

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE RENEWAL OF THE SILVERCORD RESTAURANT

BACKGROUND

Reference is made to the announcement of the Company dated 21 February 2020 that the Group is in discussions with its various landlords for rent concessions in order to lower the overall rental expenses of the Company as part of the costs control measures.

The Group has secured a rent concession with the Silvercord Landlord for the Silvercord Restaurant located at Shop 307, 3/F, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong and entered into the Silvercord Renewal Lease.

ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE RENEWAL OF THE SILVERCORD RESTAURANT

Reference is made to “Business – Properties – Leased properties” of the Prospectus in relation to the details of the Silvercord Existing Lease.

In consideration of the rent concession given by the Silvercord Landlord, Earn Billion, an indirect wholly-owned subsidiary of the Company, has entered into the Silvercord Renewal Lease as the tenant with the Silvercord Landlord as the landlord, and the principal terms of the Silvercord Renewal Lease are set out below:

Principal Terms of the Silvercord Renewal Lease

- Date : 3 July 2020
- Parties : (i) Silvercord Limited, an Independent Third Party, as the landlord
(ii) Earn Billion, an indirect wholly-owned subsidiary of the Company, as the tenant
- Premises : Shop 307, 3/F, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- Term : From 1 April 2022 to 31 March 2023 (both days inclusive)
- Total aggregate value of consideration payable : HK\$9,127,800 in aggregate (exclusive of service charges and rates) during the term from 1 April 2022 to 31 March 2023, subject to additional turnover rent which may be imposed pursuant to the terms and conditions of the Silvercord Renewal Lease.
- Earn Billion shall be responsible for service charges, promotion levy and rates during the term.
- Option : As supplemented by the Silvercord Renewal Lease, the option under the Silvercord Existing Lease for extension of a further term of three (3) years is exercisable by Earn Billion giving the Silvercord Landlord a duly signed unconditional notice in writing within the period from 1 September 2022 and no later than 30 September 2022 (the relevant period under the Silvercord Existing Lease originally was from 1 September 2021 to 30 September 2021).
- Termination : The Silvercord Landlord is entitled to cancel or terminate the Silvercord Renewal Lease at any time before the end of the term by giving not less than one month's advance notice in writing to Earn Billion.
- Concession rent under the Silvercord Existing Lease : The base rent under the Silvercord Existing Lease shall be revised to HK\$4,563,900 in aggregate (exclusive of service charges and rates) for the period of 12 months from 1 April 2020 to 31 March 2021 (both days inclusive), subject to additional turnover rent which may be imposed pursuant to the terms and conditions of the Silvercord Existing Lease. Earn Billion shall be responsible for service charges, promotion levy and rates during the said period.

The monthly rent payment and the stamp duty will be paid by the Group's internal sources of funding.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS16, the tenancy of the Silvercord Premises will be recognised as right-of-use assets for an amount of approximately HK\$35.4 million, which is calculated with reference to the present value of the aggregated lease payments to be made for the remaining terms of the Silvercord Existing Lease (and taking into account the option of extension thereunder) and the Silvercord Renewal Lease.

REASONS FOR AND BENEFITS OF THE SILVERCORD RENEWAL LEASE

The Group is currently leasing the Silvercord Premises for the operation of the Silvercord Restaurant. In order to secure the rent concession for 12 months under the Silvercord Existing Lease from 1 April 2020 to 31 March 2021, Earn Billion as the tenant of the Silvercord Premises agreed with the Silvercord Landlord to extend the term of the Silvercord Existing Lease for 12 months from the expiry of the Silvercord Existing Lease.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Silvercord Renewal Lease was entered into in the ordinary and usual course of business of the Group, and the Silvercord Renewal Lease was entered into on normal commercial terms after arm's length negotiations between the parties after taking into consideration the prevailing market price for comparable premises in the vicinity of the Silvercord Premises and the existing rent under the Silvercord Existing Lease, and the terms of the transactions contemplated under the Silvercord Renewal Lease were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company that holds all of the subsidiaries of the Group, the shares of which are listed on the Stock Exchange (stock code: 1703). The Group is a full-service restaurant group in Hong Kong offering Cantonese dining service and banquet service, including wedding banquet service. The Group operates Chinese full-service restaurants under two brand names, namely, brands with the word(s) “煌府 (Palace)” and “Royal Courtyard (煌苑)”.

Earn Billion

Earn Billion is a limited liability company incorporated under the laws of Hong Kong on 10 March 2017, which is an indirect wholly-owned subsidiary of the Company. Earn Billion operates the Silvercord Restaurant under the brand name, The Palace (煌府).

The Silvercord Landlord

The Silvercord Landlord, Silvercord Limited, is a limited liability company incorporated under the laws of Hong Kong on 25 July 1980, which is wholly-owned by Brass Ring Limited, a limited liability company incorporated under the laws of the British Virgin Islands. Based on publicly available information and to the best knowledge, information and belief of the Directors, (i) the principal activities of the Silvercord Landlord include the leasing of the premises of the Silvercord shopping centre; (ii) the leasing of the premises in Silvercord shopping centre is handled by China Estates Holdings Limited (stock code: 127) or its affiliates as agent; and (iii) the directors of the Silvercord Landlord are Ms. Chan Hoi-wan (wife of Mr. Joseph Lau Luen Hung), Ms. Chan Sze-wan and Mr. Lau Ming Wai (son of Mr. Joseph Lau Luen Hung).

The Silvercord Landlord, its ultimate beneficial owners and its respective associates are Independent Third Parties to the Group and its connected persons as defined under the Listing Rules to the best knowledge, information and belief of the Directors.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Silvercord Renewal Lease is more than 5% and below 25%, the Silvercord Renewal Lease constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Palace Banquet Holdings Limited (首豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 7 June 2018
“Director(s)”	the directors of the Company
“Earn Billion”	Earn Billion Limited (獲億有限公司), a limited liability company incorporated under the laws of Hong Kong on 10 March 2017 and an indirect wholly-owned subsidiary of the Company

“Group”	the Company and its subsidiaries from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not connected persons of the Company and is third party independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Prospectus”	the prospectus of the Company dated 31 January 2019
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Silvercord Existing Lease”	the existing lease dated 28 March 2018 entered into between the Silvercord Landlord as landlord and Earn Billion as tenant in relation to the lease of the Silvercord Premises for a term from 1 April 2018 to 31 March 2022 (both days inclusive) with an option to renew for a further term of three years.
“Silvercord Landlord”	Silvercord Limited, a limited liability company incorporated under the laws of Hong Kong on 25 July 1980, which is an Independent Third Party and the landlord of the Silvercord Premises
“Silvercord Premises”	Shop 307, 3/F, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Silvercord Renewal Lease”	an agreement dated 3 July 2020 entered into between the Silvercord Landlord as landlord and Earn Billion as tenant in relation to, among others, the extension of the Silvercord Existing Lease from 1 April 2022 to 31 March 2023 (both days inclusive) and supplemental to the Silvercord Existing Lease

“Silvercord Restaurant” the restaurant located at Shop 307, 3/F, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong and operated by Earn Billion under the brand name “The Palace (煌府)”

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 3 July 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.