

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.



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)

**SUPPLEMENTAL AND QUARTERLY UPDATE ANNOUNCEMENT
TO THE 2024 ANNUAL REPORT**

Reference is made to the annual report of Dragon King Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2024 (the “**2024 Annual Report**”). Terms used herein shall have the same meanings as defined in the 2024 Annual Report unless otherwise stated.

As stated in the Independent Auditor’s Report, the Auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Company’s Consolidated Financial Statements. The Auditor was of the view that, a number of measures have been undertaken to improve the Group’s liquidity and financial position as described in Note 3.1 to the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared by the Directors on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, the Auditor was unable to ascertain whether the assumptions made by the Directors in preparing the Consolidated Financial Statements on a going concern basis are proper and appropriate so in turn led to the disclaimer of opinion (the “**Disclaimer of Opinion**”).

In addition to the information provided in the 2024 Annual Report, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company would like to provide supplemental and quarterly update information in relation to the measures conducted to address the going concern issue.

MEASURES CONDUCTED TO ADDRESS THE GOING CONCERN ISSUE FOR FY2024

As disclosed in the annual report of the Company for the year ended 31 December 2023, the Company proposed an action plan to be taken in the financial year of 2024 to address the Disclaimer of Opinion. The Company has reviewed the effectiveness of the proposed measures as follows:

(i) Planning for equity fundraising exercise

The Group has conducted fundraising exercises during FY2024. As disclosed in the announcements of the Company dated 30 January 2024 and 22 February 2024, in relation to the issue of new shares under general mandate, the net proceeds from the placing amounted to approximately HK\$8,520,000. The Company had utilised all the proceeds from such placing, of which approximately HK\$4.26 million for the general working capital of the Group including rental expenses, salary expenses and other office overhead of the business of the Group in Hong Kong and in the PRC and approximately HK\$4.26 million for the repayment of outstanding liabilities.

(ii) Seeking for other debt financing alternatives

In December 2024, an indirectly wholly-owned subsidiary of the Company issued a bond (the “**Bond**”) to a subscriber in the principal amount of HK\$37,000,000 bearing interest at the rate of 0.1% per annum for a term of two years. The Group intended to apply the proceeds of the Bond as the Group’s operational fund, including but not limited to general expenses for operating food and beverage businesses in Hong Kong and the PRC, trade payables and other borrowings. As at 30 June 2025, approximately HK\$36.80 million was applied to the settlement of the Group’s liabilities and operating expenses.

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

Although the Group was facing a sluggish Hong Kong catering industry, the Group was still committed to its business of restaurant operations. As disclosed in the 2024 Annual Report, the prevailing market sentiment, and change of consumption pattern of both local customers and tourists, which caused the closure of two restaurants in 2024. It coupled with uncertain prospects and high rental situation, had also led the management of the Group to hesitate in expanding the business such as opening new restaurants so as to generate additional cash and alleviate the Group’s liabilities. Instead, other related business and cooperations were in progress for exploring the opportunities to diversify the income.

As disclosed in the announcement of the Company dated 5 January 2024, the Company entered into a strategic cooperation framework agreement (the “**Strategic Cooperation**”) with Henan Sanhao Intelligent Robot Co., Ltd.* (河南三好智能機器人有限公司) (the “**Henan Sanhao Intelligent Robot**”) and Henan Sanhao Legal Technology Co., Ltd.* (河南三好法務科技有限公司) (the “**Henan Sanhao Legal Technology**”) (collectively, the “**Cooperation Partners**”). Pursuant to the Strategic Cooperation, the Company and the Cooperation Partners would conduct a strategic cooperation on the robot marketing plan project. During 2024, the Company could not reach consensus on the execution terms of the Strategic Cooperation with the Cooperation Partners. As the Cooperation Partners did not intend to further negotiate for the Strategic Cooperation, the validity period of the Strategic Cooperation had been lapsed in January 2025.

As disclosed in the announcement of the Company dated 15 March 2024, the Company entered into a memorandum of understanding in relation to strategic cooperation (the “**Memorandum**”) with Lijiang Meishun Big Health Management Group Co, Ltd.* (麗江美舜大健康管理集團有限公司) (the “**Lijiang Meishun**”). Pursuant to the Memorandum, the Company and Lijiang Meishun would build up a win-win and close strategic cooperation relationship in the market share and business scope of healthy diet, tourism and food & beverage. During 2024, the Company could not reach consensus on the terms for the cooperation with Lijiang Meishun. As Lijiang Meishun did not intend to further negotiate for the cooperation, validity period of the Memorandum had been lapsed in March 2025.

As at 31 December 2024, the Group was operating a full-service Cantonese cuisines restaurant under the branded “Dragon Gown” in Wanchai, Hong Kong. For the year ended 31 December 2024, Dragon Gown recorded the revenue of approximately HK\$26,659,000, representing approximately 49% of the total revenue of the Group.

(iv) Enforcing cost-saving measures

The Company had implemented cost-saving measures. In view of the market condition, the Group had closed down the Whampoa Restaurant and Kwun Tong Restaurant in April 2024 and June 2024 respectively, due to the expiration of the rental agreements. For the year ended 31 December 2024, the rental and related expenses of the Group reduced from HK\$9,623,000 in FY2023 to HK\$7,752,000 in FY2024.

* For identification purposes only

FURTHER INFORMATION IN RELATION TO THE FACTORS LED TO THE DISCLAIMER OF OPINION

In the 2024 Annual Report, the Auditor expressed that it has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Company's Consolidated Financial Statements which led to the Disclaimer of Opinion. As at 31 December 2024, the Group had outstanding bank and other borrowings amounted to approximately HK\$93.47 million, of which the bank borrowings amounted to approximately HK\$54.47 million which was overdue and other borrowings amounted to approximately HK\$39 million including the Bond with the principal amount of HK\$37 million. The evidence that required by the Auditor included but not limited to the renewal or extension documents in relation to the bank loan of the Group with the outstanding amount of approximately HK\$54.47 million as at 31 December 2024. The Group had on several occasions approached the relevant bank for the renewal or extension of the above bank loan of approximately HK\$54.47 million. Despite such efforts, the Group has not received any formal documentation from the bank regarding the renewal or extension.

The Company understands from its communication with the bank that the bank usually considers different factors including but not limited to the borrowers' financial position, operation situation, value of collateral, business plans and prospect for loan renewal or extension. The management of the Group continues to take a proactive approach in responding to the relevant considerations. The Company wishes to emphasise that negotiations with the bank remain ongoing.

The Company reiterates that the bank loan is at least secured by a property of the Group with a carrying amount covering approximately half of the loan amount as at 31 December 2024 and personal guarantee of senior management of the Group. However, the loan has technically expired and, in accordance with the applicable accounting standard, it is required to be classified as current liabilities. This classification was one of the factors for the Auditor's issuance of the Disclaimer of Opinion.

According to the cash flow forecast provided to the Auditor, the projected revenue was based on a set of assumptions concerning the Group's operational outlook and cost structure. However, during discussions with the Auditor, it was noted that, unlike manufacturing businesses, the Group's restaurant operations do not involve contracts with customers, which limits the certainty of future revenue. Furthermore, statistics published by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region indicated a decline in the volume index of restaurant receipts, ranging from -0.7% to -4.6% across the first to fourth quarters of 2024. Although the Company has demonstrated its efforts to improve financial performance, there was insufficient supporting documentation to substantiate these assumptions.

As a result, the going concern issue remained unresolved during FY2024. The Group's management has used their best endeavours to fulfil their commitments to resolving the going concern issue.

UPDATE ON THE ACTION PLAN TO BE TAKEN BY THE COMPANY TO ADDRESS THE DISCLAIMER OF OPINION

As disclosed in the 2024 Annual Report, the Company has an action plan to address the Disclaimer of Opinion in the coming financial year, and the management will continue to execute the action plan to address the Disclaimer of Opinion in the coming months. Some of the updated situations of the revised strategies are as follows:

(i) Planning for equity fundraising exercise

As disclosed in the 2024 Annual Report, 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 also for further expansion of the current business segments of the Group.

References are made to the announcements of the Company dated 2 June 2025, 13 June 2025 and 20 June 2025 in relation to placing of new shares under general mandate at HK\$0.10 per new share of the Company. On 2 June 2025, a placing agent and the Company entered into a placing agreement to place, through the placing agent, on a best effort basis, maximum of 48,384,000 placing shares. On 20 June 2025, a total of 48,384,000 placing shares were successfully placed. The gross proceeds from the placing are HK\$4,838,400 and the net proceeds from the placing are approximately HK\$4.55 million, of which (i) up to approximately HK\$1.70 million will be used for general working capital of the Group including but not limited to rental expenses, salary expenses and other office overhead of the business of the Group in Hong Kong and in the PRC; (ii) up to approximately HK\$2.00 million will be used for business development of the Group; and (iii) up to approximately HK\$0.85 million will be used for settlement of outstanding liabilities of the Company.

The Company will use its best endeavours to explore further fundraising opportunities, targeting to conduct another fundraising exercise in the second half of 2025.

(ii) Seeking extension for repayment of liabilities

The Company intends to liaise with its creditors to assess the feasibility of extending or deferring repayment obligations, or to consider alternative repayment arrangements in relation to the Group's current liabilities.

The current bank loan of the Group is fully secured under a 100% government-guaranteed SME scheme, with additional security provided by a property of the Group, with a carrying amount covering approximately half of the loan amount as at 31 December 2024.

As mentioned above, during the negotiations with the bank for obtaining renewal of the loans, the Company was told that a bank usually considers different factors including but not limited to the borrowers' financial position, operation situation, value of collateral, business plans and prospect for loan renewal or extension. The management of the Group continues to take a proactive approach in responding to the relevant considerations. The Company has maintained regular communication with the bank and has regularly discussed the possibility of repayment arrangements, extension or renewal of the loan. However, no specific terms or agreement have been finalised between the Company and the bank as at the date of this announcement.

Given the current stable operation of the Group and the potential improvement to be driven by the marketing campaign and future business development opportunities as well as the efforts of the Hong Kong government in the promotion of tourism, it provides favourable situation for loan renewal or extension. The Company wishes to emphasise that negotiations with the bank remain ongoing.

In addition to the principal bank of the Company, the Group has also negotiated with another principal bank of the Group for exploring debt financing opportunities. The Company has also kept ongoing dialogue with the bank as well as other creditors regarding the liabilities to explore potential adjustments, renewal or extension to the existing arrangements.

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

The Company is committed to enhancing the Group's operational performance and cash flows by concentrating on its existing business. The Group has allocated additional resources to enhance promotional efforts at its Wan Chai Restaurant, with the objective of attracting higher-end clientele. The marketing initiatives will be implemented from time to time, subject to seasonal adjustment, to align with the holiday consumption peaks and cyclical consumption patterns. In parallel, the Group will continue to explore various business opportunities in relation to the food and beverage services as well as its ancillary businesses, both in Hong Kong and in the PRC, with a view to diversifying its revenue sources.

In June 2025, the Board announced that the Company entered into a business introduction agreement with an 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, details of which are disclosed in the announcement of the Company dated 27 June 2025.

The Group is actively seeking to acquire quality restaurant businesses offering Asia-Pacific cuisines as part of its strategy to expand its business footprint and enhance overall revenue. Notwithstanding the engagement of the introducer, the Group retains full discretion as to whether to proceed with any acquisition opportunity introduced. The Company will make further announcement(s) as and when appropriate in compliance with the GEM Listing Rules.

(iv) Enforcing cost-saving measures

The Company has been and will implement cost-saving measures such as but not limited to reduction of liabilities and reduction of administrative and operating expenses.

The Company has been consistently implementing cost-saving measures for reduction of administrative and operating expenses to address the going concern issue. These measures include optimising supplier sourcing, improving energy and inventory management, adopting flexible staffing schedules to reduce labour costs, and seeking low-rent locations for new or replacement restaurant sites to enhance operational efficiency and support business development.

The above supplemental and quarterly update information does not affect other information disclosed in the 2024 Annual Report. Save as disclosed above, the other information contained in the 2024 Annual Report remain unchanged.

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

Hong Kong, 31 July 2025

As at the date of this announcement, the Board comprises Mr. Chan Yuen Lung, Alfred (Chairman) and Mr. Li Tao as executive Directors; and Mr. Lo Shing Shan, Mr. Chow Yik and Mr. Tsung Ching Fung as independent non-executive Directors.

This announcement, for which the Directors 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 of Hong Kong Limited 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 of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.dragonkinggroup.com.