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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

TERMINATION OF DISCLOSEABLE TRANSACTION ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE RENEWAL OF THE SHEUNG SHUI RESTAURANT

INTRODUCTION

Reference is made to the announcement of Palace Banquet Holdings Limited (the “**Company**”) dated 26 March 2020 in relation to, among other things, the discloseable transaction for the acquisition of right-of-use assets relating to the lease renewal of the Sheung Shui Restaurant (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE TERMINATION AGREEMENT

The Board announces that pursuant to an agreement (the “**Termination Agreement**”) dated 18 May 2020 (which the Company only received on 20 May 2020) entered into between Spot Limited, the Sheung Shui Landlord, and Gold Year, an indirect wholly-owned subsidiary of the Company and the tenant of the Sheung Shui Premises, the parties agreed to terminate the Sheung Shui Renewal Lease and the ancillary licence agreements effective from 1 June 2020.

Pursuant to the Termination Agreement, Gold Year shall surrender the tenancy under the Sheung Shui Renewal Lease and deliver the vacant possession on or before 31 May 2020, and as compensation for the early termination of the Sheung Shui Renewal Lease, Gold Year will pay a total of HK\$827,281.47 to the Sheung Shui Landlord by deducting from the security deposit and fitting-out deposit held by the Sheung Shui Landlord. Gold Year will be responsible to pay all the rent, rates, management fees, air conditioning charges and promotional levy for the Sheung Shui Premises up to and including 31 May 2020. Gold Year is also required to remove and dismantle the advertisements (if any) of the lightbox structures and banner space under the license agreements.

REASON FOR THE TERMINATION

As disclosed in the profit warning announcement of the Company dated 18 May 2020, the current business environment is challenging and has affected the business performance of the Group for the year ended 31 March 2020. As a new tenant is interested to take up the Sheung Shui Premises and the Sheung Shui Landlord is willing to early terminate the tenancy under the Sheung Shui Renewal Lease pursuant to the terms of the Termination Agreement, the Directors consider terminating the Sheung Shui Renewal Lease is a prudent move for the Group to control its costs.

The Directors consider that the transactions contemplated under the Termination Agreement are in the interests of the Company and the Shareholders as a whole, and do not have any material adverse effect on the business and financial position of the Group.

GENERAL

The transactions contemplated under the Termination Agreement constitutes termination of the acquisition of right-of-use assets of the Company previously announced pursuant to Chapter 14 of the Listing Rules, and is therefore required to be disclosed under Rule 14.36 of the Listing Rules.

As none of the applicable percentage ratios for the transaction contemplated under the Termination Agreement is 5% or more, the transactions contemplated under the Termination Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

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

Hong Kong, 21 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.