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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 ANNOUNCEMENT
PAST CONTINUING CONNECTED TRANSACTIONS
WITH DRAGON KING PTY**

Reference is made to the announcement of Dragon King Group Holdings Limited (the “**Company**”) dated 19 April 2021 (the “**Announcement**”) in relation to past continuing connected transactions with Dragon King Pty. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement. The Company would like to provide further information in relation to the past continuing connected transactions with Dragon King Pty.

IMPLICATIONS UNDER THE GEM LISTING RULES

In 2018, the Group procured food ingredients from Dragon King Pty pursuant to a framework agreement entered into between Gold Profit and Dragon King Pty on 4 May 2018 (the “**Previous Framework Agreement**”) with a period covered from the date of agreement to 31 December 2018 and an annual cap of HK\$2.4 million. As the relevant applicable percentage ratios with respect to the transactions contemplated under the framework agreement on an annual basis is less than 5% and the aggregated annual consideration is less than HK\$3.0 million, the transaction between the Company and Dragon King Pty for the period from 1 January to 31 December 2018 falls within the threshold of a fully exempt de minimis transaction under Rule 20.74(1)(c) of the GEM Listing Rules.

Prior to the expiry of the Previous Framework Agreement, the Company decided to renew the agreement by entering into the Dragon King Pty Framework Agreement. Nevertheless, the Company was not aware that the new proposed annual caps for the Dragon King Pty Framework Agreement have exceeded the exemption limit under the GEM Listing Rules. As a result, the purchasing manager and the company secretary overlooked the transactions under the Dragon King Pty Framework Agreement as fully exempted continuing connected transactions of the Company under Rule 20.74(1)(c) of the GEM Listing Rules, and is fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Accordingly, the Company has failed to comply with (i) the requirement in relation to the annual review by independent non-executive directors and auditors of the Company under Rules 20.53 and 20.54; (ii) disclosures in its annual reports for each of the years ended 31 December 2019 and 2020 under Rules 20.69 and 20.70; and (iii) the announcement requirement under Rule 20.33 of the GEM Listing Rules. The Company would like to make the following clarification (as underlined herein for identification purpose) to the information contained page 39 of the 2019 annual report and page 40 of the 2020 annual report:

To the best knowledge of the Directors, save for the transaction under the Dragon King Pty Framework Agreement, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

REMEDIAL ACTIONS AND INTERNAL CONTROL MEASURES

The current internal control measure adopted by the Company to ascertain whether a transaction is a connected transaction involves the personnel/senior management of the relevant subsidiary conducting check on the counterparty(ies) of the proposed transaction based on available information whether such counterparty(ies) relates to the substantial shareholders, chief executives or directors of any member of the Group and reporting any potential connected transaction to the personnel/senior management of the Company in advance in order to ascertain whether there will be any implications under the GEM Listing Rules.

Given that such non-compliance was primarily due to the oversight of the exemption requirement under the GEM Listing Rules by the purchasing manager and the company secretary which lead to the failure in timely consulting suitable professional parties in time, the Directors are of the view that the remedial actions set out in the Announcement, which included (i) arranging internal training; (ii) enhancing guidelines for consulting suitable professional parties in a timely manner; and (iii) reporting of any proposed transaction in relation to any of the substantial shareholders, chief executives or directors of any member of the Group (including their relatives and related trusts or companies), are sufficient to prevent the reoccurrence of similar incident.

ACTUAL TRANSACTION AMOUNT AND ANNUAL CAPS WITH DRAGON KING PTY

The Company would like to make the following clarification (as underlined herein for identification purpose), namely the accurate period of the Previous Framework Agreement which was from 4 May to 31 December 2018, to the information contained on page 2 of the Announcement:

Historical figures, previous annual caps and final annual caps

The table below sets out the historical figures and the annual caps under the Previous Framework Agreement and the final annual caps under the Dragon King Pty Framework Agreement:

<u>From 4 May 2018 to 31 December</u>		<u>For the year ended 31 December</u>				<u>For the</u> <u>three months</u> <u>ended 31 March</u>	<u>For the</u> <u>year ending</u> <u>31 December</u>
<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>
<u>Historical</u>	<u>Previous</u>	<u>Historical</u>	<u>Final</u>	<u>Historical</u>	<u>Final</u>	<u>Historical</u>	<u>Final</u>
<u>amount</u>	<u>annual cap</u>	<u>amount</u>	<u>annual cap</u>	<u>amount</u>	<u>annual cap</u>	<u>amount</u>	<u>annual cap</u>
<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>
						<u>(unaudited)</u>	
1,580	2,400	4,057	4,800	3,423	4,800	2,466	4,800

Save for disclosed in this announcement, all other information contained in the Announcement remains unchanged.

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

Hong Kong, 10 May 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; and 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 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.