龍皇
DRAGON KING
RESTAURANT

Dragon King Group Holdings Limited
龍皇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8493)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

*This announcement, for which the directors (the "**Directors**") of Dragon King Group Holdings Limited (the "**Company**", together with its subsidiaries the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

FINAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the preliminary consolidated results of the Group for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017. The financial information of the Group has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
REVENUE	*4*	**415,033**	418,513
Cost of inventories consumed		**(134,679)**	(131,515)
GROSS PROFIT		**280,354**	286,998
Other income and gains, net	*4*	**3,332**	2,524
Staff costs		**(150,055)**	(131,449)
Depreciation of items of property, plant and equipment		**(18,499)**	(17,783)
Loss on disposal of items of property, plant and equipment		**(7,410)**	(10)
Impairment losses on items of property, plant and equipment		**(5,846)**	–
Impairment of trade receivables		**(1,989)**	–
Rental and related expenses		**(76,414)**	(73,063)
Other operating expenses		**(73,365)**	(58,081)
Finance costs	*6*	**(1,995)**	(2,360)
Listing expenses		**(4,449)**	(13,360)
LOSS BEFORE TAX	*5*	**(56,336)**	(6,584)
Income tax expense	*7*	**(1,731)**	(3,649)
LOSS FOR THE YEAR		**(58,067)**	(10,233)
Attributable to:			
Owners of the Company		**(58,067)**	(10,161)
Non-controlling interests		**–**	(72)
		(58,067)	(10,233)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		***HK cents***	*HK cents*
– Basic and diluted	*9*	**(4.1)**	(0.9)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
LOSS FOR THE YEAR	**(58,067)**	(10,233)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(509)**	518
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(58,576)**	(9,715)
Attributable to:		
Owners of the Company	**(58,576)**	(9,643)
Non-controlling interests	**–**	(72)
	(58,576)	(9,715)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**78,840**	76,420
Deposits and other receivables		**14,720**	24,798
Deferred tax assets		**3,563**	3,756
Total non-current assets		**97,123**	104,974
CURRENT ASSETS			
Inventories		**11,398**	10,376
Trade receivables	*10*	**7,539**	8,880
Prepayments, deposits and other receivables		**45,187**	22,575
Financial assets at fair value through profit or loss		**15,853**	–
Amounts due from related companies		**1,660**	402
Amount due from a director		**–**	15,375
Tax recoverable		**911**	–
Cash and cash equivalents		**17,989**	15,917
Total current assets		**100,537**	73,525
CURRENT LIABILITIES			
Trade payables	*11*	**47,101**	40,683
Other payables and accruals		**42,455**	27,192
Amount due to a director		**–**	1,797
Interest-bearing bank borrowings		**50,500**	48,522
Tax payable		**865**	2,213
Total current liabilities		**140,921**	120,407
NET CURRENT LIABILITIES		**(40,384)**	(46,882)
TOTAL ASSETS LESS CURRENT LIABILITIES		**56,739**	58,092
NON-CURRENT LIABILITY			
Other payables and accruals		**3,516**	3,051
Net assets		**53,223**	55,041

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2018

	Note	**2018** **HK$'000**	2017 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**14,400**	–
Reserves		**38,823**	55,041
		53,223	55,041
Non-controlling interests		**–**	–
Total equity		**53,223**	55,041

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 August 2016. The registered address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at Office A, 20/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on GEM of the Stock Exchange (the "**Listing**") since 16 January 2018 (the "**Listing Date**").

During the year, the Group was engaged in the operation and management of restaurants.

2.1 BASIS OF PRESENTATION

Pursuant to a reorganisation scheme to rationalise the structure of the Group in the preparation for the Listing (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 15 December 2017.

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Development" of the prospectus of the Company dated 29 December 2017 (the "**Prospectus**").

Going concern basis

The Group recorded a consolidated net loss of HK$58,067,000 (2017: HK$10,233,000) and net cash outflows from operating activities of HK$40,605,000 (2017: cash inflows of HK$2,028,000) for the year, and had net current liabilities of HK$40,384,000 (2017: HK$46,882,000) as at 31 December 2018.

As at 31 December 2018, the Group had cash and cash equivalents of HK$17,989,000 (2017: HK$15,917,000), and outstanding interest-bearing bank borrowings of HK$50,500,000 (2017: HK$48,522,000), of which HK$23,365,000 (2017: HK$21,969,000) were due for repayment or renewal within the next twelve months after 31 December 2018.

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

(i) the Group had interest-bearing bank borrowings of HK$50,500,000 as at 31 December 2018, of which HK$23,365,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to HK$27,135,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreement. Although utilised banking facilities of approximately HK$21,759,000 shall expire within one year, the Group will actively negotiate with the bank for the renewal of the Group's bank borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the directors, the Group will be able to roll over or refinance the bank borrowings upon their maturity;

(ii) management has been endeavouring to improve the Group's operating results and cash flows through various cost control measures and will slow down the opening of new restaurants;

(iii) subsequent to the end of the reporting period, Mr. Wong Wing Chee, a director and the controlling shareholder of the Group, has provided a shareholder's loan of HK$20,000,000 to the Group which is repayable in December 2020; and

(iv) the Group had four insurance policies recognised as financial assets at fair value through profit or loss with a carrying amount of HK$15,853,000 as at 31 December 2018. The insurance policies are pledged with certain interest-bearing bank borrowings of HK$$10,444,000. Assuming the withdrawal of the insurance policies, there would be a cash inflow available of approximately HK$5,409,000. Subsequent to the end of the reporting period, the Group withdrew two of the insurance policies, and a net cash inflow of HK$3,558,000 was received in January 2019.

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

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
	Note	**Category**	**Amount**	**Re-classification**	**Other**	**Amount**	**Category**
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets							
Trade receivables		L&R[1]	8,880	–	–	8,880	AC[2]
Financial assets included in prepayments, deposits and other receivables		L&R	46,056	(19,898)	–	26,158	AC
To: Financial assets at fair value through profit or loss	*(i)*			(19,898)	–		
Financial assets at fair value through profit or loss		FVPL[3]	–	19,898	(2,475)	17,423	FVPL (mandatory)
From: Financial assets included in prepayments, deposits and other receivables	*(i)*			19,898	(2,475)	17,423	
Amounts due from related companies		L&R	402	–	–	402	AC
Amount due from a director		L&R	15,375	–	–	15,375	AC
Cash and cash equivalents		L&R	15,917	–	–	15,917	AC
			86,630	–	(2,475)	84,155	
Financial liabilities							
Trade payables		AC	40,683	–	–	40,683	AC
Financial liabilities included in other payables and accruals		AC	13,211	–	–	13,211	AC
Amount due to a director		AC	1,797	–	–	1,797	AC
Interest-bearing bank borrowings		AC	48,522	–	–	48,522	AC
			104,213	–	–	104,213	

1 L&R: Loans and receivables
2 AC: Financial assets or financial liabilities at amortised cost
3 FVPL: Financial assets at fair value through profit or loss

Note:

(i) The Group has classified its life insurance policies' assets previously classified as deposits and other receivables as financial assets measured at fair value through profit or loss as these non-equity investments did not pass the contractual cash flow characteristics test in HKFRS 9.

Impairment

At 1 January 2018, the Group assessed the impact of ECL allowance under the adoption of the HKFRS 9 to be insignificant.

Impact on retained profits

The impact of transition to HKFRS 9 on retained profits is as follows:

	Retained profits *HK$'000*
Retained profits	
Balance as at 31 December 2017 under HKAS 39	12,145
Remeasurement of the life insurance policies' assets under HKFRS 9	(2,475)
Balance as at 1 January 2018 under HKFRS 9	9,670

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has reviewed the impact of HKFRS 15 on its revenue stream and the application of HKFRS 15 has had no significant impact on the financial position and/or financial performance of the Group apart from providing more extensive disclosures on the Group's revenue transactions.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the operation and management of restaurants.

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong and Macau	**375,863**	373,064
Mainland China	**39,170**	45,449
	415,033	418,513

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong and Macau	**80,720**	74,771
Mainland China	**12,840**	18,001
	93,560	92,772

The non-current asset information of above is based on the locations of the assets and excludes deferred tax assets and rights arising under insurance contracts.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Restaurant operations	**415,033**	418,513

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

	HK$'000
Type of goods or services	
Revenue from Chinese restaurant operations and total revenue from contracts with customers	**415,033**
Geographical markets	
Hong Kong and Macau	**375,863**
Mainland China	**39,170**
Total revenue from contracts with customers	**415,033**
Timing of revenue recognition	
At a point in time	**415,033**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018
	HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
– Restaurant operations	**1,342**

(ii) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Restaurant operations

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 less than one month.

	2018	2017
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**52**	2
Interest income from life insurance policies	**–**	724
Fair value gains on financial assets at fair value through profit or loss	**950**	–
Financial subsidy received from PRC tax authority*	**176**	435
Subsidies received from a utility company for purchases of items of property, plant and equipment*	**794**	571
Others	**1,360**	792
	3,332	2,524

* As at 31 December 2018 and 2017, there were no unfulfilled conditions or other contingencies attaching to the subsidies that had been recognised by the Group.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Minimum lease payments under operating leases	**56,786**	56,098
Contingent rents under operating leases*	**1,096**	1,006
Auditor's remuneration	**1,450**	1,150
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**135,614**	121,033
Pension scheme contributions	**6,599**	6,240
	142,213	127,273
Foreign exchange differences, net	**(6)**	(34)
Premium charges of life insurance policies	**–**	438
Loss on disposal of items of property, plant and equipment	**7,410**	10
Impairment of financial assets:		
Impairment of trade receivables	**1,989**	–

* Contingent rents under operating leases are included in "Rental and related expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Interest on bank borrowings	**1,995**	2,360

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. PRC tax and Macau tax have been provided at the rate of 25% (2017: 25%) and 12% (2017: 12%) on the estimated profits arising in the PRC and Macau for each of the reporting period, respectively.

	2018 *HK$'000*	2017 *HK$'000*
Current – Hong Kong		
Charge for the year	**1,879**	3,852
Overprovision in prior years	**(341)**	(54)
Current – elsewhere	**–**	347
Deferred	**193**	(496)
Total tax charge for the year	**1,731**	3,649

8. DIVIDENDS

The board of Directors (the "**Board**") does not recommend any payment of dividend in respect of the year (2017: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2018, the calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2018 is calculated on the basis of 1,080,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and capitalisation issue, and the 360,000,000 shares issued pursuant to the share offer of the Company for its listing on GEM on The Stock Exchange of Hong Kong Limited on 16 January 2018.

For the year ended 31 December 2017, the calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and on the basis of 1,080,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and capitalisation issue, but excluding the 360,000,000 shares issued pursuant to the share offer of the Company for its listing on GEM of The Stock Exchange of Hong Kong Limited on 16 January 2018, as if these shares issued under the Reorganisation and the capitalisation issue had been issued on 1 January 2017.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2018 and 2017.

The calculations of basic and diluted loss per share are based on:

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**(58,067)**	(10,161)

	Number of shares	
	2018	2017
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted loss per share calculation	**1,425,205**	1,080,000

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**9,528**	8,880
Impairment	**(1,989)**	–
	7,539	8,880

The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit period is generally a few days to two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**4,367**	7,153
1 to 2 months	**3,122**	179
2 to 3 months	**–**	114
Over 3 months	**50**	1,434
	7,539	8,880

11. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**12,511**	13,328
1 to 2 months	**9,292**	10,171
2 to 3 months	**7,094**	7,506
Over 3 months	**18,204**	9,678
	47,101	40,683

12. ISSUED CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
At 8 August 2016 (date of incorporation) with par value of HK$0.01 each *(note a)*	38,000,000	380
Increase of authorised share capital with par value of HK$0.01 each on 15 December 2017 *(note b)*	1,962,000,000	19,620
As at 31 December 2017 and 2018	2,000,000,000	20,000
Issued and fully paid:		
At 8 August 2016 (date of incorporation) with par value of HK$0.01 each *(note a)*	1	–*
Issue of shares with par value of HK$0.01 each *(note c)*	9,999	–*
As at 31 December 2017	10,000	–*
Capitalisation of shares *(note d)*	1,079,990,000	10,800
Share issued pursuant to the share offer *(note e)*	360,000,000	3,600
As at 31 December 2018	1,440,000,000	14,400

* Amount less than HK$1,000

Notes

(a) The Company was incorporated on 8 August 2016 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. On the date of incorporation, 1 ordinary share of HK$0.01 was allotted and issued by the Company.

(b) On 15 December 2017, the shareholders of the Company resolved to increase the authorised share capital of the Company from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 additional shares, each ranking pari passu with the Company's shares then in issue in all respects.

(c) On 15 December 2017, pursuant to the Reorganisation, the Company further allocated and issued 9,999 shares at HK$0.01 each to shareholders of Dragon King Holdings Limited ("**Dragon King BVI**") in consideration for the acquisition of the entire share capital of Dragon King BVI.

(d) Pursuant to the written resolutions passed on 15 December 2017, the directors authorised to capitalise a sum of approximately HK$10,799,900 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 1,079,990,000 ordinary shares of the Company upon the listing of the Company on GEM on 16 January 2018.

(e) The Company's shares were listed on GEM of the Stock Exchange on 16 January 2018 and 360,000,000 ordinary shares were issued at HK$0.21 per share on 16 January 2018 in connection with the listing of the Company on GEM.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Mr. Wong Wing Chee, a director and the controlling shareholder of the Group, has provided a shareholder's loan of HK$20,000,000 to the Group which is repayable in December 2020.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2018. The report includes an emphasis of matter, without qualification.

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK$58,067,000 and net operating cash outflows of HK$40,605,000 during the year ended 31 December 2018, and had net current liabilities of HK$40,384,000 as at 31 December 2018. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2.1, these consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short-term borrowings upon maturity, to source additional financing and to improve its operations to generate adequate cash flows to meet the Group's financial obligations as and when they fall due in the foreseeable future. Our opinion is not modified in respect to this matter."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

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

Restaurant Operations

For the year ended 31 December 2018, the Group operated ten Cantonese full-service restaurants in Hong Kong, Macau and Shanghai, the People's Republic of China (the "**PRC**"). The Group's restaurants operate under five self-owned brands, namely "Dragon King（龍皇）", "Dragon Seal（龍璽）", "Dragon Gown（龍袍）", "Imperial Seal（皇璽）" and "Dragon Feast（龍宴）". During the year, the Group opened one new restaurant under the brand "Dragon King（龍皇）" in Kwai Chung (the "**Kwai Chung Restaurant**") and relocated the restaurant in Wan Chai (the "**Wan Chai Restaurant**") under the brand "Dragon King（龍皇）" to a new location in the same district and operated under a new brand "Dragon Gown（龍袍）"(the "**New Wan Chai Restaurant**"). All of the Group's restaurants are strategically located in prominent commercial areas, residential areas or shopping complexes. The Group is committed to providing quality food and services as well as comfortable dining environment to the customers.

As disclosed in the Company's announcement dated 27 July 2018, the lease of the Wan Chai Restaurant has expired on 30 June 2018 and was not renewed upon its expiry because the Group considered that the Wan Chai Restaurant would not be able to generate positive operating profit if the lease was renewed based on the proposed considerable increment in rental.

Following the non-renewal of the lease of the Wan Chai Restaurant, the Group identified a new location in the same district for relocation and the Group considers the location of the New Wan Chai Restaurant to be more desirable in terms of the rental cost, customer flow and quality of surroundings by Grade A commercial buildings and exhibition centers. The New Wan Chai Restaurant commenced its operation in August 2018.

Vast majority of the Group's restaurants are located in Hong Kong. As at 31 December 2018, the Group had eight restaurants in Hong Kong, two of which are located on Hong Kong Island (respectively known as the "**Causeway Bay Restaurant**" and the New 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 two of which are located in New Territories (respectively known as the "**Sheung Shui Restaurant**" and 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**").

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group recorded a total revenue of approximately HK$415.0 million, representing a slight decrease of approximately HK$3.5 million or approximately 0.8% as compared to approximately HK$418.5 million for the year ended 31 December 2017.

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

	For the year ended 31 December			
	2018		2017	
	Revenue *HK$'000*	**% of total revenue** *(%)*	Revenue *HK$'000*	% of total revenue (%)
Dragon King（龍皇）	**251,725**	**60.7%**	256,383	61.3%
Dragon Seal（龍璽）	**60,382**	**14.5%**	55,164	13.2%
Dragon Gown（龍袍）	**7,412**	**1.8%**	–	–
Imperial Seal（皇璽）	**39,170**	**9.4%**	45,449	10.9%
Dragon Feast（龍宴）	**56,344**	**13.6%**	61,517	14.6%
Total revenue	**415,033**	**100.0%**	418,513	100.0%

Dragon King（龍皇）

The revenue generated from Dragon King decreased by approximately HK$4.7 million, or approximately 1.9%, from approximately HK$256.4 million for the year ended 31 December 2017 to approximately HK$251.7 million for the year ended 31 December 2018.

The overall decrease in revenue was mainly due to the decrease of revenue generated by the Wan Chai Restaurant in which the tenancy has expired on 30 June 2018 and relocated to the New Wan Chai Restaurant which operated under the brand name of "Dragon Gown" in August 2018. The decrease in revenue was partially offset by the revenue generated from the Kwai Chung Restaurant which started its operation in May 2018. The revenue generated from other restaurants operated under "Dragon King" remained generally stable during the years ended 31 December 2017 and 2018.

Dragon Seal（龍璽）

The revenue generated from Dragon Seal increased by approximately HK$5.2 million, or approximately 9.4%, from approximately HK$55.2 million for the year ended 31 December 2017 to approximately HK$60.4 million for the year ended 31 December 2018. Such increase was mainly due to the increase in the number of banquet which generally had a higher spending compared to the casual dining.

Dragon Gown（龍袍）

The revenue generated from Dragon Gown was approximately HK$7.4 million for the year ended 31 December 2018 as it started operation in August 2018.

Imperial Seal（皇璽）

The revenue generated from Imperial Seal decreased by approximately HK$6.2 million, or approximately 13.7%, from approximately HK$45.4 million for the year ended 31 December 2017 to approximately HK$39.2 million for the year ended 31 December 2018. Such decrease was mainly due to the Sino-US trade war in the second half of 2018 which affected the consumption sentiment of customers in mainland China.

Dragon Feast（龍宴）

The revenue generated from Dragon Feast decreased by approximately HK$5.2 million, or approximately 8.5%, from approximately HK$61.5 million for the year ended 31 December 2017 to approximately HK$56.3 million for the year ended 31 December 2018. Such decrease was mainly due to the increase in the competition of Cantonese cuisine nearby.

Gross profit and gross profit margin

The Group's gross profit (i.e. revenue minus cost of inventories consumed) amounted to approximately HK$280.4 million for the year ended 31 December 2018, representing a decrease of approximately HK$6.6 million or approximately 2.3% from approximately HK$287.0 million for the year ended 31 December 2017 driven by the decrease in revenue and the increase of the costs of inventories consumed.

Moreover, the Group's overall gross profit margin slightly decreased from approximately 68.6% for the year ended 31 December 2017 to approximately 67.6% for the year ended 31 December 2018, the decrease in gross profit margin was mainly due to the increase in the cost of food ingredients which included in the costs of inventories consumed.

Other income and gains, net

Other income and gains, net increased by approximately HK$0.8 million or approximately 32.0% from approximately HK$2.5 million for the year ended 31 December 2017 to approximately HK$3.3 million for the year ended 31 December 2018. Such increase was mainly due to the fair value gains on financial assets at fair value through profit or loss.

Staff Costs

Staff costs was approximately HK$150.1 million for the year ended 31 December 2018, representing an increase of approximately HK$18.7 million or approximately 14.2% as compared to HK$131.4 million for the year ended 31 December 2017. Such increase was mainly due to the one-off discretionary bonus paid to the Group's employees and the salary for the Kwai Chung Restaurant and New Wan Chai Restaurant during the year ended 31 December 2018.

Loss on disposal of items of property, plant and equipment

It was mainly attributable to the loss on disposal of items of the property, plant and equipment was approximately HK$7.4 million for the year ended 31 December 2018. It was mainly attributable to the closure of the Wan Chai Restaurant which the lease has expired on 30 June 2018.

Impairment losses on items of property, plant and equipment

Impairment losses of items of the property, plant and equipment was approximately HK$5.8 million and it was mainly attributed to the Whampoa, Shanghai and Sheung Shui Restaurant which recorded operating losses for the year ended 31 December 2018.

Rental and related expenses

The Group's rental and related expenses increased by approximately HK$3.3 million or approximately 4.5% from approximately HK$73.1 million for the year ended 31 December 2017 to approximately HK$76.4 million for the year ended 31 December 2018. Such increase was mainly due to the opening of the Kwai Chung Restaurant in May 2018.

Other operating expenses

The Group's other operating expenses increased by approximately HK$15.3 million or approximately 26.3% from approximately HK$58.1 million for the year ended 31 December 2017 to approximately HK$73.4 million for the year ended 31 December 2018. Such increase was mainly due to the increase in the marketing and promotional expenses to further enhance the Group's brand recognition, the increase in the legal and professional fees incurred after the Listing for the services of compliance adviser, legal adviser and share registrars and the increase in administration and operating expenses for opening of the Kwai Chung Restaurant and the New Wan Chai Restaurant during the period.

Finance costs

Finance costs of the Group decreased by approximately HK$0.4 million or approximately 15.5% from approximately HK$2.4 million for the year ended 31 December 2017 to approximately HK$2.0 million for the year ended 31 December 2018. The decrease in finance costs was mainly attributable to the early repayment and fully repayment of certain bank borrowings during the year ended 31 December 2018.

Listing expenses

Listing expenses was approximately HK$4.4 million for the year ended 31 December 2018, representing a decrease of approximately HK$9.0 million or approximately 66.7% as compared to approximately HK$13.4 million for the year ended 31 December 2017 as the Group has been successfully listed on 16 January 2018. Listing expenses incurred for the year ended 31 December 2018 is one-off in nature and mainly attributable to the professional fees in relation to the Listing.

Loss attributable to owners of the Company

For the year ended 31 December 2018, the Group recorded a loss attributable to owners of the Company of approximately HK$58.1 million, as compared with loss of approximately HK$10.2 million for the year ended 31 December 2017.

The significant increase in loss attributable to owners of the Company were mainly attributed to (i) the decrease in revenue of the Group's restaurants operating in Hong Kong and Shanghai resulted from the downturn of the domestic property and stock markets and the Sino-US trade war in the second half of 2018 which affected the consumption sentiment of customers and resulting in the increase in the operating loss; (ii) the operating loss incurred by the two newly operated restaurants in Kwai Chung and Wan Chai, which were opened in May and August 2018 respectively, during their initial stage of operation; (iii) the one-off loss of the Group from disposing the items of property, plant and equipment due to the closure of the restaurant in Wan Chai; (iv) the one-off discretionary bonus paid to the Group's employees; and (v) the impairment loss of property, plant and equipment and trade receivables of the Group.

PROSPECTS

The shares of the Company were listed on GEM on 16 January 2018 by way of share offer. The Directors believe that Listing on GEM 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.

Consumption sentiment is likely to continue to be impacted by the Sino-US trade war and fluctuations of both property and stock markets. To address the current weakness in customer sentiment and unpredictable market conditions, the Group will strengthen its promotional efforts to maintain the Group's competitive advantage, including the launching of promotional menus regularly and seasonal food.

In addition, the Group will constantly adjust the business strategies in order to respond to the changes in the respective markets. The Group will continue to evaluate the overall market conditions and strike a balance between expanding the Group's restaurants and closing under performing restaurants in the future.

Looking forward, the Group will continue to strengthen the Group's position in the Cantonese full-service restaurant industry and further expand the business operations with a view to creating long term Shareholders' value. The Group will focus on the following business strategies: (i) expansion in Hong Kong with multi-brand strategy; (ii) further enhancement of the Group's brand recognition; and (iii) enhancement of the Group's existing restaurant facilities. Details of the business strategies have been disclosed in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**").

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The Group will endeavour to achieve the following business objectives:

Business Strategy as stated in the Prospectus	Implementation activities up to 31 December 2018 as stated in the Prospectus	Actual business progress up to the date of this report
Expansion in Hong Kong with multi-brand strategy	• To open restaurants in Hong Kong under the brand name of "Dragon King" and "Dragon Feast"	• The Kwai Chung Restaurant commenced its operation as "Dragon King" on 2 May 2018 • The New Wan Chai Restaurant commenced its operation as "Dragon Gown" on 15 August 2018
Further enhance the Group's brand recognition	• To advertise and promote more in conventional media channels and online platforms	• Continue to enhance the Group's brand recognition through various media channels
	• To engage in more marketing campaigns and other marketing activities	• Ms. Alice Chan（陳煒）was appointed as the Group's spokesperson
	• To participate in more different cooking competitions	
Enhancement of existing restaurant facilities	• To refurbish the Group's existing restaurants' fitting out and utensils	• Started the refurbishment work in the Group's restaurants in June 2018
	• To attract new and returning customer traffic	
Repayment of bank and other borrowings	• To repay part of the Group's outstanding bank borrowings	• Early repayment of four outstanding bank borrowings amounted to HK$3.0 million

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Group at the time of its Listing on GEM on 16 January 2018 through the share offer of 360,000,000 shares of HK$0.01 each in the share capital of the Group at the price of HK$0.21 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK$37.3 million.

As at 31 December 2018, the net proceeds from share offer were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 31 December 2018	**Actual use of proceeds up to 31 December 2018**
	HK$ million	*HK$ million*
Expansion in Hong Kong with multi-brand strategy	20.6	20.6
Enhancement of existing restaurant facilities	4.1	4.1
Enhancement of marketing and promotions	0.7	0.7
Repayment of bank and other borrowings	3.0	3.0
Working capital	1.6	1.6
	30.0	30.0

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

As at 31 December 2018, approximately HK$30.0 million out of the net proceeds from the Listing had been used. The unused net proceeds were deposited in interest-bearing licensed banks in Hong Kong.

Save as disclosed in the Company's announcement dated 27 July 2018, it was expected that the Group would use approximately HK$12.0 million of the net proceeds for the capital expenditure for opening a new restaurant under the brand name of "Dragon Feast（龍宴）"in the Kwai Tsing District during the first half of 2018. Although the Group had made attempts to identify suitable locations in the Kwai Tsing District, it could not find any appropriate locations. Furthermore, in view of the relocation of the Wan Chai Restaurant to the New Wan Chai Restaurant mentioned in the paragraph headed "Business and Operational Review" above, the Group proposes that such portion of the net proceeds should be better utilised for the opening of the New Wan Chai Restaurant.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group.

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 the Listing Date and up to the date of this announcement. The capital structure of the Group only comprised of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2018, the Group had borrowings of approximately HK$50.5 million which was denominated in Hong Kong Dollars (2017: approximately HK$48.5 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2018, the Group's cash and cash equivalents were approximately HK$18.0 million (2017: approximately HK$15.9 million). The Directors believe that the Group is in a healthy financial position to achieve its business objectives.

GEARING RATIO

As at 31 December 2018, the gearing ratio of the Group was approximately 70.0% (2017: 66.0%). Gearing ratio is calculated as net debt divided by capital and net debt. Net debt represented total liabilities (excluding tax payable) of the Group less cash and cash equivalents. Capital represented the equity attributable to owners of the Company.

CHARGE ON GROUP ASSETS

As at 31 December 2018, the borrowings were secured by a building owned by the Group and life insurance policies amounted to approximately HK$30.3 million (2017: approximately HK$31.1 million) and approximately HK$15.9 million (2017: HK$19.9 million), respectively, for certain banking facilities granted to the Group.

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

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 December 2018. There is no other plan for material investments or capital assets as at 31 December 2018.

FOREIGN EXCHANGE EXPOSURE

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

The Group does not have any material foreign exchange exposure. During the year ended 31 December 2018, the Group had not used any financial instruments for hedging purposes.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2018 (2017: Nil).

COMMITMENTS

The contract commitments mainly involve rental payable by the Group in respect of the certain restaurants, staff quarters and office premises under operating leases arrangements. As at 31 December 2018, the Group's operating lease commitments were approximately HK$157.7 million (2017: HK$175.4 million).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2018 (2017: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2018, the Group had 650 employees (2017: 600 employees) working in Hong Kong, Macau and Shanghai. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various kind of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 December 2018 and 2017 amounted to approximately HK$150.1 million and HK$131.4 million respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign currency risk

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

Credit risk

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

Liquidity risk

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

Capital risk

The Group's objectives for managing capital are to ensure the ability to continue as a going concern in order to provide returns for the Shareholders and to maintain an optimal capital structure to minimise the cost of capital. To maintain or adjust capital structure, the Group may adjust dividend payout ratio, make return of capital to Shareholders in the form of dividend or share buyback, issue new Shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the year ended 31 December 2018.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of the shareholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code since 16 January 2018 up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

AUDIT COMMITTEE

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

The core duties of the Audit Committee are 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 Group's consolidated financial statements for the year ended 31 December 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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

Hong Kong, 22 March 2019

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