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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



First Fidelity Capital
首信資本集團

First Fidelity Capital (International) Limited

THE PLACING

On 30 January 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 34,560,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected with the Company and its connected persons.

As at the date of this announcement, the Company has 207,360,000 Shares in issue. The maximum of 34,560,000 Placing Shares represent (i) approximately 16.67% of the existing total number of issued Share as at the date of this announcement; and (ii) approximately 14.29% of the total number of issued Share as enlarged by the allotment and issue of the 34,560,000 Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Completion Date).

The Placing Price of HK\$0.257 represents (i) a premium of approximately 9.36% over the closing price of HK\$0.235 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.07% to the average closing price of HK\$0.3026 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be HK\$8,881,920. The maximum net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will amount to approximately HK\$8.52 million which will be used (i) 50% to the general working capital of the Group including but not limited to rental expenses, salary expenses and other office overhead of the business of the Group in Hong Kong and in the PRC of up to approximately HK\$4.26 million; and (ii) 50% to the repayment of outstanding liabilities of up to approximately HK\$4.26 million.

The Placing is conditional upon, among other things, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate and therefore the allotment and issue of the Placing Shares will not be subject to any Shareholders' approval.

As the Completion is subject to the satisfaction of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING

On 30 January 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 34,560,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected with the Company and its connected persons.

THE PLACING AGREEMENT

Date

30 January 2024 (after trading hours)

Issuer

The Company

Placing Agent

First Fidelity Capital (International) Limited

(each a “Party” and collectively, the “Parties”)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will act as agent of the Company to procure not less than six (6) Placee(s) to subscribe for the Placing Shares at the Placing Price during the Placing Period on terms and conditions set out in the Placing Agreement on a best effort basis. The Placee(s) shall be any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other placee(s) or Shareholders to the effect that the Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement. The Placing Agent shall use its best endeavours to ensure that each and every Placee is an Independent Third Party and no Placee shall become a substantial shareholder (as defined in the GEM Listing Rules) of the Company forthwith upon the Completion.

Number of Placing Shares

As at the date of this announcement, the Company has 207,360,000 Shares in issue. The maximum of 34,560,000 Placing Shares represent (i) approximately 16.67% of the existing total number of issued Share as at the date of this announcement; and (ii) approximately 14.29% of the total number of issued Share as enlarged by the allotment and issue of the 34,560,000 Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Completion Date). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$3,456,000.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and/or distributions declared, made or paid on or after the Completion.

Placing Price

The Placing Price of HK\$0.257 represents (i) a premium of approximately 9.36% over the closing price of HK\$0.235 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.07% to the average closing price of HK\$0.3026 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting related costs and expenses of the Placing) under the Placing is approximately HK\$0.246 per Placing Share.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent has conditionally agreed to place a maximum of 34,560,000 Placing Shares on a best effort basis and the Company shall pay to the Placing Agent a placing commission, in HKD, which shall be equivalent to 3% of the aggregate amount of the Placing Price multiplied by the number of Placing Shares placed during the Placing Period. Having considered the Placing Price, the number of Placing Shares, the terms of the Placing Agreement and the current market conditions, the Directors are of the view that the placing commission of 3% is fair and reasonable.

General Mandate

The maximum of 34,560,000 Placing Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares will not be subject to the approval of the Shareholders. Under the General Mandate, the Directors were granted authority to issue up to 34,560,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Up to the date of this announcement, no Shares have been issued under the General Mandate. Therefore, the General Mandate is sufficient for the issue and allotment of the Placing Shares and the allotment and issue of the Placing Shares is not subject to Shareholders' approval.

Conditions precedent of the Placing

The Completion shall be conditional upon the satisfaction or fulfilment of the conditions precedent below:

- (a) the Company having complied with, and procured for the compliance with, all law as well as all conditions (if any) imposed by the Stock Exchange or by any other competent authority for issuance and allotment of the Placing Shares as well as the listing of and permission to deal in the Placing Shares and ensure the continued compliance thereof;
- (b) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Closing Date; and
- (c) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate in all material respects and not misleading up to the Completion.

The conditions precedent (a) to (b) above cannot be waived by any Party. The Placing Agent (but not the Company) may at any time prior to the Closing Date unilaterally waive the condition precedent (c) above by notice in writing to the Company. As soon as practicable after the execution of the Placing Agreement and in any event, by the Closing Date, the Company shall use its best endeavours to procure the satisfaction of the conditions precedent (a) to (b) as well as the condition precedent (c) above (in case the condition precedent (c) above has not been waived by the Placing Agent pursuant to this paragraph).

If any one or more of the conditions precedent shall not have been satisfied or fulfilled by the Closing Date or any of the event as set out in the section headed “Force majeure” below shall have occurred, subject to the Placing Agreement, all obligations and responsibilities of the Placing Agent and those of the Company thereunder shall cease and determine forthwith and no Party shall have any claim whatsoever against the other Party in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each Party.

Force Majeure

If at any time between the execution of the Placing Agreement and at 5:00 p.m. on the Business Day immediately prior to the Completion Date, there occurs:

1. the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
2. the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement 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 reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion 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;
3. any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
4. the Company commits any material breach of or omits or fails to observe any of its obligations or undertakings under the Placing Agreement; or
5. any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion 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 Company or will otherwise likely to have a material prejudicial effect on the Placing,

then the Placing Agent may upon giving written notice to the Company terminate the Placing Agreement with immediate effect. If the Placing Agreement shall be terminated pursuant to the above, the obligations of the Placing Agent shall cease and determine, and the Company shall not be liable to pay any commission, and the Placing Agreement shall forthwith cease and determine and no Party shall, save as provided in this section, have any claim against the other Party for compensation, costs, damages or otherwise.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

Application for Listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the operation and management of restaurants.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be HK\$8,881,920. The maximum net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will amount to approximately HK\$8.52 million which will be used (i) 50% to the general working capital of the Group including but not limited to rental expenses, salary expenses and other office overhead of the business of the Group in Hong Kong and in the PRC of up to approximately HK\$4.26 million; and (ii) 50% to the repayment of outstanding liabilities of up to approximately HK\$4.26 million.

The Directors are of the view that (i) the Placing can strengthen the capital base and financial position of the Company; (ii) the Placing can broaden the shareholder base of the Company; (iii) the Placing will not increase the burden on interest payment as compared with debt financing; and (iv) the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Parties. Accordingly, the Directors consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
27 June 2023 and 3 July 2023	Issue of new shares under general mandate for debt capitalisation	Nil (<i>Note</i>)	to settle a sum of approximately HK\$3,456,000 owed by the Company to a creditor	Fully utilised as intended (<i>Note</i>)

Note: There were no proceeds from the issue of new shares as the issue was used to settle a sum of approximately HK\$3,456,000 owed by the Company to Chan Yuen Lung Alfred. (For details, please refer to the announcements of the Company dated 27 June 2023 and 3 July 2023.)

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming the Placing Shares are fully placed and there is no other change in the issued Shares from the date of this announcement and up to the Completion Date):

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon Completion (assuming the Placing Shares are fully placed and there is no other change in the issued Shares from the date of this announcement and up to the Completion Date)	
	Number of Shares	Percentage	Number of Shares	Percentage
Substantial Shareholders				
Chan Yuen Lung Alfred	34,560,000	16.67%	34,560,000	14.29%
The Places	–	–	34,560,000	14.29%
Other public Shareholders	172,800,000	83.33%	172,800,000	71.42%
Total	<u>207,360,000</u>	<u>100.00%</u>	<u>241,920,000</u>	<u>100.00%</u>

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate and therefore the allotment and issue of the Placing Shares will not be subject to any Shareholders' approval.

As the Completion is subject to the satisfaction of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“AGM”	the annual general meeting of the Company held on 30 June 2023
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Closing Date”	any Business Day not later than 22 February 2024, being the date on which all the conditions precedent to the Placing Agreement have been satisfied or fulfilled, though the Parties may agree in writing to have the closing date postponed to any subsequent Business Day
“Company”	Dragon King Group Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the GEM
“Completion”	the overall completion of the Placing, which shall take place on the Completion Date
“Completion Date”	the date of the Completion, which shall be any Business Day falling within five Business Days after the Closing Date
“connected person(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted by the Shareholders at the AGM of the Company held on 30 June 2023 to the Board to allot, issue and deal with up to 34,560,000 new Shares to be issued and allotted by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which is not a connected person (as defined in the GEM Listing Rules) of the Company and which is independent of (i) the Company and/or the Company’s connected persons, and (ii) the Placing Agent and/or the Placing Agent’s connected persons
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other placee(s) or Shareholders to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations thereunder
“Placing”	the placing of the Placing Shares under and in accordance with the Placing Agreement
“Placing Agent”	First Fidelity Capital (International) Limited, a company incorporated in Hong Kong with limited liability and a licensed by the SFC to carry out and conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under and pursuant to the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 January 2024 in relation to the Placing

“Placing Period”	the period commencing forthwith upon the execution of the Placing Agreement and expiring at 5:00 p.m. on 9 February 2024, or on such later date as the Parties may agree in writing
“Placing Price”	HK\$0.257 per Placing Share
“Placing Share(s)”	up to 34,560,000 new Shares to be allotted and issued by the Company under the General Mandate and pursuant to the Placing Agreement on the Completion Date, and the Placing Shares shall rank <i>pari passu</i> in all respects with the existing Shares then in issue
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares in the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“HK\$ or HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 30 January 2024

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

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 Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the day of its publication and on the website of the Company.