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婚宴專門店  
Wedding Banquet Specialist

## **PALACE BANQUET HOLDINGS LIMITED**

### **首灃控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1703)**

### **PROFIT WARNING**

This announcement is made by Palace Banquet Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the information which includes, but without limitation to, the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019 and other information of the Group currently available to the Board, it is expected that the loss of the Group for the six months ended 30 September 2019 will increase by not less than 40% as compared to that for the six months ended 30 September 2018.

As disclosed in the prospectus of the Company dated 31 January 2019 (“**Prospectus**”), due to the seasonal pattern, the Group recorded loss position during the first-half of each of the years ended 31 March 2016, 2017 and 2018. The Group’s business operation and financial performance also exhibited similar seasonal pattern for the six months ended 30 September 2018. As such, the Board considers the Group’s first-half year results are not indicative of the Group’s second-half year results or even full year results. As disclosed in the annual report of the Company for the year ended 31 March 2019 published on 23 July 2019, it was expected that for the six months ended 30 September 2019 will continue to exhibit such seasonal pattern.

To the best knowledge of the Board, the expected increase in loss of the Group is attributable to (1) the impact on adoption of Hong Kong Financial Reporting Standard 16, “*Leases*” (“**HKFRS 16**”), which took effect on 1 January 2019 for financial years commencing on or after 1 January 2019 and superseded Hong Kong Accounting Standard 17, “*Leases*” (“**HKAS 17**”). The adoption of HKFRS

16 will result in higher expenses related to the leases recorded in the Group's statement of profit or loss in the initial year of adoption as compared with such expenses recognised under HKAS 17. The financial year ending 31 March 2020 is the first financial year to be affected by the adoption of HKFRS 16. As such, the impact on the adoption affected the Group's result for the six months ended 30 September 2019; (2) the Group opened two new restaurants during the six months ended 30 September 2019, and incurred associated initial costs; and (3) due to the ad-hoc variation or shortening of opening hours of shopping malls and commercial complex where the restaurants of the Group are located, despite the Group opened two new restaurants during the six months ended 30 September 2019, the Group's revenue for the six months ended 30 September 2019 decreased as compared with same period last year. It is the first time within past four years that the Group's period-to-period revenue for the six months ended 30 September decreased compared to the same period of last year. The combined effect of a fall in revenue and the initial cost incurred for the opening of the two new restaurants and the decrease in revenue contributed to our increase in loss apart from the effect of adoption of HKFRS 16.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019, which have not yet been confirmed or reviewed by the Company's auditors or the audit committee of the Company and finalised as at the date of this announcement. Unaudited financial information of the Group for the six months ended 30 September 2019 will be disclosed in the interim results announcement in due course.

*Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.*

By order of the Board  
**Palace Banquet Holdings Limited**  
**Chan Shou Ming**  
*Chairman*

Hong Kong, 21 October 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Chan Shou Ming, Ms. Chen Xiao Ping and Ms. Qian Chunlin; and the independent non-executive directors of the Company are Mr. Chan Koon Yuen Windaus, Mr. Ng Kwok Tung and Mr. Yue Ming Wai Bonaventure.*