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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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **FINANCIAL HIGHLIGHTS**

- Revenue was approximately HK\$650.8 million (2019: approximately HK\$848.6 million), representing a decrease of approximately 23.3%.
- Gross profit margin increased 0.3% to approximately 76.6% (2019: approximately 76.3%).
- Loss for the year was approximately HK\$112.4 million, as compared to profit for the year ended 31 March 2019 of approximately HK\$37.7 million.
- Basic loss per share as at 31 March 2020 was approximately HK11.2 cents, as compared to basic earnings per share as at 31 March 2019 of approximately HK4.8 cents.
- The gearing ratio of the Group was approximately 32.4% (2019: 22.9%).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2020.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Palace Banquet Holdings Limited (the “**Company**”, together with its subsidiaries collectively, the “**Group**”), hereby announces the consolidated results of the Group for the year ended 31 March 2020, together with comparative figures for the year ended 31 March 2019 as set out below. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Company’s prospectus dated 31 January 2019 (the “**Prospectus**”). The audit committee of the Company (the “**Audit Committee**”) has reviewed the consolidated annual results of the Group for the year ended 31 March 2020, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 March	
		2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue	4	650,801	848,567
Other income	4	13,037	8,427
Other (losses) gain, net	5	(40,274)	579
Cost of inventories consumed		(152,000)	(201,321)
Staff costs		(232,190)	(260,196)
Property rentals and related expenses		(66,811)	(191,167)
Utilities expenses		(40,698)	(45,461)
Depreciation of property, plant and equipment		(34,279)	(25,523)
Depreciation of right-of-use assets		(118,598)	–
Other expenses		(62,593)	(60,757)
Finance costs	6	(22,733)	(5,103)
Listing expenses		–	(17,342)
		<hr/>	<hr/>
(Loss) profit before tax		(106,338)	50,703
Income tax expenses	7	(6,033)	(12,954)
		<hr/>	<hr/>
(Loss) profit and total comprehensive (expenses) income for the year attributable to owners of the Company	8	<u>(112,371)</u>	<u>37,749</u>
(Loss) earnings per share – Basic and diluted (HK cents)	10	<u>(11.2)</u>	<u>4.8</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	79,947	85,433
Right-of-use assets		433,616	–
Deposits paid for acquisition of property, plant and equipment		–	322
Deposit placed for a life insurance policy		15,217	15,079
Rental deposits		52,850	44,151
Deferred tax assets		595	5,163
		<b>582,225</b>	150,148
<b>Current assets</b>			
Inventories		5,648	3,308
Trade and other receivables	12	30,476	41,176
Tax recoverable		8,533	2,368
Time deposit with maturity over three months		20,000	–
Bank balances and cash	13	119,012	242,560
		<b>183,669</b>	289,412
<b>Current liabilities</b>			
Trade and other payables	14	16,866	50,285
Contract liabilities		51,826	39,909
Bank borrowings	15	44,786	57,307
Lease liabilities		123,802	–
Tax payables		–	8,301
Provision for reinstatement costs		1,258	2,620
		<b>238,538</b>	158,422
<b>Net current (liabilities) assets</b>		<b>(54,869)</b>	130,990
		<b>527,356</b>	281,138
<b>Non-current liabilities</b>			
Lease liabilities		376,982	–
Deferred tax liabilities		352	288
Other payables		3,023	22,088
Contract liabilities		455	2,414
Provision for reinstatement costs		8,245	5,678
		<b>389,057</b>	30,468
		<b>138,299</b>	250,670
<b>Capital and reserves</b>			
Share capital	16	10,000	10,000
Reserves		128,299	240,670
<b>Equity attributable to owners of the Company</b>		<b>138,299</b>	250,670

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018	19,010	–	(801)	91,734	109,943
Profit and total comprehensive income for the year	–	–	–	37,749	37,749
Dividend recognised as distribution <i>(Note 9)</i>	–	–	–	(14,000)	(14,000)
Share issued	1,000	–	–	–	1,000
Elimination of share capital on group reorganisation	(20,010)	–	20,010	–	–
Capitalisation issue	7,500	(7,500)	–	–	–
Share issued in connection with the global offering	2,500	122,500	–	–	125,000
Deemed contribution by a controlling shareholder	–	–	5,261	–	5,261
Transaction costs attributable to the global offering	–	(14,283)	–	–	(14,283)
At 31 March 2019 and 1 April 2019	10,000	100,717	24,470	115,483	250,670
Loss and total comprehensive expense for the year	–	–	–	(112,371)	(112,371)
At 31 March 2020	<u>10,000</u>	<u>100,717</u>	<u>24,470</u>	<u>3,112</u>	<u>138,299</u>

*Note: Other reserves represented (i) the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the group reorganisation, (ii) the difference between the consideration for the acquisition of a subsidiary and the fair value of the subsidiary acquired from the common shareholder of the Company and (iii) deemed contribution arising from the listing expenses borne by the controlling shareholder of the Company and waiver of the need to reinstate the premises for a restaurant rented from the controlling shareholder upon end of the lease term.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 7 June 2018 as an exempted company with limited liability under the laws of Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 February 2019. The name of the Company was changed from First Gain Holdings Company Limited to The Palace Holdings Limited on 29 June 2018 and further changed to Palace Banquet Holdings Limited on 16 October 2018. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in Chinese restaurant operation in Hong Kong (the “**Listing Business**”).

The consolidated financial statements were approved for issue by the Board on 26 June 2020.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Group.

The consolidated financial statements have been prepared based on the accounting policies which conform with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

Prior to the reorganisation and during the year ended 31 March 2019, management of the Listing Business directed the economic activities of the Listing Business as a single business through the operating subsidiaries which were held by the ultimate shareholders. As part of the reorganisation, investment holding companies and the Company were incorporated and interspersed between the operating subsidiaries and the ultimate shareholders. The Company became the holding company of the Group on 28 June 2018. The companies now comprising the Group have been under the control of the controlling shareholder throughout the year ended 31 March 2019 or since their respective dates of incorporation or establishment up to 31 March 2019, where this is a shorter period. As there was no change in the controlling shareholder, and the Group comprising the Company and its subsidiaries was directly and beneficially owned by the same ultimate shareholders before and after the reorganisation, the Group comprising the Company and its subsidiaries is regarded as a continuing entity. As the reorganisation only involved inserting new holding companies and has not resulted in any changes in management and economic substance to the Listing Business, the consolidated financial statements for the year ended 31 March 2019 have been presented as a continuation of the existing company as if the reorganisation had been completed at the beginning of the reporting period.

As at 31 March 2020, the Group has net current liabilities of approximately HK\$54,869,000 and incurred a net loss of approximately HK\$112,371,000. The consolidated financial statements have been prepared on a going concern basis as the current liabilities consisted of contract liabilities from customers of approximately HK\$51,826,000, which are to be recognised as revenue upon rendering of the relevant banquet services in the next financial year; and amount of approximately HK\$13,723,000 representing bank borrowings being classified as current due to the existence of the repayment on demand clause (Note 15) in the loan agreements. The Directors believe that bank will probably not to exercise its discretionary rights to demand immediate repayment, the bank borrowings will be repaid in accordance with schedule.

The Directors consider that the Group will have sufficient working capital to finance its operations in the foreseeable future and accordingly are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2019. The Group had not early adopted any new standards, amendments and interpretations that have been issued by the HKICPA but are not yet effective.

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the HKICPA.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Impact on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019, and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered or changed on or after 1 April 2019.

Based on modified retrospective approach, the right-of-use assets would increase by approximately HK\$457,131,000 and the lease liabilities would increase by approximately HK\$472,089,000 as at 1 April 2019, resulting in a decrease in net assets, but no significant impact on the consolidated financial performance of the Group.

*The Group as lessee*

Upon the adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 ranged from 4.05% to 4.40%.

The Group recognises right-of-use assets of restaurants, office premises, warehouses, car parking spaces and advertising lightboxes and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	<i>Notes</i>	<b>Carrying amount previously reported at 31 March 2019</b> <i>HK\$'000</i>	<b>Impact on adoption of HKFRS 16</b> <i>HK\$'000</i>	<b>Carrying amount as restated at 1 April 2019</b> <i>HK\$'000</i>
Property, plant and equipment	<i>a</i>	85,433	(2,589)	82,844
Right-of-use assets	<i>a-d</i>	–	457,131	457,131
Trade and other receivables	<i>c</i>	41,176	(1,939)	39,237
Trade and other payables	<i>d</i>	(50,285)	1,498	(48,787)
Other payables	<i>d</i>	(22,088)	17,988	(4,100)
Lease liabilities	<i>b</i>	–	(472,089)	(472,089)

*Notes:*

- (a) The Group has recorded an estimated cost of the restoration for the rented premises previously and included in property, plant and equipment amounting to approximately HK\$2,589,000 as at 1 April 2019. Such amount was adjusted to right-of-use assets.
- (b) As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK\$472,089,000.
- (c) Prepaid rental of approximately HK\$1,939,000 as at 31 March 2019 was reclassified to right-of-use assets.
- (d) The amounts represented the accrued lease liabilities for leases where the lessor has provided rent-free period, and was adjusted to right-of-use assets on transition to HKFRS 16.

Starting from 1 April 2019, in the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	<i>HK\$'000</i>
Operating lease commitment disclosed as at 31 March 2019	377,561
Less: Contracts committed but not yet commenced at 1 April 2019	(16,538)
Less: Short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(12,951)
Less: Leases of low-value assets	(69)
Add: Extension options reasonably certain to be exercised	182,512
	<hr/>
	530,515
Discounting using the incremental borrowing rate at 1 April 2019	(58,426)
	<hr/>
Lease liabilities as at 1 April 2019	472,089
	<hr/> <hr/>
Current portion	100,307
Non-current portion	371,782
	<hr/>
	472,089
	<hr/> <hr/>

### **Practical expedients applied**

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 Determining whether an Arrangement contains a Lease;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.





## 5. OTHER (LOSSES) GAIN, NET

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Impairment loss on right-of-use assets	(27,729)	–
Impairment loss on property, plant and equipment	(12,545)	(758)
Gain on disposal of property, plant and equipment	–	1,337
	<u>(40,274)</u>	<u>579</u>

## 6. FINANCE COSTS

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Interest on lease liabilities	20,985	–
Interest on bank borrowings	1,625	2,142
Unwinding of discounting on provision for reinstatement costs	123	168
Imputed interest on rental deposits on initial recognition	–	2,793
	<u>22,733</u>	<u>5,103</u>

## 7. INCOME TAX EXPENSES

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Current income tax – Hong Kong:		
– Current year provision	1,043	14,244
– Under provision in prior years	358	296
	<u>1,401</u>	<u>14,540</u>
Deferred tax	<u>4,632</u>	<u>(1,586)</u>
	<u>6,033</u>	<u>12,954</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. For the year of assessment 2018/19 and 2019/20, a two-tiered profits tax rates was introduced of which one subsidiary of the Group can elect 8.25% tax rate for its first assessable profits of HK\$2,000,000.

Pursuant to the rules and regulations of the Cayman Island and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Island and the BVI.

## 8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	<b>Year ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Auditor's remuneration	<b>1,150</b>	1,280
Directors' remuneration		
– Other emoluments	<b>7,202</b>	6,701
– Contributions to retirement benefits scheme	<b>63</b>	142
	<u><b>7,265</b></u>	<u>6,843</u>
Salaries, allowances and other benefits (excluding Directors' remuneration)	<b>220,184</b>	243,008
Reversal of provision of long service payment	<b>(1,024)</b>	(103)
(Reversal of) provision of unutilised annual leave	<b>(2,326)</b>	717
Contributions to retirement benefits scheme (excluding directors' remuneration)	<b>8,091</b>	9,731
	<u><b>224,925</b></u>	<u>253,353</u>
Total staff costs	<u><b>232,190</b></u>	<u>260,196</u>
Depreciation of right-of-use assets	<b>118,598</b>	–
Depreciation of property, plant and equipment	<b>34,279</b>	25,523
	<u><b>152,877</b></u>	<u>25,523</u>
Impairment loss on right-of-use assets	<b>27,729</b>	–
Impairment loss on property, plant and equipment	<b>12,545</b>	758
Premium and handling charges on a life insurance policy (included in other expenses)	<b>221</b>	220
Bank charges (included in other expenses)	<b>7,083</b>	9,897
Consumables (included in other expenses)	<b>5,975</b>	6,098
Cleaning fee (included in other expenses)	<b>18,217</b>	16,576
	<u><b>18,217</b></u>	<u>16,576</u>

During the year ended 31 March 2019, the amounts of minimum lease payments and contingent rent of approximately HK\$144,313,000 and HK\$1,325,000 were recognised as the operating lease rental on land and buildings.

## 9. DIVIDENDS

No final dividend was paid or proposed by the Company for the years ended 31 March 2020 and 2019, nor has any final dividend been proposed since the end of the year ended 31 March 2020.

During the year ended 31 March 2019, interim dividends of approximately HK\$14,000,000 (2020: nil) were declared and distributed by the companies now comprising the Group to the then owners of the companies.

## 10. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
(Loss) profit for the year attributable to owners of the Company	<u>(112,371)</u>	<u>37,749</u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>Note</i> )	<u>1,000,000</u>	<u>781,506</u>
Basic (loss) earnings per share (HK cents)	<u>(11.2)</u>	<u>4.8</u>

*Note: The weighted average number of shares during the year ended 31 March 2019 had taken into consideration of 750,000,000 ordinary shares (Note 16) issued under the reorganisation and the capitalisation issue and 250,000,000 ordinary shares (Note 16) issued under the global offering.*

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during both years.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2020, the Group acquired items of property, plant and equipment amounting to approximately HK\$43,927,000 (2019: approximately HK\$41,929,000).

Certain restaurants recorded loss during the year due to the economic downturn and the outbreak of Coronavirus Disease 2019 (the “COVID-19”) and in view that the operation is expected to be under continued adverse impact of the COVID-19 outbreak, management recognised an impairment loss of HK\$12,545,000 (2019: HK\$758,000) for certain property, plant and equipment during the year ended 31 March 2020, which was estimated based on the recoverable amount of each individual restaurant cash generating unit based on higher of the value-in-use calculation using cash flow projections and fair value less cost to disposal.

## 12. TRADE RECEIVABLES

The Group's sales are mainly conducted in cash or by credit cards of which the settlement period is normally within 3 days from transaction date. The credit period granted by the Group to its corporate customers ranges from 0 to 30 days.

The following is an ageing analysis of the trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	As at 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	84	6,653
31 to 60 days	–	–
61 to 90 days	86	–
91 to 120 days	229	–
	<u>399</u>	<u>6,653</u>

These balances are mainly due from financial institutions in relation to the payment settled by credit cards and corporate customers and there is no recent history of default.

No loss allowance of trade receivables was made as at 31 March 2020 and 2019.

## 13. BANK BALANCES AND CASH

Bank balances carry floating interest rate based on daily bank deposit rates as at 31 March 2020 and 31 March 2019.

## 14. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<u>2,058</u>	<u>16,185</u>

Payment terms granted by suppliers are generally within 50 days from the relevant purchases made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame.

## 15. BANK BORROWINGS

Carrying amount repayable (based on schedule repayment dates set out in the loan agreements):

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
Within one year	31,063	26,970
After one year but within two years	11,438	16,604
After two years but within five years	2,285	13,733
	<u>44,786</u>	<u>57,307</u>

Carrying amount repayable (shown under current liabilities) contain a repayment on demand clause:

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
Within one year	<u>44,786</u>	<u>57,307</u>

As at 31 March 2020, the bank borrowings carried floating interest rate of 1 month Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1% to 2.5% per annum (2019: 1 month HIBOR plus 1% to 2.5% per annum) and Hong Kong Dollars Best Lending Rate (“**BLR**”) minus 1.5% to 2% per annum (2019: BLR minus 2% to 3% per annum). The effective interest rates on the bank borrowings are 2.98% (2019: 3.42%) per annum during the year ended 31 March 2020.

As at 31 March 2020, the bank borrowings and credit facilities available to the business cards are secured by the Group’s deposit placed for a life insurance policy amounting to approximately HK\$15,217,000 (2019: HK\$15,079,000).

## 16. SHARE CAPITAL

The share capital as at 31 March 2020 represented the share capital of the Company.

	Number of shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
On the date of incorporation	38,000,000	380,000
Increase in authorised share capital	<u>4,962,000,000</u>	<u>49,620,000</u>
As at 31 March 2019, 1 April 2019 and 31 March 2020	<u><u>5,000,000,000</u></u>	<u><u>50,000,000</u></u>
		<i>HK\$</i>
<b>Issued and fully paid:</b>		
On the date of incorporation	100	1
New ordinary shares issued on 28 June 2018	9,900	99
Capitalisation issue of shares	749,990,000	7,499,900
Shares issued pursuant to the global offering	<u>250,000,000</u>	<u>2,500,000</u>
As at 31 March 2019, 1 April 2019 and 31 March 2020	<u><u>1,000,000,000</u></u>	<u><u>10,000,000</u></u>

## 17. CAPITAL COMMITMENT

	As at 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u><u>-</u></u>	<u><u>363</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a full-service restaurant group in Hong Kong offering Cantonese dining service and banquet service including wedding banquet service.

### Industry Review

According to the statistical table on restaurant receipts published by the Census and Statistics Department (“C&SD”) of the Hong Kong Special Administrative Region, the value and volume of Chinese restaurants receipts in 2019 decreased by approximately 9.9% and 12.0% respectively compared with the whole year of 2018.

The outbreak of COVID-19 has a severe negative impact on the catering industry in Hong Kong. The sentiments of customers on hosting and/or attending banquet was adversely affected. Based on the management’s experience, the first quarter of a calendar year is usually the peak season for non-wedding banquet service of the Group. In 2020, during the material time, the Government imposed a series of prevention and control measures on catering premises to prevent the spread of COVID-19 including restrictions on the number of diners per table, requirement of minimum distance between each table and maximum capacity. Such measures have brought negative impacts on the business environment for dining service providers. Most of the non-wedding banquet service of the Group booked in February and March in 2020 were either cancelled or deferred to a later period in order to comply with the Government latest prevention measures of COVID-19. The Chinese restaurants receipts in the first quarter of 2020 published by C&SD was significantly decreased by approximately 39.6% in value and 40.9% in volume compared with the first quarter of 2019.

Due to this adverse business environment, it was the first time since the financial year of 2016 that the Group reported loss for a full financial year.

### Business Review

As at 31 March 2020, the Group continued to operate 18 Chinese full-service restaurants under two brand names, namely, “煌 府 (Palace)” and “Royal Courtyard (煌 苑)”. Two restaurants, namely The One (Royal Courtyard) Restaurant and Shek Mun Restaurant, under the brand “Royal Courtyard (煌苑)” possess outdoor garden for holding wedding ceremonies. As disclosed in the Prospectus, two restaurants namely, Causeway Bay Restaurant and Mong Kok Restaurant had ceased operation in May 2019 and June 2019 respectively in accordance with the Group’s plan. During the year under review, Prince Edward Restaurant also ceased operation in February 2020. All three restaurants ceased operations, upon expiry of their respective leases.

During the year under review, two restaurants, namely, Kwun Tong Restaurant (as disclosed in the annual report of the Company dated 14 June 2019) and Tsuen Wan Nan Fung Restaurant (as disclosed in the announcement of the Company published on 17 June 2019), commenced business in July 2019 and September 2019, respectively.



The following table sets out the movement of the number of restaurants we operated during the financial years indicated:

	<b>Year ended 31 March</b>	
	<b>2020</b>	2019
<b>Number of restaurants at the beginning of the year</b>	<b>19</b>	17
Number of newly opened restaurant(s) during the year	<b>2</b>	3
Number of closed restaurant(s) during the year	<b>(3)</b>	(1)
	<hr/>	<hr/>
<b>Number of restaurants at the end of the year</b>	<b>18</b>	19
	<hr/> <hr/>	<hr/> <hr/>

According to the Company's expansion plan disclosed in the Prospectus, the Company intended to open four restaurants in Kwun Tong, Sham Shui Po, Shatin and Wong Tai Sin by the year ended 31 March 2020. The Group opened its Kwun Tong restaurant in July 2019 and had entered into a lease agreement with a landlord, an Independent Third Party, for the Group's proposed new restaurant at 7/F Dragon Centre in Sham Shui Po (as disclosed in the announcements of the Company published on 24 January 2020 and 29 April 2020, respectively). However, the uncertain and volatile business environment rendered the estimation of the investment payback and breakeven period difficult. In view of that, the Group terminated the lease agreement of 7/F Dragon Centre in Sham Shui Po (as disclosed in the announcement of the Company published on 12 June 2020) and slow down the pace of opening new restaurants. Nonetheless, the Company will consider and open new restaurant(s) as and when the opportunity arises after conducting a feasibility analysis. This can be evident by the opening of the Company's Tsuen Wan Nan Fung restaurant which was not included in the Company's original expansion plan.

During the year under review, the Group had undergone and completed renovation of certain existing restaurants in the first-half financial period, which is usually the low season for the Group's banquet services as disclosed in the Prospectus. For details, please refer to "Business- Renovating our existing restaurants to maintain competitiveness" in the Prospectus.

## **Financial Review**

### ***Revenue***

The Group's revenue decreased by 23.3% from approximately HK\$848.6 million for the year ended 31 March 2019 to approximately HK\$650.8 million for the year ended 31 March 2020. Such decrease in revenue was a combined result of:

- the decrease in revenue from comparable restaurants sales by approximately 29.8%, which was far-off from the Group's past trend of decrease in comparable restaurants sales i.e. ranging from 1.1% to 4.6% in the previous three financial years, primarily due to the social events and the outbreak of COVID-19 in the peak season for the Group's banquet services. The outbreak

of COVID-19 has significantly contributed to the decrease of trade receivable as at 31 March 2020 as compared with 31 March 2019 from HK\$6.7 million to HK\$0.4 million and trade payables from HK\$16.2 million to HK\$2.1 million due to temporary suspension most of our operation.

- the increase in revenue attributable to two restaurants opened in July 2019 and September 2019 which partially sets off the decrease of revenue as mentioned above.

The following table sets for the comparable restaurant sales, guest count and average spending per customer:

	<b>Year ended 31 March</b>	
	<b>2020</b>	2019
Number of comparable restaurants	<b>13</b>	13
Comparable restaurant sales (HK\$'000)	<b>472,326</b>	672,367
Guest count of comparable restaurant sales ('000)	<b>3,979</b>	5,167
Seat turnover rate of comparable restaurants ( <i>Note</i> )	<b>1.7</b>	1.9
	<hr/>	<hr/>
Average spending per customer of comparable restaurants (HK\$)	<b>119</b>	130
	<hr/> <hr/>	<hr/> <hr/>

*Note: Seat turnover rate equals guest count during a year divided by seating capacity of the relevant restaurants and further divided by the number of operating days in the relevant year. Seating capacities of our restaurants are based on the standard number of seats of each restaurant only and does not reflect occasional seating adjustment at peak hours/seasons or public holidays. Our Directors consider that such occasional adjustment should not affect the reliability of the seat turnover rate in the table above.*

### **Cost of food and beverages**

The Group's cost of food and beverages decreased by approximately 24.5%, from approximately HK\$201.3 million for the year ended 31 March 2019 to approximately HK\$152.0 million for the year ended 31 March 2020. The decrease was in line with the decrease in revenue during the year ended 31 March 2020. The cost of food and beverages as a percentage of revenue remained relatively stable at 23.4% (2019: 23.7%) as ordering of food and beverages are closely related to opening days/hours of restaurants.

### **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately 22.9% from approximately HK\$647.2 million for the year ended 31 March 2019 to approximately HK\$498.8 million for the year ended 31 March 2020. The decrease was in line with the decrease in revenue during the year ended 31 March 2020. The gross profit margin remained relatively stable at 76.6% (2019: 76.3%).

## **Staff costs**

The Group's staff costs decreased by approximately 10.8%, from approximately HK\$260.2 million for the year ended 31 March 2019 to approximately HK\$232.2 million for the year ended 31 March 2020. Such decrease was mainly due to headcount reduction as a result of restaurant closure and using lesser number of part-time employee as compared to last financial year as a result of suspension of banquet services. The staff costs as a percentage of revenue increased to 35.7% (2019: 30.7%). Such increase was mainly due to a portion of staff remuneration being fixed in nature and therefore, if the Group's revenue decreases, its weight towards the revenue will increase.

## **Property rentals and related expenses**

The Group's property rentals and related expenses decreased by approximately 65.1%, from approximately HK\$191.2 million for the year ended 31 March 2019 to approximately HK\$66.8 million for the year ended 31 March 2020. Such significant decrease was mainly attributable to reclassification of lease expense on the initial adoption of HKFRS 16 for the year ended 31 March 2020. Under HKFRS 16, only the lease payments under short-term leases (namely, less than 12 months) or leases of low-value assets and variable rents that do not depend on index or rate (namely, contingent rent) are included in property rentals and related expense.

## **Depreciation**

Under HKFRS 16, there was HK\$118.6 million of depreciation recognized for the year ended 31 March 2020 for the amortization of the right-of-use asset. Excluding this first-time recognized amortization on the right-of-use asset, the Group's depreciation of property, plant and equipment increased to approximately HK\$34.3 million (2019: HK\$25.5 million) mainly due to amortization of initial set-up cost of new restaurants and renovation cost capitalized for existing restaurants.

## **Listing expenses**

Listing expenses comprise professional fees and other expenses in relation to the Listing. There is no such expenses for the year ended 31 March 2020 (2019: HK\$17.3 million) as the Company has listed its shares on the Main Board of the Stock Exchange since February 2019.

## **Finance costs**

Finance costs increased to HK\$22.7 million for the year ended 31 March 2020 (2019: HK\$5.1 million) due to the initial adoption of HKFRS 16. There was an amount of approximately HK\$21.0 million relating to interest on lease liabilities recognized under HKFRS 16.

## **(Loss) profit for the year**

With the combined effect of (i) decrease in revenue, (ii) increase in depreciation of property, plant and equipment and financial cost after initial adoption of HKFRS 16 and (iii) impairment loss of property, plant and equipment and right-of-use assets, the loss for the year was approximately HK\$112.4 million, while profit for the year ended 31 March 2019 was approximately HK\$37.7 million.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern.

The capital structure of the Group consists of net debts, which includes bank borrowings, net of bank balances and cash and equity attributable to owners of the Group, comprising issued share capital and reserves.

The Directors review the capital structure of the Group periodically and may take different measures, including the payment of dividends, the issue of new shares and raising of new debt or the redemption of existing debt.

The Group's liquidity requirements primarily relate to the working capital needs (mainly for procurement of food and beverages from suppliers, staff costs, property rents and various operating expenses), providing catering and banquet services and working capital needs for loss making period, and the principal source of funds is mainly from working capital generated internally from the Group's operation, bank borrowings and the net proceeds received from the Listing.

As at 31 March 2020, the Group's cash and cash equivalents (including time deposits) were approximately HK\$139.0 million (2019: HK\$242.6 million). As at 31 March 2020, the Group's total current assets and current liabilities were approximately HK\$183.7 million (2019: HK\$289.4 million) and approximately HK\$238.5 million (2019: HK\$158.4 million), while the current ratio of the Group was approximately 0.8 times (2019: approximately 1.8 times). The decrease in current assets is mainly due to decrease in bank balances and cash. During the year, there was about HK\$43.7 million for acquiring property, plant and equipment for opening new restaurants and renovating existing restaurants; about HK\$12.5 million for repayment of bank borrowings and the remaining decrease in bank balances and cash (including time deposit with maturity over three months) of about HK\$47.4 million is mainly due to operating loss whereas the increase in current liabilities is mainly due to the adoption of HKFRS 16 and the recognition of current lease liabilities of HK\$123.8 million. Excluding the current leased liabilities, the current ratio as at 31 March 2020 was 1.6 times and will result in net current assets of HK\$68.9 million. The adoption of HKFRS 16 has no impact on the financial covenant of the bank borrowings.

As at 31 March 2020, the Group's total borrowings amounted to approximately HK\$44.8 million (2019: approximately HK\$57.3 million). The borrowings were denominated in Hong Kong dollars and repayable on demand which carried floating interest rate of 1-month HIBOR plus 1% to 2.5% per annum and Hong Kong dollars best lending rate minus 1.5% to 2% per annum.

As at 31 March 2020, the Group's gearing ratio was approximately 32.4% (2019: 22.9%), which is calculated based on the interest-bearing debts divided by total equity attributable to owners of the Company as at 31 March 2020 and multiplied by 100%. The increase in gearing ratio was mainly due to the loss incurred which resulted to significant decrease in equity even the bank borrowings was decreased as at 31 March 2020. The Directors, taking into account the nature and scale of

operations and capital structure of the Group, considered that the gearing ratio as at 31 March 2020 was reasonable.

## **CAPITAL EXPENDITURE**

The capital expenditure during the year under review was primarily related to expenditures on additions and renovation of property, plant and equipment for the Group's new restaurants and maintenance of existing restaurants.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the transactions of the Group are denominated in Hong Kong dollar and the Group is not exposed to any significant foreign exchange exposure.

## **CONTINGENT LIABILITIES**

As at 31 March 2020, the Group did not have any material contingent liabilities.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 March 2020, the Group had approximately 279 employees (2019: 880 employees). The significant decrease in the number of employees was due to the outbreak of COVID-19 in early 2020. In view of temporary closure and suspension of certain restaurants of the Group, the dismissals were made in accordance with the Labour Ordinance. After reopening the restaurants, the Group has re-employed certain laid-off employees to continue our business operations.

During the year under review, three senior management team members, namely Mr. To Kin Hung (as the head of dim sum of the Company), Mr. Chan Ting Pong (as the head of human resources of the Company), and Mr. Wong Kin Lam (as the head chef of the Company) left the Group in October 2019, November 2019 and March 2020, respectively. The vacancies of the senior management team were filled by internal promotion after year end.

The Group offers competitive wages and other benefits to our restaurant employees, and make salary adjustments in response to the local labour market conditions. Our staff costs primarily consisted of salaries, allowances, and other benefits, contributions to retirement benefits scheme and Director's emoluments.

## **SHARE OPTION SCHEME**

The Company's share option scheme was adopted pursuant to the resolution passed on 25 January 2019 to give the eligible persons (as mentioned in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future performance and efficiency to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group,

and additionally in the case of executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible participants of the share option scheme include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group; (b) a director or proposed director (including an independent non-executive director) of any member of our Group; (c) a direct or indirect shareholder of any member of our Group; (d) a supplier of goods or services to any member of our Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; (g) an associate of any of the persons referred to in paragraphs (a) to (c) above; and (h) any person involved in the business affairs of the Company whom our board determines to be appropriate to participate in the share option scheme.

No share options has been granted since the effective date of the share option scheme and there are no outstanding share options as at 31 March 2020.

## **CHARGES ON GROUP'S ASSETS**

As at 31 March 2020, the deposit placed for a life insurance policy amounting to approximately HK\$15.2 million (2019: HK\$15.1 million) was pledged to secure the Group's bank borrowings.

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2020, the Group did not hold any significant investments.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year under review, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

## **EVENTS AFTER THE REPORTING PERIOD**

The COVID-19 outbreak and the subsequent quarantine and distancing measures imposed by The Government of the Hong Kong Special Administrative Region have had a negative impact on the operations of the Group. Although the financial performance of the restaurants might not be fully returned to the level before the COVID-19 in the upcoming financial year, the operating performance of the restaurants in April and May 2020 was gradually improving.

The Group has been proactively negotiating with landlords on rent concession and reduction, and adjusted the operating hours of the restaurants and roster of staff members in order to optimise staff and other operating costs.

As at the date of this announcement, the Group is still in the process of assessing the impacts of the COVID-19 outbreak on the Group's performance in year ending 31 March 2021 and is currently unable to estimate the quantitative impacts on the Group.

Saved as disclosed above, no significant events affecting the Company occurred since 1 April 2020 and up to the date of this announcement.

## PROSPECTS

The past financial year was particularly challenging for the Group due to the outbreak of COVID-19 and economic recession in Hong Kong. With the cases of patients infected by COVID-19 are temporary stabilized in Hong Kong and the Government of Hong Kong loosen the previously imposed measures on containing COVID-19, the Board is cautiously optimistic about the future of catering industry in Hong Kong. The Group will continue to monitor the latest development of the market and adopt cost control to maintain our position as one of the leading Chinese full-service restaurant groups in Hong Kong.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% of the issued Shares from the Listing Date to the date of this announcement.

## USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (after deducting underwriting fees and the listing expenses to be borne by the Group) (the "Net Proceeds") was approximately HK\$92,734,000. Up to 31 March 2020, the Company has utilised approximately HK\$26.7 million of the Net Proceeds for the purposes as set out in the Prospectus, representing approximately 28.8% of the Net Proceeds.

Use of Net Proceeds	Approximate percentage of the total amount	Actual Net Proceeds HK\$'000	Amount utilised up to 31 March 2020 HK\$'000	Unused Net Proceeds HK\$'000
Opening a total of eight restaurants	76.1%	70,557	7,500	63,057
Renovation of existing restaurants	14.1%	13,063	13,063	–
Promoting brands	5.0%	4,633	1,689	2,944
Additional working capital, strategic investment and other general corporate purposes	4.8%	4,481	4,481	–
	<u>100.0%</u>	<u>92,734</u>	<u>26,733</u>	<u>66,001</u>

The unused proceeds are placed into authorised financial institutions and/or licenced banks in Hong Kong. As at the date of this announcement, there was no change of the business plan from those disclosed in the Prospectus.

## **DIVIDENDS AND DIVIDEND POLICY**

The Company has adopted a dividend policy and the declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends. The Board has complete discretion whether to recommend and/or pay a dividend, subject to Shareholders' approval, where applicable. The Directors will take into consideration, among other things, the financial results, operations, liquidity and capital requirements of the Group, general business conditions and strategies, future business plans of the Group and legal restrictions when determining whether or not to recommend and declare dividends. The Board will also review and reassess the dividend policy and its effectiveness on a regular basis or as required.

After assessing the cash flows, working capital required for current challenging business environment and low-season in the first-half of the financial year of the Group, the Board does not recommend the payment of a final dividend for the financial year ended 31 March 2020 (2019: Nil).

As originally stated in the Prospectus, the Board recommend dividends of approximately 30.0% of the profit and total comprehensive income after tax available for distribution of the Group to the Shareholders in the coming financial years. However, as the Group recorded loss this year, no dividend is recommended.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the "AGM") of the Company will be held on Thursday, 10 September 2020. The notice of AGM, which constitutes part of the circular to the shareholders of the Company (the "Shareholders"), will be sent together with the annual report for the year ended 31 March 2020 in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming AGM is scheduled to be held at Unit 4, Level 13, Megabox, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon at 10:00 a.m. on Thursday, 10 September 2020. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 7 September 2020 to Thursday, 10 September 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 September 2020.



## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the year ended 31 March 2020, the Company has complied with all the code provisions of the CG Code.

Details of the Company’s corporate governance practices are set out in the Corporate Governance Report which will be included in the Company’s Annual Report for the year ended 31 March 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry with the Directors, all Directors have confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 March 2020.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the year ended 31 March 2020.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Mr. Ng Kwok Tung (Chairman), Mr. Chan Koon Yuen Windaus and Mr. Yue Ming Wai Bonaventure. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group’s policies and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the Board, has reviewed the consolidated annual results of the Group for the year ended 31 March 2020.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, SHINEWING (HK) CPA Limited (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the Announcement of Annual Results.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.palace-rest.com.hk). The annual report will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in compliance with the Listing Rules in due course.

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

Hong Kong, 26 June 2020

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