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婚宴專門店
Wedding Banquet Specialist

PALACE BANQUET HOLDINGS LIMITED **首豐控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1703)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

Reference is made to the annual report for the year ended 31 March 2021 (the “**Annual Report**”) of Palace Banquet Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). This announcement is supplemental to, and should be read in conjunction with the Annual Report. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the board of directors of the Company (the “**Board**”) would like to provide the Shareholders of the Company and the potential investors with the following supplementary information pursuant to paragraphs 11(8) and 11A of Appendix 16 to the Listing Rules.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the announcement of the Company dated 3 March 2021, due to the outbreak of Coronavirus disease 2019 (“**COVID-19**”) since January 2020, the catering industry in Hong Kong, especially for the Chinese restaurant, was adversely affected. The Group had implemented various measures, such as negotiation with the landlords for rent reduction and concession and adjusting the operating hours of the restaurants and the Group’s staff roster, to control the operating costs. However, the measures of social distancing and “no dine-in restriction” implemented by the government in response to the surge in local COVID-19 infection cases under the fourth wave of the COVID-19 since November 2020 further affected our business and no banquet can be held after 6 p.m..

Under such ongoing uncertainties of the Chinese catering operation in Hong Kong, the Board was of the view that the current priority should be to focus on its existing operations and strengthen its position in the market which would require more working capital to provide stronger support for the operations. Therefore, the Group planned to change the total numbers of opening restaurants from eight to four and the unused Net Proceeds was revised that approximately HK\$30.0 million was allocated to the general working capital of the Group. The Board was of the view that the use of proceeds should appropriately adjusted to better meet the current economic climate and was more beneficial to the Group's operational needs in combatting the challenges brought by COVID-19.

The supplemental information provided in this announcement does not affect other information contained in the Annual Report and, save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 12 January 2022

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. Lee Wai Man, Mr. Ng Kwok Tung and Mr. Tsang Hung Kei.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.