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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 2023

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 announces the preliminary consolidated results of the Group for the year ended 31 December 2023 (the "**FY2023**"), together with the comparative figures for the year ended 31 December 2022 (the "**FY2022**"). The financial information of the Group has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*4*	**104,453**	79,469
Cost of inventories consumed		**(29,740)**	(25,402)
Gross profit		**74,713**	54,067
Other income and gains, net		**762**	13,113
Staff costs		**(38,840)**	(36,968)
Depreciation of property, plant and equipment		**(798)**	(798)
Depreciation of right-of-use assets		**(78)**	(2,938)
Gain on disposal of a subsidiary		**–**	12,628
Impairment losses of property, plant and equipment		**–**	(15)
Impairment losses of right-of-use assets		**(417)**	(6,412)
Impairment losses on financial assets		**(2,093)**	(285)
Rental and related expenses		**(9,623)**	(12,100)
Other operating expenses		**(18,865)**	(22,208)
Finance costs	*6*	**(3,282)**	(3,244)
Profit/(loss) before tax		**1,479**	(5,160)
Income tax expense	*7*	**(152)**	(135)
Profit/(loss) for the year attributable to owners of the Company	*8*	**1,327**	(5,295)
Profit/(loss) per share		***HK cents***	*HK cents*
– Basic and diluted	*10*	**0.71**	(3.06)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Profit/(loss) for the year	**1,327**	(5,295)
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Release of exchange fluctuation reserve upon disposal of a subsidiary	**–**	273
Exchange differences arising on translation of foreign operations	**(10)**	18
Total comprehensive income/(expense) for the year	**1,317**	(5,004)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**26,299**	27,097
Right-of-use assets		**–**	–
Deposits		**235**	3,403
Deferred tax asset		**3,497**	3,229
		30,031	33,729
CURRENT ASSETS			
Inventories		**3,660**	3,572
Trade receivables	*11*	**768**	596
Prepayments, deposits and other receivables		**9,307**	12,255
Tax recoverable		**5**	344
Cash and cash equivalents		**1,014**	4,881
		14,754	21,648
CURRENT LIABILITIES			
Trade payables	*12*	**36,322**	36,820
Other payables and accruals		**38,544**	43,787
Bank and other borrowings		**59,372**	60,771
Lease liabilities		**3,798**	8,231
Amounts due to directors		**6,166**	7,589
Tax payable		**485**	444
		144,687	157,642
NET CURRENT LIABILITIES		**(129,933)**	(135,994)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(99,902)**	(102,265)

	Note	2023 *HK$'000*	2022 *HK$'000*
NON-CURRENT LIABILITIES			
Other payables and accruals		**–**	1,048
Other borrowings		**2,000**	–
Lease liabilities		**477**	3,839
		2,477	4,887
NET LIABILITIES		**(102,379)**	(107,152)
CAPITAL AND RESERVES			
Share capital	*13*	**20,736**	17,280
Reserves		**(123,115)**	(124,432)
TOTAL DEFICIENCY IN EQUITY		**(102,379)**	(107,152)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31 December 2023

1. GENERAL

Dragon King Group Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited since 16 January 2018. The registered address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suite No. A1, 7th Floor, One Capital Place, 18 Luard Road, Wanchai, Hong Kong.

The principal activity of the Group is principally engaged in operation and management of restaurants.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

Application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture3

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, the application of all amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Change in accounting policy

New HKICPA guidance on the accounting implication of the abolition of the mandatory provident fund ("MPF") – long service payment ("LSP") offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance"**), which will come into effect from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implication of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS19.93(a).

The Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. There is no material impact on the Group's results and financial position for the current or prior periods.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

Going-concern assessment

During the year ended 31 December 2023, the Group's current liabilities exceeded its current assets by approximately HK$129,933,000 and the Group had net liabilities by approximately HK$102,379,000. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$59,372,000 while its cash and cash equivalents amounted to approximately HK$1,014,000 only.

The directors of the Company considered 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 consolidated financial statements on a going concern basis after taking into consideration the followings:

(i) the Group had interest-bearing bank and other borrowings of HK$61,732,000 as at 31 December 2023, of which approximately HK$37,637,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to approximately HK$21,735,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. 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 of the Company, the Group will be able to roll over or refinance the bank borrowings upon their maturity;

(ii) management has been reviewing and shortening the reporting intervals and improving follow up measures on receivable collection;

(iii) management has been considering other financing arrangements with a view to increasing the Group's capitalisation/equity; and

(iv) management has been implementing stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs.

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, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

4. REVENUE

Revenue represents revenue arising on Chinese Restaurant operations for the year. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by geographical market		
– Hong Kong	**104,453**	79,469

Disaggregation of revenue from contracts with customers by timing of recognition

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point in time	**104,453**	79,469

(i) Performance obligations for contracts with customers

Operation and management of restaurant

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.

(ii) 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.

5. SEGMENT INFORMATION

Information reported to the Board of Directors of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 Operating Segments is operation and management of restaurants.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from operation and management of restaurants for the years ended 31 December 2023 and 2022.

Geographical information

The Group's operations are located in Hong Kong (2022: Hong Kong and the PRC). On 4 January 2022, the Group has disposed of its 100% of equity interests of a PRC subsidiary and no operation in the PRC.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**104,453**	79,469	**26,299**	27,097

Note: Non-current assets excluded financial instruments and deferred tax asset.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group for the years ended 31 December 2023 and 2022.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest expenses on:		
Long service payment obligation	**4**	–
Lease liabilities	**669**	1,042
Bank borrowings	**1,967**	2,184
Other borrowings	**642**	18
	3,282	3,244

7. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current income tax	**420**	–
Deferred tax	**(268)**	135
	152	135

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25% (2022: 8.25%), and profits above HK$2 million will be taxed at 16.5% (2022: 16.5%). Hong Kong profits tax was calculated at a flat rate of 16.5% (2022: 16.5%) of the estimated assessable profits.

8. PROFIT/(LOSS) FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Employee benefit expense (excluding directors' and chief executive's remuneration)		
– salaries, bonuses and allowances	**35,578**	33,725
– retirement benefit scheme contributions	**1,600**	1,633
	37,178	35,358
Auditor's remuneration	**880**	1,500
Expense relating to short-term leases	**5,207**	6,583

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

10. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted profit/(loss) per share attributable to the owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted profit/(loss) per share	**1,327**	(5,295)

	Number of shares	
	2023	2022
	HK$'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	**187,287**	172,800

No diluted earnings per share for the years ended 31 December 2023 and 2022 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2023 and 2022.

11. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Receivables at amortised cost comprises:		
Trade receivables	**768**	596
Less: Allowance for impairment of trade receivables	**–**	–
	768	596

The Group allows an average credit period of few days to 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, at the end of the reporting period.

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**598**	428
Over 90 days	**170**	168
	768	596

At 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$170,000 (2022: HK$168,000) which are past due as at the reporting date. The amounts have been past due 90 days or more are still considered as recoverable based on historical experience and forward-looking estimates. The Group does not hold any collateral over these balances.

The carrying amounts of trade receivables approximate their fair values and denominated in HK$.

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**1,094**	1,077
31-60 days	**220**	281
61-90 days	**180**	425
Over 90 days	**34,828**	35,037
	36,322	36,820

The average credit period on purchases of goods is 30 to 120 days.

The carrying amounts of trade payables approximate their fair values and denominated in HK$.

13. SHARE CAPITAL

	Nominal Value	**Number of shares**	
	HK$		*HK$'000*
Authorised:			
At 1 January 2021	0.01	2,000,000,000	20,000
Increase in authorised shares *(Note a)*	0.01	3,000,000,000	30,000
Share consolidation *(Note b)*	–	(4,500,000,000)	–
At 31 December 2021, 1 January 2022 and 31 December 2022 and 1 January 2023 and 31 December 2023	0.1	500,000,000	50,000
Issued and fully paid:			
At 1 January 2021		1,440,000,000	14,400
Share consolidation *(Note b)*		(1,296,000,000)	–
Placing of new shares on 28 July 2021 *(Note c)*		28,800,000	2,880
At 31 December 2021 and 1 January 2022, 31 December 2022 and 1 January 2023		172,800,000	17,280
Placing of new shares on 3 July 2023 *(Note d)*		34,560,000	3,456
At 31 December 2023	0.1	207,360,000	20,736

Notes:

a) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 28 May 2021, the authorised share capital of the Company be increased from HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares.

b) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 28 May 2021, the share consolidation of every 10 issued and unissued shares of HK$0.01 each into 1 consolidated share of HK$0.10 each became effective on 1 June 2021.

c) On 8 July 2021, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 28,800,000 placing shares to independent investors at a price of HK$0.208 per share. The placing was completed on 28 July 2021 pursuant to which the Company has allotted and issued 28,800,000 placing shares. The net proceeds derived from the placing amounted to approximately HK$5,788,400 and resulted in the increase in share capital of HK$2,880,000 and share premium of approximately HK$2,885,000, net of transaction costs of approximately HK$202,000.

d) Pursuant to an ordinary resolution passed at the extraordinary general meeting held on 26 June 2023, the Company has conditionally agreed to allot and issue, and the creditor has conditionally agreed to subscribe 34,560,000 capitalisation shares at the price of HK$0.1 per share in settlement of the indebted sum.

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 2023 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Dragon King Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple fundamental uncertainties relating to going concern

As described in note to the consolidated financial statements, the Group's current liabilities exceeded its current assets by approximately HK$129,933,000 and the Group had net liabilities of approximately HK$102,379,000 as at 31 December 2023. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$59,372,000, while its cash and cash equivalents amounted to approximately HK$1,014,000 only.

These conditions, together with other matters described in note to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position as described in note to the consolidated financial statements. The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, we were unable to ascertain whether the assumptions made by the directors of the Company in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of (i) the lack of sufficient supporting basis from the management including the consent from lenders to refinance and/or rollover the Group's existing loans; (ii) the lack of sufficient basis that the improvement of future operating results and cash flows would be realised. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

In view of the extent of the material uncertainties relating to the results of those measures to be taken by the Group which might cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

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

Restaurant Operations

For FY2023, the Group operated three full-service restaurants in Hong Kong 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 31 December 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 FY2023, 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 FY2023 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 FY2023, the Group recorded a total revenue of approximately HK$104.5 million, against approximately HK$79.5 million for FY2022, representing a significant increase of approximately 31.4%. This was mainly resulted from improved customer spending and relief of austerity measures as well as full resumption of the Group's restaurant operations.

The table below sets forth a breakdown of the Group's revenue generated by each of the Group's self-owned brands during FY2022 and FY2023:

	For the year ended 31 December			
	2023		2022	
	Revenue *HK$'000*	**% of total revenue**	Revenue *HK$'000*	% of total revenue
Dragon King（龍皇）	**68,834**	**65.9**	56,389	71.0
Dragon Seal（龍璽）*	**–**	**–**	1,105	1.4
Dragon Gown（龍袍）	**35,619**	**34.1**	21,975	27.6
Total revenue	**104,453**	**100.0**	79,469	100.0

* *Closed in January 2022*

Dragon King（龍皇）

The revenue generated by Dragon King recorded a significant increase by approximately HK$12.4 million, or approximately 22% from HK$56.4 million for FY2022 to HK$68.8 million for FY2023. The significant increase in revenue for FY2023 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 FY2022.

Dragon Seal（龍璽）

No revenue was generated from Dragon Seal for FY2023 as compared to approximately HK$1.1 million for FY2022, 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 by Dragon Gown recorded a significant increase by approximately HK$13.6 million, or approximately 61.8% from HK$22.0 million for FY2022 to HK$35.6 million for FY2023. Such significant 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 FY2023.

Gross profit and gross profit margin

The gross profit of the Group (i.e., revenue minus cost of inventories consumed) amounted to approximately HK$74.7 million for FY2023, versus approximately HK$54.1 million for FY2022, representing a substantial increase of approximately HK$20.6 million or approximately 38.1%.

The Group's overall gross profit margin for the year slightly increased by 3.5% when compared with FY2022 which was mainly due to the operation efficiency improvement and implementation of cost control measures.

Other income and gains, net

The Group's other income and gains, net decreased by approximately HK$12.3 million or approximately 93.9% from approximately HK$13.1 million for FY2022 to approximately HK$0.8 million for FY2023. Such decrease was primarily due to the non-recurrence of the government grants and compensation on termination of contract for FY2023.

Staff costs

During the year, staff costs of the Group amounted to approximately HK$38.8 million, representing an increase of approximately HK$1.8 million or approximately 4.9% when compared to approximately HK$37.0 million recorded for FY2022. Such increase was attributable to the full operations of all three restaurants operated by the Group for FY2023, whilst FY2022, certain of the Group's restaurants were temporarily closed down due to the anti-epidemic precautionary measures and restrictions for dine-in as imposed by the Hong Kong government.

Depreciation of right-of-use assets

Depreciation of right-of-use assets of the Group was charged on a straight-line basis over the lease term. The lease terms of the leased premises are generally between two to three years, with certain lease agreements provide an option for the Group to renew.

Impairment loss on property, plant and equipment and right-of-use assets

In view of the deteriorating economy and significant disruption to the operations of the Group resulted from the COVID-19 pandemic and the anti-epidemic precautionary measures in Hong Kong throughout FY2022, the Group assessed if any impairment loss should be recognised for the non-current assets of the Group including property, plant and equipment and right-to-use assets.

Impairment loss of Nil (FY2022: HK$15,000) and HK$0.4 million (FY2022: HK$6.4 million) were recognised for property, plant and equipment and right-of-use assets during FY2023 respectively.

Impairment loss on financial assets

For deposits and other receivables of the Group, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss likelihood or risk of a default occurring since initial recognition.

For FY2023, an impairment loss on deposits and other receivables of approximately HK$2.1 million (FY2022: HK$0.3 million) was recognised. Most business activities and the payment chains in Hong Kong and the PRC were significantly affected during COVID-19 pandemic and periods after, which led to extension of debt collection periods and increase in loan allowances for other receivables.

Rental and related expenses

The Group's rental and related expenses decreased by approximately HK$2.5 million or approximately 20.7% from approximately HK$12.1 million for FY2022 to approximately HK$9.6 million for FY2023, which 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 other operating expenses of the Group decreased by approximately HK$3.3 million or approximately 14.9% from approximately HK$22.2 million for FY2022 to approximately HK$18.9 million for FY2023 under review. Such decrease was mainly attributable to the reduction in the number of restaurants operated by the Group in FY2023 as compared to those in FY2022.

Finance costs

Finance costs of the Group increased slightly by approximately HK$0.1 million or approximately 3.1% from approximately HK$3.2 million for FY2022 to approximately HK$3.3 million for FY2023. Such increase was mainly due to the increase in interest on other borrowings.

Profit/(loss) attributable to owners of the Company

For FY2023, the profit attributable to owners of the Company was approximately HK$1.3 million, as compared to a loss of approximately HK$5.3 million for the last year. Such improvement was mainly due to the increase in revenue achieved by the Group for FY2023.

PROSPECTS

Following the relaxation of stringent COVID-19 pandemic policies and 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 FY2023 improved subsequently. 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.

In order to enhance management efficiency and reduce reliance on manpower, and to expand business development, the Company plans to launch a new light catering brand in China which mainly serves customers with catering robots, and considers increasing market share by way of franchises. To align with the business development of the Group, the Company has recruited multiple distinguish talents to expand franchisees of the new catering brand and develop the robot business.

The Company will also keep on monitoring and adjusting nimbly the Group's operating strategies to address the consumer needs. The Company will continue to stay agile through evolving market conditions and strengthen its competitive edges to drive for long term growth and enhance shareholder value of the Group.

CAPITAL STRUCTURE

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.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2023, the Group had borrowings of approximately 61.4 million which was denominated in Hong Kong Dollars (2022: approximately HK$60.8 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2023, the Group's cash and cash equivalents were approximately HK$1.0 million (2022: approximately HK$4.9 million). The liquidity of the Group will be improved after the economy recovered from the negative effect due to the COVID-19.

GEARING RATIO

As at 31 December 2023, the gearing ratio of the Group was approximately 336.5% (2022: approximately 314.1%). 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 2023, the borrowings were secured by a building owned by the Group which is amounted to approximately HK$26.3 million (2022: approximately HK$27.1 million), respectively, for certain banking facilities granted to the Group.

SEGMENT INFORMATION

Segmental information of the Group is disclosed in Note 5 to the Consolidated Financial Statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL 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. There were no other plan for material investments or capital assets as at 31 December 2023.

FOREIGN EXCHANGE EXPOSURE

Most of the income and expenditures of the Group are denominated in Hong Kong Dollars ("**HKD**") and Renminbi ("**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, 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 2023 (as at 31 December 2022: Nil).

COMMITMENTS

The Group does not have any commitment as at 31 December 2023 (as at 31 December 2022: Nil).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for FY2023 (FY2022: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2023, the Group had about 122 employees (as at 31 December 2022: 121 employees) working in Hong Kong. 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 costs (including remuneration of Directors and mandatory provident fund contributions) for the year amounted to approximately HK$38.8 million (2022: approximately HK$37.0 million).

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 HKD.

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 cash equivalents and deposits and other receivables. These credit risks are monitored on a 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.

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 C1 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the year, 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 year as the Board considered that the risk of material legal claims against Directors is minimal. Nevertheless, the Board will review this arrangement from time to time light of the prevailing circumstances and arrange for appropriate insurance coverage when necessary.

Code provision C.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the executive directors and non-executive directors present. Although the chairman of the Company did not hold a meeting with the independent non-executive Directors, excluding the executive Directors and non-executive Directors during the year, he delegated the company secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

Code provision D.2.5 of the CG Code requires the company should have an internal audit function. The Group has yet to establish its internal audit function during the year. The audit committee of the Company (the "**Audit Committee**") and the Board, have considered the communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statements audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

EVENTS AFTER THE REPORTING PERIOD

Entering into Strategic Cooperation Framework Agreement with Henan Sanhao Intelligent Robot Co., Ltd.* and Henan Sanhao Legal Technology Co., Ltd.*

On 5 January 2024, the Company entered into a strategic cooperation framework agreement (the "**Strategic Cooperation**") with Henan Sanhao Intelligent Robot Co., Ltd.*（河南三好智能機器人有限公司）(the "**Henan Sanhao Intelligent Robot**") and Henan Sanhao Legal Technology Co., Ltd.*（河南三好法務科技有限公司）(the "**Henan Sanhao Legal Technology**"). Pursuant to the Strategic Cooperation, the Company, Henan Sanhao Intelligent Robot, and Henan Sanhao Legal Technology will conduct a strategic cooperation on the robot marketing plan project. Henan Sanhao Intelligent Robot serves as the secondary development manufacturer designated by the Company, and the Company authorises Henan Sanhao Intelligent Robot to directly purchase designated products from Henan Sanhao Intelligent Robot's suppliers for targeted development; Henan Sanhao Legal Technology serves as Henan Sanhao Intelligent Robot's cooperative content provider in the robot development process. The developed product will be used for the Company's business or for sale by the Company.

Further details are set out in the announcements of the Company dated 5 January 2024 and 25 January 2024.

* *For identification purpose only*

Placing of 34,560,000 New Shares under 2023 General Mandate

On 30 January 2024, the Group entered into placing agreement, pursuant to which the Group has conditionally agreed to place, on a best effort basis, maximum of 34,560,000 placing shares. On 22 February 2024, a total of 34,560,000 placing shares were successfully placed to not less than six placees at the placing price of HK$0.257 per placing share and none of the placees has become a substantial shareholder of the Group forthwith upon the completion of the placing. The 34,560,000 placing shares represent (i) approximately 16.67% of the total number of issued share immediately before the completion of the placing; and (ii) approximately 14.29% of the total number of issued share as enlarged by the allotment and issue of the 34,560,000 placing shares immediately after the completion of the placing. The net proceeds from the placing are approximately HK$8,520,000 and resulted in the increase in share capital of HK$3,456,000 and share premium of approximately HK$5,426,000, net of transaction cost of approximately HK$362,000. The Company proposes to use the net proceeds of (i) 50% to the general working capital of the Group including but not limited to rental expenses, salary expenses and other office overhead of the business of the Group in Hong Kong and in the PRC of up to approximately HK$4,260,000; and (ii) 50% to the repayment of outstanding liabilities of up to approximately HK$4,260,000.

Further details are set out in the announcements of the Company dated 30 January 2024 and 22 February 2024.

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 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 pay Blooming the sum of 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 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 Group.

DCCJ460/2022

On 11 May 2022, a final judgment was made against Dragon King Restaurant Group Limited ("**DKRGL**"), as defendant, an indirect wholly-owned subsidiary of the Company, whereby DKRGL shall pay Wan Kin Engineering Limited the sum of HK$334,000 and interest thereon as well as costs. This case has been closed by end of April 2023.

DCCJ838/2022

On 22 March 2022, Oriental Etrade Limited ("**Oriental**"), as defendant, 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 dishonoured 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 pay LCC the sum of HK$2,000,000 and interest thereon as well as costs. Partial payment of approximately HK$1,470,000 has been made by the Group.

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 Wan Kin Engineering Limited ("**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 Year.

AUDIT COMMITTEE

The Audit Committee was established on 15 December 2017. The Audit Committee comprises three members including three independent non-executive Directors, namely Mr. Tsung Ching Fung as the chairman (appointed on 30 October 2023), Mr. Lo Shing Shan (appointed on 17 November 2023) and Mr. Chow Yik (appointed on 30 October 2023).

The Audit Committee reviews the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor 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.

Save as disclosed in the announcements of the Company dated 27 January 2023 and 28 February 2023, the Company has complied with Rules 5.05(1), 5.05(2), 5.05A, 5.28, 5.34 and 5.36A of the GEM Listing Rules throughout the year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements which give a true and fair view of the state of affairs of the Group and in presenting the quarterly, interim and annual financial statements, and announcements of the Company. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group.

The Directors are aware of the profit attributable to owners of the Company of approximately HK$1.3 million for the year. In addition, the Group's current liabilities exceeded its current assets by approximately HK$129.9 million and the Group had net liabilities of approximately HK$102.4 million as at 31 December 2023. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$59.4 million, while its cash and cash equivalents amounted to approximately HK$1.0 million. These conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this issue has been set out in Note 3 to the Consolidated Financial Statements in this announcement.

MANAGEMENT'S POSITION AND ASSESSMENT ON THE DISCLAIMER OPINION

During the course of audit of the consolidated financial statements for FY2023 (the "**Consolidated Financial Statements**"), the Group's external auditor, Prism Hong Kong and Shanghai Limited (the "**Auditor**") had raised concern on the Group's ability to operate as a going concern (the "**Disclaimer Opinion**").

In the course of preparing the Consolidated Financial Statements, the Directors had assessed the current market conditions and the measures taken/to be taken by the management in improving the liquidity and financial position of the Group, including but not limited to implementing cost control measures and cautious operational plans to improve the operating results and cash flows of the Group; negotiating with banks to roll over or refinance the bank borrowings upon their maturity to secure necessary funding to meet the Group's working capital requirements; and exploring possibilities in fund raising activities such as placing of shares, right issue, etc. in the upcoming future with a view to increasing the Group's capitalisation/equity and applying the proceeds raised therefrom for repayment of bank borrowings and the Group's general working capital purpose. In addition, the Directors had thoroughly considered and discussed the going concern basis and assumptions adopted in a cash flow forecast for the next eighteen months and addressed the issues raised by the Auditor in respect of the multiple fundamental uncertainties relating to going concern. Based on the above, the Directors considered that the Group will have sufficient liquidity to finance its operations for the foreseeable future and therefore of a view that the Group would be able to continue as a going concern.

As disclosed in the note to the Consolidated Financial Statements, the Group reported profits attributable to owners of the Company of approximately HK$1.3 million for FY2023. In addition, the Group's current liabilities exceeded its current assets by approximately HK$130 million and the Group had net liabilities of approximately HK$102.4 million as at 31 December 2023. As at the same date, the Group's total current borrowings amounted to approximately HK$59.4 million, while its cash and cash equivalents amounted to approximately HK$1.0 million. These conditions, indicated the existence of material uncertainties on the Group's ability to continue as a going concern. Despite the effort made by the Directors in addressing the concern for multiple fundamental uncertainties relating to going concern, the Auditor has expressed Disclaimer Opinion on the Company's going concern in the Consolidated Financial Statements.

Having taken into account the measures taken/to be taken by the Group in improving its liquidity and financial position as well as the cash flow forecast which has been prepared the basis that the Group will successfully implement the plans and measures, the Directors are satisfied that the Group will have sufficient working capital to meet with its financial obligations when they fall due.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OPINION

The Audit Committee had critically reviewed the Disclaimer Opinion, the management's assessment on the Disclaimer Opinion and the measures taken/to be taken by the Company in addressing the concern of the Auditor relating to going concern. After discussion with the Directors, the Audit Committee concurred with the going concern basis and assumptions adopted in preparing the Consolidated Financial Statements.

The statements of the Auditor about their reporting responsibilities on the Consolidated Financial Statements of the Group are set out in the Independent Auditor's Report on pages 14 to 15 of this announcement. Details of the going concern assessment have been set out in the Note 3 to the Consolidated Financial Statements in this announcement.

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for FY2023 as set out in the preliminary announcement have been agreed by the Group's Auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's Consolidated Financial Statements. The work performed by Prism Hong Kong and Shanghai Limited in this respect did 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 Prism Hong Kong and Shanghai Limited on the preliminary announcement.

By Order of the Board
Dragon King Group Holdings Limited
Tang Hong Jiang
Executive Director and Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the Board comprises Mr. Tang Hong Jiang (Chairman), Ms. Liang Li and Mr. Huang Ai Chun as executive Directors; Ms. Shen Taiju as non-executive Director; and Mr. Lo Shing Shan, Mr. Chow Yik and Mr. Tsung Ching Fung as independent non-executive Directors.