

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Imagi Brokerage Limited

THE PLACING

On 8 July 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 28,800,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.208 per Placing Share on a best effort basis.

Assuming that there will be no change in the total issued Shares of the Company between the date of this announcement and the Completion Date and the maximum of 28,800,000 Placing Shares are successfully placed, the maximum number of the Placing Shares of up to 28,800,000 Shares represents (i) 20% of the existing issued Shares of the Company; and (ii) approximately 16.67% of the total issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$5,990,400 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$5,788,400.

Completion is conditional on (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (b) the obligations of the Placing Agent under this Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 7 May 2021 (as adjusted taking into account the effect of the Share Consolidation). As at the date of this announcement, no part of the General Mandate has been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

Given that the Completion is subject to the fulfilment of the Conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board hereby announces that after trading hours on 8 July 2021, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 28,800,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.208 per Placing Share on a best effort basis.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised as follows:

Date: 8 July 2021 (after trading hours)

Parties: (i) The Company; and
(ii) the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

The Placing

Upon the terms and subject to the conditions as set out in the Placing Agreement, the Placing Agent conditionally agreed to procure not less than six Places on a best effort basis to subscribe for up to 28,800,000 Placing Shares at the Placing Price of HK\$0.208 per Placing Share during the Placing Period.

Placees

Pursuant to the terms of the Placing Agreement, the Company shall appoint the Placing Agent as its exclusive agent to procure Placing for the Placing Shares on a best effort basis to not less than six independent professional, institutional or other investors to subscribe for the Placing Shares.

The Placing Agent undertakes to use its best endeavours to procure that the Placing Shares shall only be placed to each of the Placee(s) and/or their respective ultimate beneficial owner(s) who or which is a third party independent of and not connected with, or is not acting in concert with, the Company as well as its connected persons (including but not limited to the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associate(s)).

Placing Shares

The Placing Agent conditionally agreed to place a maximum of 28,800,000 Placing Shares on a best effort basis during the Placing Period.

As at the date of this announcement, the Company has 144,000,000 Shares in issue. Assuming that there will be no change in the number of the total issued Shares between the date of this announcement and the Completion Date and the maximum of 28,800,000 Placing Shares are successfully placed, the maximum number of Placing Shares of up to 28,800,000 Shares represents (i) 20.00% of the existing issued Shares; and (ii) approximately 16.67% of the total Shares as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be HK\$2,880,000.

The Placing Shares, when issued and fully paid up, shall rank *pari passu* in all respects with all other Shares in issue.

Placing Price

The Placing Price of HK\$0.208 represents:

- (a) a premium of approximately 3.48% over the closing price of HK\$0.201 per Share quoted on the Stock Exchange on 8 July 2021, being the date of the Placing Agreement; and
- (b) a discount of approximately 1.98% to the average closing price of HK\$0.2122 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price, the recent trading volume of the Shares and the prospects of the Company.

The estimated expenses for the Placing are approximately HK\$202,000, comprising placing commission and other fees, costs, charges and expenses of the Placing. Assuming that all the Placing Shares could be placed successfully, the net price of each Placing Share is approximately HK\$0.201 per Placing Share.

Commission

Upon Completion, a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed by the Placing Agent is payable to the Placing Agent. The Placing Agent is authorised to deduct the full amount of such placing commission, documentation fee and all reasonable fees and expenses incurred by the Placing Agent in connection with the Placing as well as the Stock Exchange trading fee, SFC transaction levy and CCASS stock settlement fee (if any) from the payment to be made by the Placing Agent to the Company at the Completion pursuant to the Placing Agreement. Assuming all the Placing Shares have been placed, the maximum commission payable by the Company to the Placing Agent shall be approximately HK\$149,760.

The placing commission under the Placing Agreement was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

Conditions

Completion of the Placing is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under this Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

Both the Company and the Placing Agent shall use their reasonable endeavours to procure the fulfillment of the Conditions. In the event that the Conditions are not fulfilled (or waived as the case may be) on or before 5:00 p.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches hereof).

Completion

Completion shall take place within four Business Days after the fulfilment of the Conditions (or such later date as may be agreed between the Company and the Placing Agent in writing).

Upon Completion, the Placing Agent shall deliver to the Company the net proceeds from the Placing by way of a cheque or telegraphic transfer or bank transfer after deduction of the Stock Exchange trading fee, SFC transaction levy, CCASS stock settlement fee (if any) and any other fees payable by the Company in respect of the Placing Shares undertaken by the Placing Agent as well as the fees and expenses payable by the Company as mentioned in above section “**Commission**” from the proceeds of the Placing, and the Company shall deliver share certificates of the Placing Shares to the Placing Agent or arrange the Placing Shares to be issued in the name of HKSCC Nominees Limited and deposited into CCASS for the credit of the Placees’ designated investor participants’ or CCASS participants’ stock accounts (as the case may be).

Termination of the Placing

The Placing Agreement shall be terminated upon the earlier of (a) the Long Stop Date if the Conditions have not been satisfied (or waived as the case may be) and (b) the termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Placing Agent shall formally notify the Company in writing in accordance with the terms of the Placing Agreement.

Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled to terminate the Placing Agreement by giving written notice to the Company prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below):

For this purpose, a “force majeure event” refers to:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement;
- (b) any suspension in the trading of the Shares on GEM of the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under this Placing Agreement.

If a written notice is given by the Placing Agent to the Company in accordance with the aforesaid manner, the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 7 May 2021 (as adjusted taking into account the effect of the Share Consolidation). As at the date of this announcement, no part of the General Mandate has been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

As disclosed in the annual report of the Group for the year ended 31 December 2020, the Group recorded net current liabilities and net liabilities of approximately HK\$124.3 million and approximately HK\$57 million as at 31 December 2020 respectively while the bank balances and cash of the Group amounted to approximately HK\$11.7 million as at 31 December 2020. The auditors of the Group issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020 because of multiple fundamental uncertainties relating to going concern.

In view of the abovementioned situations and given that the General Mandate has been granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 7 May 2021 (as adjusted taking into account the effect of the Share Consolidation), which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intends to utilise the General Mandate and to conduct a fund raising exercise by way of Placing.

The Directors consider that the Placing offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to improve the financial position of the Group. The Directors consider that the terms of Placing Agreement (including but not limited to the Placing Price and the placing commission) are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$5,990,400 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$5,788,400. The Company intends to apply all the net proceeds from the Placing to the Group's business operations.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion (assuming that there will be no change in the total issued share capital of the Company between the date of this announcement and the Completion Date) are set out below:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholder				
Million Edge Developments Limited	17,600,400	12.22	17,600,400	10.19
Placees	–	–	28,800,000	16.67
Other Public Shareholders	126,399,600	87.78	126,399,600	73.15
Total	<u>144,000,000</u>	<u>100.00</u>	<u>172,800,000</u>	<u>100.00</u>

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

GENERAL

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Given that Completion is subject to the fulfilment of the Conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as may be amended from time to time)
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Director(s)
“Business Day”	a day (excluding a Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“chief executive”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	Dragon King Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM (stock code: 8493)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement

“Completion Date”	the date on which Completion takes place
“Conditions”	conditions precedent to the Completion as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 7 May 2021 (as adjusted taking into account the effect of the Share Consolidation)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or entity(ies) who is (are) third party(ies) independent of, and not connected with, the Company and any of its connected persons
“Long Stop Date”	30 July 2021 (or such later date as may be agreed by the parties to the Placing Agreement in writing)
“Placee(s)”	any independent professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Imagi Brokerage Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO

“Placing Agreement”	the placing agreement dated 8 July 2021 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the Completion Date (both dates inclusive)
“Placing Price”	HK\$0.208 per Placing Share (together with the Stock Exchange trading fee, SFC Commission, SFC transaction levy and CCASS stock settlement fee as may be payable by the Placees)
“Placing Share(s)”	a total of up to a maximum of 28,800,000 Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong as may be amended from time to time)
“Share(s)”	ordinary share(s) of a par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the consolidation of every ten (10) issued and unissued old shares to one (1) Share in the share capital of the Company, which was duly approved by the Shareholders at an extraordinary general meeting of the Company convened on 28 May 2021 and became effective on 1 June 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

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

Hong Kong, 8 July 2021

As at the date of this announcement, the Board comprises Ms. Lee Ching Nung Angel, Mr. Wong Wing Chee, Mr. Zhu Min and Mr. Chan Ko Cheung as executive Directors; Mr. Lee Yiu Keung, Ms. Leung Hoi Ki and Mr. Lin Zhisheng as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at 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.