nevertheless, the Board will review this arrangement from time to time in light of the prevailing circumstances and arrange for appropriate insurance coverage when necessary.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to the Period and up to the date of this report.

CHANGE IN CORPORATE INFORMATION

Change in Directors' information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of Directors during the Period and up to the date of this announcement are as follows:

Ms. Au Yeung Lok Yee has been appointed as an executive Director with effect from 4 January 2023.

Mr. Wong Luen Tung has resigned as an independent non-executive Director with effect from 27 January 2023.

Dr. Chung Ling Cheong Dicky has resigned as an independent non-executive Director with effect from 28 February 2023.


Mr. Jia Yongqiang has been appointed as an executive Director with effect from 17 April 2023.

Mr. Chui Chi Yun Robert and Mr. Buer Gude have been appointed as independent non-executive Directors with effect from 5 May 2023.

Mr. Tang Hong Jiang has been appointed as a non-executive Director with effect from 28 July 2023.

Ms. Shen Taiju has been re-designated as a non-executive Director and resigned as the chairman of the Company (the "**Chairman**"), the compliance officer of the Company (the "**Compliance Officer**"), the authorised representatives of the Company under Rule 5.24 of the Rules Governing the Listing of Securities on the GEM Listing Rules accept service of process and notices in Hong Kong on behalf of the Company under both Rule 24.05(2) of the GEM Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Authorised Representative**") with effect from 12 October 2023.

Mr. Tang Hong Jiang has been re-designated as an executive Director and appointed as the Chairman, the Compliance Officer, the Authorised Representative with effect from 12 October 2023.



Ms. Au Yeung Lok Yee has resigned as an executive Director with effect from 16 October 2023.

Mr. Huang Ai Chun has been appointed as an executive Director with effect from 30 October 2023.

Mr. Chui Chi Yun Robert and Mr. Mtafi Rachid Rene have resigned as independent non-executive Directors with effect from 30 October 2023.

Mr. Chow Yik and Mr. Tsung Ching Fung have been appointed as independent non-executive Directors with effect from 30 October 2023.

Change in Company Secretary

Mr. Ngai Tsz Hin Michael has resigned as the Company Secretary and Authorised Representative with effect from 28 February 2023.

Mr. Lau Wai Piu Patrick has resigned as the Company Secretary and Authorised Representative with effect from 30 September 2023.

Mr. Kwan Kar Man has been appointed as the Company Secretary and Authorised Representative with effect from 1 October 2023.

Except as disclosed above, during the Period and up to the date of this report, there were no substantial changes to the Directors' information required to be disclosed pursuant to GEM Listing Rule 17.50A(1).

AUDIT COMMITTEE

The Audit Committee was established on 15 December 2017. The Chairman of the Audit Committee is Mr. Tsung Ching Fung (appointed on 30 October 2023), the independent non-executive Director, and other members include Mr. Buer Gude and Mr. Chow Yik, 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 Period 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 Period 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
Tang Hong Jiang
Chairman

Hong Kong, 14 November 2023

As at the date of this report, the Board comprises Mr. Tang Hong Jiang (Chairman), Mr. Jia Yongqiang and Mr. Huang Ai Chun as executive Directors; Ms. Shen Taiju as non-executive Director; and Mr. Buer Gude, Mr. Chow Yik and Mr. Tsung Ching Fung as independent non-executive Directors.