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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 year ended 31 March 2020 (“**FY2020**”) and other information of the Group currently available to the Board, it is expected that the Group will record a net loss of not less than HK\$100 million for FY2020 as compared to the net profit recorded of HK\$37.7 million for the year ended 31 March 2019 (“**FY2019**”).

To the best knowledge, information and belief of the Board, the expected substantial decrease in the profit of the Group is attributable to a combination of factors, including:

1. a decrease in revenue for FY2020 as compared to FY2019 of at least 20% primarily due to:
  - (a) the temporary closure of certain restaurants of the Group due to the impact from the Coronavirus Disease 2019 (COVID-19) and the ad-hoc variation or shortening of opening hours of shopping malls and commercial complex where the restaurants of the Group are located during July 2019 and up to the end of March 2020; and
  - (b) the decrease of banquet services provided during the second half of FY2020 which is the traditional peak season of banquet service in the past few years;

2. 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(“**HKFRS 16**”), which took effect on 1 January 2019 for financial years commencing on or after 1 January 2019 and superseded Hong Kong Accounting Standard 17, “Leases” (“**HKAS 17**”).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 ended 31 March 2020 is the first financial year affected by the adoption of HKFRS 16 and the Group has opened two restaurants during the year that further increased lease expenses; and
3. the increase in impairment of property, plants and equipment and right of use assets primarily due to the challenging business environment which inevitably affected the business performance of the Group and temporary closure and suspension of certain restaurants of the Group.

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 FY2020, which have not yet been confirmed or reviewed by the Company’s auditors or the audit committee of the Company nor finalized as at the date of this announcement. The financial information of the Group for FY2020 will be disclosed in the annual results announcement to be published in June 2020.

**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, 18 May 2020

*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.*