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利·寶·閣

Li Bao Ge Group Limited

利寶閣集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1869)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to (i) the annual results announcement (the “**Annual Results Announcement**”) of Li Bao Ge Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) dated 14 May 2020 in relation to the audited results of the Group for the year ended 31 December 2019 (the “**Year**”); and (ii) the Company’s announcement dated 30 March 2020 in relation to the unaudited financial results of the Group for the Year (the “**Unaudited Financial Results Announcement**”). Terms used herein shall have the same meanings as those defined in the Annual Results Announcement unless the context requires otherwise.

As disclosed in the Annual Results Announcement, the Board drew attention to the Shareholders and potential investors that, among others, the classification of certain asset and liability items of the consolidated statement of financial position of the Group as at 31 December 2019 as contained in the Annual Results Announcement and those contained in the Unaudited Financial Results Announcement comprised certain differences. The Board would like to explain the reasons for those differences which it considers relatively material, as set out below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Audited HK\$'000	Unaudited HK\$'000	Difference HK\$'000	Notes
ASSETS				
Non-current assets				
Property, plant and equipment	70,282	70,282	–	
Right-of-use assets	167,961	167,961	–	
Rental deposits	14,948	21,749	(6,801)	1
Deposits placed for life insurance policies	2,115	2,115	–	
Deferred tax assets	1,144	1,144	–	
	<u>256,450</u>	<u>263,251</u>	<u>(6,801)</u>	
Current assets				
Inventories	13,968	13,968	–	
Trade receivables	3,844	5,666	(1,822)	2
Deposits, prepayments and other receivables	16,943	10,142	6,801	1
Current tax recoverable	1,287	1,287	–	
Pledged bank deposits	11,029	11,029	–	
Cash and cash equivalents	71,151	71,151	–	
	<u>118,222</u>	<u>113,243</u>	<u>4,979</u>	
Total assets	<u><u>374,672</u></u>	<u><u>376,494</u></u>	<u><u>(1,822)</u></u>	
EQUITY				
Equity attributable to owners of the Company				
Share capital	10,000	10,000	–	
Reserves	82,799	82,807	(8)	
Total equity	<u>92,799</u>	<u>92,807</u>	<u>(8)</u>	
LIABILITIES				
Non-current liabilities				
Lease liabilities	141,598	141,598	–	
Contract liabilities	–	–	–	
Obligations under finance leases	–	–	–	
Provision for reinstatement costs	4,743	6,055	(1,312)	3
	<u>146,341</u>	<u>147,653</u>	<u>(1,312)</u>	

	Audited HK\$'000	Unaudited HK\$'000	Difference HK\$'000	Notes
Current liabilities				
Trade payables	16,350	16,350	–	
Accruals, provisions and deposits received	26,026	27,840	(1,814)	2
Contract liabilities	16,590	16,590	–	
Bank borrowings	7,444	7,444	–	
Lease liabilities	67,267	67,267	–	
Obligations under finance leases	–	–	–	
Current tax payable	543	543	–	
Provision for reinstatement costs	1,312	–	1,312	3
	<u>135,532</u>	<u>136,034</u>	<u>(502)</u>	
Total liabilities	<u>281,873</u>	<u>283,687</u>	<u>(1,814)</u>	
Total equity and liabilities	<u><u>374,672</u></u>	<u><u>376,494</u></u>	<u><u>(1,822)</u></u>	
Net current (liabilities)/assets	<u><u>(17,310)</u></u>	<u><u>(22,791)</u></u>	<u><u>5,481</u></u>	

Notes:

1. The differences represented reclassification of certain rental deposits from non-current assets to current assets in respect of a tenancy for restaurants operation which was terminated after 31 December 2019.
2. The differences represented the settlement of trade receivables net of commission expenses reclassified from deposits received to trade receivables and the corresponding adjustments to other expenses including impairment loss on trade receivables and commission expenses.
3. The differences represented reclassification of certain provision for reinstatement costs from non-current liabilities to current liabilities in respect of a tenancy for restaurants operation which was terminated after 31 December 2019.

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

By Order of the Board
Li Bao Ge Group Limited
Chan Chun Kit
Chairman and Executive Director

Hong Kong, 18 May 2020

As at the date of this announcement, the executive Directors are Mr. Chan Chun Kit, Mr. Wong Ka Wai, Ms. Chan Wai Sze Josephine and Ms. Zhu Xueqin; the non-executive Director is Mr. Chow Yiu Pong David; and the independent non-executive Directors are Mr. Liu Chi Keung, Prof. Wong Lung Tak Patrick and Mr. Yuen Ching Bor Stephen.