Scorching Dragon Holdings Limited
炎龍控股有限公司

(Formerly known as 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 2025

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 Scorching Dragon 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 "Latest Listed Company Information" page of the website of the Stock Exchange at http://www.hkexnews.hk for at least 7 days from the day of its publication and on the website of the Company.

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 2025 (the "**FY2025**"), together with the comparative figures for the year ended 31 December 2024 (the "**FY2024**"). 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 2025

	Notes	**2025** ***HK$'000***	2024 *HK$'000*
Revenue	4	**13,075**	54,444
Cost of inventories consumed		**(4,025)**	(15,565)
Gross profit		**9,050**	38,879
Other income and gains, net		**567**	196
Staff costs		**(10,429)**	(25,291)
Depreciation of property, plant and equipment		**(800)**	(798)
Depreciation of right-of-use assets		**(174)**	(302)
Impairment losses of property, plant and equipment		**(85)**	–
Impairment losses of right-of-use assets		**(525)**	–
(Impairment losses)/reversal of impairment on financial assets		**(7,385)**	431
Gain on liquidation of subsidiaries		**12,178**	–
Rental and related expenses		**(5,277)**	(7,752)
Other operating expenses		**(10,407)**	(27,118)
Finance costs	6	**(1,345)**	(2,136)
Loss before tax	8	**(14,632)**	(23,891)
Income tax expense	7	**(50)**	(3,148)
Loss and total comprehensive expenses for the year attributable to owners of the Company		**(14,682)**	(27,039)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	10	**(5.48)**	(11.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**24,703**	25,501
Right-of-use assets		**–**	–
Deposit		**–**	50
Deferred tax assets		**71**	121
		24,774	25,672
CURRENT ASSETS			
Inventories		**1,343**	2,221
Trade receivables	11	**–**	220
Prepayments, deposits and other receivables		**670**	15,836
Tax recoverable		**6**	276
Cash and cash equivalents		**3,736**	6,891
		5,755	25,444
CURRENT LIABILITIES			
Trade payables	12	**27,999**	36,113
Other payables and accruals		**39,198**	37,770
Bank and other borrowings		**84,178**	93,470
Lease liabilities		**349**	444
Amounts due to directors		**2,717**	3,814
Other financial liabilities		**6,245**	–
Tax payable		**403**	403
		161,089	172,014
NET CURRENT LIABILITIES		**(155,334)**	(146,570)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(130,560)**	(120,898)
NON-CURRENT LIABILITY			
Lease liabilities		**182**	–
NET LIABILITIES		**(130,742)**	(120,898)
CAPITAL AND RESERVES			
Share capital	13	**29,030**	24,192
Reserves		**(159,772)**	(145,090)
TOTAL DEFICIENCY IN EQUITY		**(130,742)**	(120,898)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Scorching Dragon Holdings Limited (formerly known as 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 3902, 39/F, Central Plaza, 18 Harbour 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. APPLICATION OF NEW AND AMENDMENTS AND IMPROVEMENT TO HKFRS ACCOUNTING STANDARDS AND INTERPRETATION

Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following amended HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of exchangeability

The application of the amendment to HKFRS Accounting Standards had no material impact on the Group's financial performance and positions for the current and prior periods have been prepared and presented.

New and amendments and improvement to HKFRS Accounting Standards and interpretation issued but not yet effective

The Group has not early applied the following new and amendments and improvement to HKFRS Accounting Standards and interpretation that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Contracts Referencing Nature – dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to Hong Kong Interpretation 5 Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual periods beginning on or after 1 January 2027

[3] Effective for annual periods beginning on or after a date to be determined

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("**HKFRS 18**"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Except for the impact of HKFRS 18, the directors of the Company considers that the adoption of the above mentioned new and amendments and improvement are not expected to have a material impact on the Group's consolidated financial statements in future reporting periods when they become effective.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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 of Hong Kong Limited (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.

The material accounting policies are set out below.

Going concern assessment

During the year ended 31 December 2025, the Group's current liabilities exceeded its current assets by approximately HK$155,334,000 and the Group had net liabilities by approximately HK$130,742,000. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$84,178,000 while its cash and cash equivalents amounted to approximately HK$3,736,000 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) management has been considering other financing arrangements including but not limited to right issue, issue of new shares/convertible bonds, or other equity fund raising activities with a view to increasing the Group's capitalisation/equity;

(ii) the Group had interest-bearing bank and other borrowings of approximately HK$84,178,000 as at 31 December 2025, of which approximately HK$71,184,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to approximately HK12,994,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The Group will continue to raise with other creditors to assesses the feasibility of extending or deferring repayment obligations, or to consider other attentive repayment arrangements 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 and other borrowings upon their maturity;

(iii) the Group is still committed to its business of restaurant operations and will accelerate the pace of new openings for smaller scale of operations across multiple cuisines to diversify its existing restaurant portfolio if the market conditions allow. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and China to expand the revenue source; 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 and enforcing cost-saving measures.

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:

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by geographical market		
– Hong Kong	**13,075**	54,444

Disaggregation of revenue from contracts with customers by timing of recognition

	2025	2024
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point in time	**13,075**	54,444

(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 2025 and 2024.

Geographical information

The Group's operations are located in Hong Kong (2024: Hong Kong).

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**	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**13,075**	54,444	**24,703**	25,501

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

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 2025 and 2024.

6. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest expenses on:		
Long service payment obligation	**–**	4
Lease liabilities	**26**	148
Bank borrowings	**984**	1,490
Other borrowings	**335**	494
	1,345	2,136

7. INCOME TAX EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Current income tax		
Hong Kong Profits Tax		
– Current year	**–**	16
Over provision in prior year	**–**	(244)
	–	(228)
Deferred tax	**50**	3,376
	50	3,148

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% (2024: 8.25%), and profits above HK$2 million will be taxed at 16.5% (2024: 16.5%). Hong Kong profits tax was calculated at a flat rate of 16.5% (2024: 16.5%) of the estimated assessable profits.

8. LOSS BEFORE TAX

	2025	2024
	HK$'000	*HK$'000*
Employee benefit expense (excluding directors' and chief executive's remuneration)		
– salaries, bonuses and allowances	**8,489**	22,726
– retirement benefit scheme contributions	**323**	1,024
	8,812	23,750
Auditor's remuneration	**800**	880
Cost of inventory	**4,025**	15,565
Expense relating to short-term leases	**4,256**	4,943

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

10. LOSS PER SHARE

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

	2025	2024
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(14,682)**	(27,039)

	Number of shares	
	2025	2024
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**267,769**	236,349

No diluted loss per share for the years ended 31 December 2025 and 2024 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2025 and 2024.

11. TRADE RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Receivables at amortised cost comprises:		
Trade receivables	**148**	220
Less: Allowance for impairment of trade receivables	**(148)**	–
	–	220

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.

	2025	2024
	HK$'000	*HK$'000*
0–30 days	**–**	50
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**–**	170
	–	220

At 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately Nil (2024: HK$170,000) 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.

	2025	2024
	HK$'000	*HK$'000*
0–30 days	**–**	171
31–60 days	**–**	20
61–90 days	**–**	64
Over 90 days	**27,999**	35,858
	27,999	36,113

The average credit period on purchases of goods is 30 to 120 days (2024: 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 2024 and 31 December 2024 and 1 January 2025 and 31 December 2025	0.1	500,000,000	50,000
Issued and fully paid:			
At 1 January 2024		207,360,000	20,736
Placing of new shares on 22 February 2024 *(Note a)*		34,560,000	3,456
At 31 December 2024 and 1 January 2025	0.1	241,920,000	24,192
Placing of new shares on 20 June 2025 *(Note b)*		48,384,000	4,838
At 31 December 2025	0.1	290,304,000	29,030

Notes:

(a) On 30 January 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 34,560,000 placing shares to independent investors at a price of HK$0.257 per share. The placing was completed on 22 February 2024 pursuant to which the Company has allotted and issued 34,560,000 placing shares. The net proceeds derived from the placing amounted to HK$8,520,000 and resulted in the increase in share capital of HK$3,456,000 and share premium of HK$5,426,000, net of transaction costs of HK$362,000.

(b) On 2 June 2025, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 48,384,000 placing shares to independent investors at a price of HK$0.10 per share. The placing was completed on 20 June 2025 pursuant to which the Company has allotted and issued 48,384,000 placing shares. The net proceeds derived from the placing amounted to approximately HK$4,550,000 and resulted in the increase in share capital of HK$4,838,400, net of transaction costs of approximately HK$288,400.

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 2025 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Scorching Dragon 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 2025, 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$155,334,000 and the Group had net liabilities of approximately HK$130,742,000 as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$84,178,000, while its cash and cash equivalents amounted to approximately HK$3,736,000 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 restaurant group operating Cantonese cuisines restaurant under its self-owned brand.

Overview of the Hong Kong Chinese catering industry in FY2025

Hong Kong's Chinese dining sector continued to face significant structural challenges. Throughout FY2025, the wave of closures in Hong Kong's catering and service industry persisted. The decline of Chinese restaurants was a key factor, with profitability falling far more sharply than other dining categories. According to the provisional figures on restaurant revenue and purchases released by the Hong Kong Census and Statistics Department, the total revenue of Chinese restaurants decreased by 2.9% in value and 4.3% in volume in 2025 compared to 2024. In contrast, non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume (the "**Data Report**").

Core challenges that leading to the structural challenges of Hong Kong Chinese catering industry are (i) the normalisation of "Northbound consumption", especially on weekends and holidays, has directly beating local Chinese restaurants. Meanwhile, local consumers and visitors are increasingly priortising value for money, leading to a notable rise in fast food and take-away restaurants such as "two-dish" shops. The spending outflow and the shift in locals and visitors consumption patterns have significantly seizing business from traditional Chinese restaurants; and (ii) despite certain landlords has started to lowering rents, high rental and labor costs remain major pressures.

Facing the above difficulties, Chinese restaurants are attempting to refine the business with key strategies as follows: (i) enhancing dining experience by providing more attentive dining services to achieve interaction with customers and introducing new and innovative dishes from time to time to keep our offerings fresh and maintain a sense of novelty that appeals to the customers.; (ii) implementing précised business strategy such as offering "HK$1 signature dishes" to attract customers; and (iii) negotiate with landlord to revise rental terms by offering a combination of lower fixed rental and revenue-linked variable rental, in order to better control cost.

Restaurant Operations

The Group is committed to provide high quality food and services as well as comfortable dining environment to the customers. In October 2025, the Group's remaining sole operating Chinese restaurant in Wanchai (the "**Wan Chai Restaurant**") was forced to suspend its business operations due to the enforcement of a warrant of distress by the Bailiff of the High Court against the operator of the Wan Chai Restaurant, an indirect wholly-owned subsidiary of the Company.

Notwithstanding the suspended operations of the Wan Chai Restaurant, on 23 December 2025, Scorching Dragon F&B Group Limited, an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Gentle Forest Limited, as landlord, in respect of certain premises located in Kowloon for a term of two years commencing from 1 January 2026. The above premises are used for the operation of a new restaurant under the brand name of "旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)" (the "**Mong Kok Restaurant**").

Unlike the Wan Chai Restaurant, which was located inside a shopping mall of a commercial centre at Wan Chai commercial district, the Mong Kok Restaurant is a street-level shop situated at one of the prime locations in Mong Kok. The Mong Kok Restaurant is able to experience greater foot traffic, face more diverse customer base from various social classes, and benefit from a higher volume of tourists. The current condition of the Mong Kok Restaurant does not necessitate major renovation, as the existing layout, utilities, and finishes are largely serviceable. With only minor preparatory work, the location can be made operational, allowing for a swift and cost-effective launch.

The Mong Kok Restaurant offers Cantonese cuisine which features fresh seafood, soups, and exquisite fried dishes suitable for group dining, corporate hospitality and casual meals for small number of individuals.

The entering of the Tenancy Agreement represents the determination of the Board to go all out to re-formulate and re-develop the Group's businesses with an aim to strive for the best interest of the Company and its shareholders as a whole.

FINANCIAL REVIEW

Revenue

For FY2025, the Group recorded a total revenue of approximately HK$13.1 million, against approximately HK$54.4 million for FY2024, representing a decrease of approximately 75.9%. For FY2024, the Group operated three restaurants in Hong Kong under the brand names of "Dragon King (龍皇)" and "Dragon Gown (龍袍)" respectively. The decrease in revenue for FY2025 was mainly resulted from closed down of the two "Dragon King (龍皇)" restaurants during the first half of FY2024, together with the suspension of the operations at the Group's sole remaining "Dragon Gown (龍袍)" restaurant in October 2025.

The table below sets forth a breakdown of the Group's revenue generated by each of the Group's self-owned brands during FY2024 and FY2025:

	For the year ended 31 December			
	2025		2024	
	Revenue *HK$'000*	**% of total revenue**	Revenue *HK$'000*	% of total revenue
Dragon King (龍皇)*	**–**	**–**	27,785	51.0
Dragon Gown (龍袍)Δ	**13,075**	**100.0**	26,659	49.0
Total revenue	**13,075**	**100.0**	54,444	100.0

* *Closed in 2024*

Δ *Suspended operation in October 2025*

Dragon King (龍皇)

The revenue generated by Dragon King was nil for FY2025 as a result of the closure of "Dragon King (龍皇)" restaurants in the Whampoa and Kwun Tong in April 2024 and June 2024 respectively, due to the expiration of the rental agreements.

Dragon Gown (龍袍)

The revenue generated by Dragon Gown decreased by approximately HK$13.6 million, or approximately 25.0% from HK$26.7 million for FY2024 to HK$13.1 million for FY2025. Such decrease was mainly due to the challenging business environment and a shift in consumer behavior, as Hong Kong residents exhibited lower local consumption intentions, with an increasing trend of traveling north. Subsequently, Dragon Gown had suspended its operation in October 2025.

Gross profit and gross profit margin

The gross profit of the Group (i.e., revenue minus cost of inventories consumed) amounted to approximately HK$9.1 million for FY2025, versus approximately HK$38.9 million for FY2024, representing a substantial decrease of approximately HK$29.8 million or approximately 76.6%. The significant decrease was due to the closure of the two "Dragon King (龍皇)" restaurants in 2024 and the suspension of operations of the "Dragon Gown (龍袍)" restaurant in October 2025.

The Group's overall gross profit margin for the FY2025 decreased slightly at 69.2% (FY2024: 71.4%).

Other income and gains, net

The Group's other income and gains, net increased by approximately HK$0.37 million or approximately 185.0% from approximately HK$0.2 million for FY2024 to approximately HK$0.57 million for FY2025. Such increase was primarily due to recognition of referral income for FY2025 offset by gain on disposal of property, plant and equipment for FY2024 and no such gain on disposal was recognised for FY2025.

Staff costs

During FY2025, staff costs of the Group amounted to approximately HK$10.4 million, representing a decrease of approximately HK$14.9 million or approximately 58.9% when compared to approximately HK$25.3 million for FY2024. Such decrease was attributable to certain restaurants were closed down in April and June of 2024 and the suspension of operations at the Group's then sole remaining restaurant in October 2025.

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 losses)/reversal of impairment 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 FY2025, an impairment loss on deposits and other receivables of approximately HK$7.4 million (FY2024: reversal of an impairment loss of approximately HK$0.4 million) was recognised.

Gain on liquidation of subsidiaries

During FY2025, two indirect wholly-owned subsidiaries of the Company were deconsolidated from the Group's consolidated financial statements following winding-up orders made against those subsidiaries by the High Court of Hong Kong and the appointment of joint and several provisional liquidators. As a result, the Group recognised a one-off non-cash gain of approximately HK$12.2 million during FY2025. For further details, please refer to the paragraphs headed "Material Litigation" in this announcement.

Rental and related expenses

The Group's rental and related expenses decreased by approximately HK$2.5 million or approximately 32.1% from approximately HK$7.8 million for FY2024 to approximately HK$5.3 million for FY2025, which was mainly due to the reduction in the number of restaurants operated by the Group in FY2025 as compared to those operated in FY2024.

Other operating expenses

The other operating expenses of the Group decreased by approximately HK$16.7 million or approximately 61.6% from approximately HK$27.1 million for FY2024 to approximately HK$10.4 million for FY2025. Such decrease was mainly attributable to the professional and other related service fee of the issuance of bond incurred in FY2024 and no such fee was incurred in FY2025.

Finance costs

Finance costs of the Group decreased by approximately HK$0.8 million or approximately 38.1% from approximately HK$2.1 million for FY2024 to approximately HK$1.3 million for FY2025. Such decrease was mainly due to reduction in interest expenses for bank borrowings for FY2025.

Loss attributable to owners of the Company

For FY2025, the loss attributable to owners of the Company was approximately HK$14.7 million, as compared to a loss of approximately HK$27.0 million for FY2024. Such decrease in loss for FY2025 was mainly arising from the deconsolidation of two indirect wholly-owned subsidiaries, and was partially offset by the decrease in revenue as a result of the closure of two restaurants in 2024, together with the suspension of operations at the Group's then sole remaining restaurant in October 2025 and the recognition of impairment losses on financial assets for FY2025.

The Management's Position, View and Assessment on the Disclaimer of Opinion

In view of the uncertainties relating to going concern, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future including:

(i) Planning for equity fundraising exercise

The Company is in the process of contemplating equity fundraising exercises including but not limited to rights issue, issue of new shares and/or convertible bonds. The Company intends to apply the proceeds for the repayment of the liabilities and for further expansion of the Group's existing business segment. The Company will use its best endeavours to explore further fundraising opportunities, targeting to conduct another equity fundraising exercise in due course. Further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

(ii) Seeking extension for repayment of liabilities

The Company has been maintaining regular communication with its banks and other creditors. The Company reached an alternative repayment arrangement with one of its creditors in December 2025 and will continue to liaise with its other creditors to assess the feasibility of extending or deferring repayment obligations, or to consider other alternative repayment arrangements. The Group will continue to seek appropriate legal and financial advice in this regard. The Board believes that the potential improvements arising from recent business development opportunities in relation to the Group's operations, together with the Hong Kong Government's continued efforts to promote tourism, will provide a favourable environment for the renewal or extension of the Group's loan facilities.

(iii) Developing and exploring different business opportunities in relation to its operation

The Company will continue to monitor market conditions in the food and beverage sector and identify suitable opportunities for expansion.

The Group has resumed its operation of Chinese restaurant under the brand name of "旺角（龍皇）海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)" offering Cantonese cuisine which features fresh seafood, soups, and exquisite fried dishes suitable for group dining, corporate hospitality, and casual meals for small number of individuals. The above-mentioned Chinese restaurant officially opened on 22 January 2026. The opening of this restaurant represents the determination of the Board to proactively re-formulate and redevelop the Group's business operations.

On 26 March 2026, the Group has further entered into letter of offer with AEON Stores (Hong Kong) Co., Limited, as licensor in respect of the opening of the Lai Chi Kok Restaurant. It is expected that the Lai Chi Kok Restaurant will be opened with in May 2026. The Lai Chi Kok Restaurant, together with the Mong Kok Restaurant would definitely contribute solid financial performance to the Group.

(iv) Enforcing cost-saving measures

The Company will continue to implement different cost-saving measures to improve operational efficiency and address the going concern issue. These measures include ongoing efforts to reduce administrative and operating expenses through supplier re-negotiations, enhanced inventory and energy management, and optimisation of manpower deployment.

PROSPECTS

Although the Group is currently facing a sluggish Hong Kong catering industry, in line with the spirit of "actively seek change and be brave in innovation", the Group adjusts its operating methods, seeks a path to transformation, explores new opportunities amidst headwinds, and stands out.

The Group leveraging on its solid experience accumulated over the year and its high-quality food and services recognised by the market, the Group will continue to commit to its core business. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and in the People's Republic of China ("**PRC**") to expand the revenue source.

Subsequent to the grand opening of the Mong Kok Restaurant on 22 January 2026, the Group, as licensee, further entered into a letter of offer with AEON Stores (Hong Kong) Co., Limited, as licensor on 26 March 2026 in respect of the licensed use of a premises for a term of two years commencing from 1 April 2026 for the new Chinese restaurant to be opened by the Group (the "**Lai Chi Kok Restaurant**").

Unlike the Mongkok Restaurant which is a street-level shop situated at one of the prime locations in Mong Kok, the Lai Chi Kok Restaurant is situated inside a shopping mall of one of the prestige residential areas in Lai Chi Kok, surrounded by multiple residential building blocks of a mature middle-class residential area. The Lai Chi Kok Restaurant is able to offer larger scale operation which can seat up to 200 people, operate with longer service hours and face more diverse customer base from various social classes. It is able to provide full Chinese catering services from dim sum during morning tea and lunch; exquisite Cantonese dishes for dinner to authentic Chinese banquet traditions. The Lai Chi Kok Restaurant, with its well-equipped kitchen, is able to create delicious menus for every occasion and cater for individuals and families throughout the day. The current condition of the Lai Chi Kok Restaurant does not necessitate major renovation, as the existing layout, utilities, and finishes are largely serviceable. With only minor preparatory work, the location can be made operational, allowing for a swift and cost-effective launch.

The Group plans to operate the Lai Chi Kok Restaurant under the brand name of Tong Arch "唐坊" offering Cantonese cuisine which features hand-made dim sum, roasted meat ("**siu mei**"), fresh seafood, soups, and signature dishes suitable for group dining, traditional Chinese banquets and casual meals for individuals and families. It is expected that the Lai Chi Kok Restaurant is able to be opened within May 2026.

Going forward, the Company plans to open additional Chinese restaurant(s) throughout the year ending 31 December 2026 with the goal of revitalising the root (i.e. the Chinese catering business) of the Group and maximising value for the Company and its shareholders. In parallel, the Company noticed from the Data Report that non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume in FY2025 when compared with FY2024. The Company is of the view once the Chinese catering business of the Group is firmly revitalised, it will explore business or investment opportunities in other dining categories in order to diversify business risk associated with focusing solely on the Chinese catering industry and to adapt to the ever-changing consumer preferences, ultimately striking for the best interest of the Company and its shareholders.

The management of the Group will continue to keep on monitoring and adjusting nimbly the Group's operating strategies to address the consumer needs, capture holiday spending and regain growth in revenue. The Group 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.

MATERIAL EVENTS

Suspension of Restaurant in Wanchai

The Group's restaurant operated under the brand name "Dragon Gown (龍袍)" and located in Wanchai, Hong Kong, has suspended its operations since 13 October 2025, primarily attributable to the enforcement of a warrant of distress by the Bailiff of the High Court. For details, please refer to the paragraphs under the section headed "MATERIAL LITIGATION – HCA457/2022" in this announcement.

Termination of Major Transaction

Reference is made to the Company's announcements dated 25 November and 22 December 2025.

On 25 November 2025 , Scorching Dragon International Group Limited ("**SDIG**"), a direct wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (the "**SPA**") with Townfield Limited ("**TL**"), as vendor, pursuant to which SDIG conditionally agreed to acquire 55% of the total issued share capital of Focus Aim Investments Limited (the "**Target Company**") (the "**Sale Shares**") and take up the assignment of 55% of the amount of the rental deposit in the amount of HK$941,496.50 paid by TL on behalf of the Target Company (the "**Sale Loan**"), and TL conditionally agreed to sell the Sale Shares and to assign the Sale Loan to SDIG.

On 22 December 2025, SDIG and TL entered into a termination agreement (the "**Termination Agreement**") pursuant to which SDIG and TL have mutually agreed to terminate the SPA effective on the date of the Termination Agreement. Pursuant to the terms of the Termination Agreement, SDIG shall reimburse TL the costs incurred by TL in the amount of HK$20,000 in relation to the execution of the SPA. Upon termination of the SPA, the SPA ceased to have any further force or effect save for any antecedent breaches of the terms under the SPA prior to the termination.

Discloseable Transaction – Tenancy Agreement

On 23 December 2025, Scorching Dragon F&B Group Limited ("**SDFB**"), an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Gentle Forest Limited, as landlord, in respect of certain premises (the "**Premises**") located in Kowloon for a term of two years commencing from 1 January 2026. The monthly rent under the Tenancy Agreement is HK$120,000, exclusive of management fee, rates and land rent. The Premises are used for the operation of a new restaurant under the brand name of "旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)".

For details, please refer to the Company's announcement dated 23 December 2025.

Termination of Discloseable Transaction

Reference is made to the Company's announcements dated 27 June and 26 December 2025.

On 27 June 2025, the Company entered into a business introduction agreement (the "**Business Introduction Agreement**") with Calvary Consultant Limited (the "**Introducer**"), pursuant to which the Introducer agreed to act as an independent business intermediary to identify and introduce potential restaurant business sellers to the Group for acquisition consideration. In return, the Introducer is entitled to receive a success fee upon completion of a formal acquisition agreement between the Group and any introduced seller.

The Business Introduction Agreement, which took effect upon signing and had a fixed term of six (6) months, expired on 26 December 2025. No success fee was paid or became payable to the Introducer during the term of the Business Introduction Agreement. The refundable earnest money in the amount of HK$3,000,000 have been refunded to the Group in accordance with the terms of the Business Introduction Agreement.

CAPITAL STRUCTURE

Placing

References are made to the announcements of the Company dated 2 June, 13 June and 20 June 2025 in respect of the issue of new shares by the Company under general mandate.

On 2 June 2025, Rifa Securities Limited (the "**Placing Agent**") and the Company entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 48,384,000 placing Shares to the placees who and whose ultimate beneficial owners would be third parties independent of the Company and not connected with the Company and its connected persons. On the date of the Placing Agreement, the closing price was HK$0.048 per Share as quoted on the Stock Exchange.

On 20 June 2025, the Company completed a placing (the "**Placing**") of 48,384,000 Shares at a placing price of HK$0.10 per Share under general mandate. The net proceeds from the Placing amounted to approximately HK$4.55 million, and the net price (after deducting related costs and expenses of the Placing) under the Placing was approximately HK$0.094 per placing Share.

As disclosed in the Company's announcement dated 20 June 2025, all Shares issued under the Placing were allotted to Mr. Lee Cheong Sun ("**Mr. Lee**"). As disclosed in the Company's announcement dated 13 June 2025, to the best of the Directors' knowledge, information and belief, Mr. Lee is a merchant in Hong Kong and he is an independent third party of the Company and not connected with the Company and its connected persons.

As at 31 December 2025, the issued share capital of the Company was HK$29,030,400 (represented by 290,304,000 Shares).

Capital Reorganisation

Reference is made to (i) the circular (the "**Circular**") and the notice of the extraordinary general meeting (the "**EGM**") of the Company dated 26 September 2025; and (ii) the Company's announcement dated 17 October 2025 in respect of the poll results announcement of the EGM convened on 17 October 2025.

At the EGM convened on 17 October 2025, the following resolutions, among other things, were proposed and duly passed:

(i) approving share consolidation on the basis that every five (5) issued and unissued existing Shares of par value of HK$0.10 each be consolidated into one (1) consolidated Share ("**Consolidated Share**") of par value of HK$0.50 each (the "**Share Consolidation**"); and

(ii) approving capital reduction and share sub-division which comprises (a) after the Share Consolidation becoming effective, capital reduction involving a reduction of the par value of each issued Consolidated Share from HK$0.50 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$0.49 on each of the then issued Consolidated Shares (the "**Capital Reduction**"); and (b) immediately following the Capital Reduction, each of authorised but unissued consolidated shares of par value of HK$0.50 each will be sub divided into fifty new shares of par value of HK$0.01 each (the "**Share Sub-division**").

Reference is made to the Company's announcement dated 20 October 2025 in respect of the trading halt of the Shares at 9:00 a.m. on Monday, 20 October 2025. Since the trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 20 October 2025, the expected timetable set out in the Circular (the "**Original Expected Timetable**") will be revised. The effective date of the Share Consolidation, together with other dates set out in the Original Expected Timetable, will be postponed to later dates to be announced by the Company.

As at the date of this announcement, the Share Consolidation, the Capital Reduction, and the Share Sub-division have not yet become effective.

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 2025, the Group had bank and other borrowings of approximately HK$84.2 million which was denominated in Hong Kong dollars (as at 31 December 2024: approximately HK$93.5 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2025, the Group's cash and cash equivalents were approximately HK$3.7 million (as at 31 December 2024: approximately HK$6.9 million).

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group was approximately 595.4% (as at 31 December 2024: approximately 375.9%). 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 2025, the borrowings were secured by a building owned by the Group which is amounted to approximately HK$24.8 million (as at 31 December 2024: approximately HK$25.5 million), respectively, for certain banking facilities granted to the Group.

SEGMENT INFORMATION

Segmental information of the Group is disclosed in note to the consolidated financial statements of the Group for the year ended 31 December 2025 (the "**Consolidated Financial Statements**").

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

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during FY2025. There were no other plans for material investments or capital assets as at 31 December 2025.

FOREIGN EXCHANGE EXPOSURE

Most of the income and expenditure of the Group are denominated in Hong Kong dollar, the Group does not have any material foreign exchange exposure. During FY2025, 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 2025 (as at 31 December 2024: Nil).

COMMITMENTS

The Group did not have any commitments as at 31 December 2025 (as at 31 December 2024: Nil).

FINAL DIVIDEND

The Board does not recommend any payment of final dividend for FY2025 (FY2024: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group had about 8 employees (as at 31 December 2024: 41 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 FY2025 amounted to approximately HK$10.4 million (FY2024: approximately HK$25.3 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 of the Company (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 FY2025.

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 FY2025, except the following deviations:

Code provision C.1.7 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 FY2025 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 in light of the prevailing circumstances and arrange for appropriate insurance coverage when necessary.

Code provision C.2.4 of the CG Code requires the chairman to provide leadership for the board. Each of the Directors has the responsibility to ensure the Board works effectively and perform its responsibilities. Prior to the appointment of the current chairman of the Board, Mr. Chan Yuen Lung Alfred, on 20 May 2025, the previous chairman of the Board delegated Mr. Li Tao, the executive Director, to perform his leader role when the previous chairman of the Board absent from meetings.

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 presence of other directors. The current chairman of the Board did not hold a meeting with the independent non-executive Directors during FY2025, 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. On 31 March 2026, Mr. Chan Yuen Lung Alfred, the Chairman of the Board, convened a meeting with the independent non-executive Directors without the presence of other Directors.

Code provision D.2.2 of the CG Code requires the company should have an internal audit function. The Group has yet to establish its internal audit function during FY2025. 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.

Code provision F.1.3 of the CG Code requires the chairman of the board and the chairpersons of any other committees of the company to attend and answer questions at the annual general meeting. Mr. Tsung Ching Fung, the previous chairman of the Audit Committee was not available for the annual general meeting of the Company held on 26 June 2025 due to other work commitments.

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Based on specific enquiry with the Directors, Mr. Chan Yuen Lung Alfred (Chairman and executive Director), Mr. Li Tao (executive Director), Ms. Tang Po Yee Joey (executive Director), Mr. Chow Yik, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin (independent non-executive Directors) confirmed that they had fully complied with the Required Standard of Dealings. Accordingly, there was no event of non-compliance throughout FY2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY OR SALE OF TREASURY SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the GEM Listing Rules) during FY2025.

EVENTS AFTER THE REPORTING PERIOD

Resumption Guidance

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 20 October 2025.

On 9 January 2026, the Stock Exchange sent a letter to the Company, setting the guidance for the resumption of trading in the Shares on the Stock Exchange (the "**Resumption Guidance**"). Pursuant to the Resumption Guidance, the Company shall:

(i) demonstrate its compliance with GEM Rule 17.26;

(ii) re-comply with GEM Rules 5.05(1) and 5.28; and

(iii) inform the market of all material information for the Company's shareholders and investors to appraise its position.

The Company has fulfilled resumption condition (ii) since 16 January 2026.

The Company must meet all the Resumption Guidance, remedy the issues causing its trading suspension, and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 19 October 2026. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its Shares by 19 October 2026, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 9.01, 9.04, 9.14 and 9.15 of the GEM Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately, where appropriate.

For details of the Resumption Guidance, please refer to the Company's announcement dated 19 January 2026.

Opening of New Chinese Restaurant Under the Group

The Group's Chinese restaurant, operating under the brand name of "旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)", officially commenced operations on 22 January 2026. This restaurant offers Cantonese cuisine featuring fresh seafood, soups, and exquisite fried dishes, catering to a variety of dining occasions including group dining, corporate hospitality, and casual meals for small parties. The opening of this restaurant represents the determination of the Board to proactively re-formulate and redevelop the Group's business operations. For details, please refer to the Company's announcement dated 30 January 2026.

The Group plans to open additional Chinese restaurants during the year ending 31 December 2026. The Group has identified a number of suitable locations and is currently in negotiations with landlords with a view to expanding its Chinese restaurant operations. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Change of Company Name

The Company's English name has been changed from "Dragon King Group Holdings Limited" to "Scorching Dragon Holdings Limited" and its dual foreign name in Chinese from "龍皇集團控股有限公司" to "炙龍控股有限公司" on 30 October 2025. The Hong Kong Registrar of Companies issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 15 December 2025, which confirmed that the English name of the Company registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) was changed from "Dragon King Group Holdings Limited" to "Scorching Dragon Holdings Limited" and the Chinese name was changed from "龍皇集團控股有限公司" to "炙龍控股有限公司".

The stock short name of the Company for trading in the Shares on the Stock Exchange has been changed from "DRAGON KING GP" to "S. DRAGON" in English, and from "龍皇集團" to "炙龍控股" in Chinese, respectively, from 9:00 a.m. on 6 February 2026. The stock code of the Company for trading in the Shares on the Stock Exchange will remain unchanged as "8493".

For details of the change of company name, please refer to the Company's announcement dated 3 February 2026.

Discloseable Transaction – Offer to Licence

On 26 March 2026, TF F&B Limited, an indirect wholly-owned subsidiary of the Company as licensee, entered into an offer letter (the "**Offer Letter**") in respect of a license to occupy a shop located in a shopping mall in Lai Chi Kok, Kowloon, Hong Kong, for a term of two years commencing from 1 April 2026 for a new Chinese restaurant under the brand name of Tong Arch "唐坊" to be opened by the Group. It is expected that Tong Arch "唐坊" is able to be opened within May 2026. For details of the Offer Letter, please refer to the Company's announcement dated 26 March 2026.

MATERIAL LITIGATION

District Court of the Hong Kong Special Administrative Region

DCCJ838/2022

On 22 March 2022, Oriental Etrade Limited ("**Oriental**"), a wholly-owned subsidiary of the Company, as defendant, 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.

High Court of the Hong Kong Special Administrative Region

HCA457/2022

On 4 May 2022, Premier Oriental Limited ("**Premier**"), a wholly-owned subsidiary of the Company, as defendant, received an amended writ of summons issued by Wan Kin Engineering Limited ("**WKE**") as plaintiff ("**HCA457 Writ**"). The HCA457 Writ related 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.

The Bailiff of the High Court has enforced a warrant of distress (the "**Warrant**") against Premier and has seized goods and chattels of Premier at the business place of Dragon Gown (龍袍) for recovery of an outstanding judgment debt of HK$519,100, together with accrued interest thereon at the judgment rate and other costs of execution, in favour of WKE against Premier.

HCCW674/2024

In November 2024, Wealth Club Limited ("**Wealth Club**"), an indirect wholly-owned subsidiary that previously operated a restaurant in Whampoa until its closure in April 2024, received a winding-up petition after refusing to settle an outstanding debt of approximately HK$17,000.

Subsequently, on 12 February 2025, Wealth Club was ordered to be wound up pursuant to an order of the High Court of Hong Kong (the "**High Court**"). On 26 September 2025, Wong Sun Keung and Tsui Mei Yuk Janice, both of Room 1502, 15/F., Tung Hip Commercial Building, 248 Des Voeux Road Central, Central and Western District, Hong Kong, were appointed by a court order as the joint and several liquidators of Wealth Club.

HCCW381/2025

On 24 June 2025, a winding-up petition (the "**Petition**") was filed by a creditor against King Harbour Limited ("**King Harbour**"), an indirect wholly-owned subsidiary of the Company. The Petition was filed in the High Court under HCCW381/2025. King Harbour previously operated a restaurant in Kwun Tong until its operations ceased in June 2024.

Subsequently, on 3 September 2025, King Harbour was ordered to be wound up pursuant to an order of the High Court, and Arab Osman Mohammed and Wong Kwok Keung, both of 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, were appointed by the Official Receiver as the joint and several provisional liquidators of King Harbour.

AUDIT COMMITTEE

The Audit Committee was established on 15 December 2017. As at the date of this announcement, the Audit Committee comprises three members including three independent non-executive Directors, namely Mr. Chow Yik, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin.

The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. 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.

During FY2025, the Audit Committee held three meetings to review and comment on the Company's 2024 annual results, 2025 interim results, as well as the Company's internal control procedures and risk management system.

The Group's Consolidated Financial Statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Consolidated Financial Statements of the Group comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

The Audit Committee had also 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.

DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The Directors are aware of the Group's current liabilities exceeded its current assets by approximately HK$155.3 million and the Group had net liabilities of approximately HK$130.7 million as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK$84.2 million, while its cash and cash equivalents amounted to approximately HK$3.7 million. These conditions indicated the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Further discussion of this issue has been set out in the section headed "Management Discussion and Analysis" and the note to the Consolidated Financial Statements in this announcement.

Having made appropriate enquiries and examined the major areas which will give rise to the aforesaid significant exposure, the Directors, based on the cash flow forecast which has been prepared on the basis that the Group will successfully implement the plans and measures as set out in the note to the Consolidated Financial Statements, are satisfied that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due. In this connection, the Directors have continued to prepare the financial statements on a going concern basis for the Year and considered that the Group has applied consistent accounting policies and made judgements and estimates that are appropriate and reasonable in accordance with the applicable accounting standards.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for FY2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Prism Hong Kong Limited, to the amounts set out in the Group's Consolidated Financial Statements. The work performed by Prism Hong Kong 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 Limited on the preliminary announcement.

By Order of the Board
Scorching Dragon Holdings Limited
Chan Yuen Lung Alfred
Chairman and Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises Mr. Chan Yuen Lung Alfred, Mr. Li Tao, and Ms. Tang Po Yee Joey as executive Directors; and Mr. Chow Yik, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin as independent non-executive Directors.