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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)

DISCLOSEABLE TRANSACTIONS

ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE RENEWAL OF THE TSUEN WAN WEST RESTAURANT

ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO LEASE RENEWAL OF THE TSUEN WAN WEST RESTAURANT

The Board is pleased to announce that on 24 November 2020, Better Winner, an indirect wholly-owned subsidiary of the Company, entered into the Confirmation of Tenancy as tenant with the Hong Kong Housing Society, an Independent Third Party as landlord, in respect of the Premises for a term of three years commencing on 1 June 2021 and ending on 31 May 2024 (both days inclusive) with an option to renew for a further three years for the Tsuen Wan West Restaurant.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Confirmation of Tenancy is more than 5% and below 25%, the Confirmation of Tenancy 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.

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PRINCIPAL TERMS OF THE CONFIRMATION OF TENANCY

The principal terms of the Confirmation of Tenancy are set out below:

Date	:	24 November 2020
Parties	:	(i) Hong Kong Housing Society, an Independent Third Party, as the landlord (ii) Better Winner, an indirect wholly-owned subsidiary of the Company, as the tenant
Premises	:	Shop 101 at 1/F, Plaza 328, Bo Shek Mansion, 328 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
Term	:	1 June 2021 to 31 May 2024 (both days inclusive) with an option to renew for a further term of three years
Rent free period	:	The tenant shall be entitled to a rent free period of two months from the commencement date of the term
User	:	The Premises shall not be used for any purpose other than as a shop for operation of a Chinese restaurant under the trade name of “煌府婚宴專門店” or two restaurants under other trade names to be approved in writing by the landlord
Area	:	The leasing area of the Premises is approximately 1,678 square meters (18,062 square feet)
Total aggregate value of consideration payable	:	HK\$16,260,000 in aggregate (exclusive of government rates, management fee, air conditioning inspection fee and other outgoings) of the Premises during the term from 1 June 2021 to 31 May 2024. The rental was determined with reference to the tender process.

The tenant shall also be responsible to pay the government rates (at such rate as from time to time to be assessed by the government) and management fees, which could be adjusted by the landlord and the property manager from time to time if and when necessary.

The stamp duty shall be payable by the landlord and the tenant in equal shares.

Security deposit : Deposit equivalent to three months' highest rental, government rates, management fee and air conditioning inspection charge shall be payable by the tenant for the due performance of the tenancy upon signing of the Confirmation of Tenancy, and the existing security deposit shall be transferred to the new tenancy as partial settlement.

Option to renew : Subject to the tenant's due performance and compliance with all the terms and conditions of the tenancy agreement, the tenant shall have an option to renew this tenancy, by giving to the landlord written notice of its intention to do so not less than six months before the expiration of the term, for a further term of three years at the then open market rent to be mutually agreed by both parties but in any case shall not be higher than HK\$575,000 per month and lower than HK\$500,000 per month.

In the absence of such agreement not earlier than two months before but no later than two months after the commencement of the new term, the open market rent shall be decided by a surveyor to be appointed by the chairman of the Hong Kong Institute of Surveyors. The decision of the said surveyor shall be final and conclusive and the cost of such surveyor and such appointment shall be borne by the tenant and the landlord in equal shares.

Corporate guarantee : The Company shall execute a corporate guarantee in a form prescribed by the landlord to secure the due observance and performance by the tenant of agreements stipulations terms and conditions in the Confirmation of Tenancy.

It is expected that a formal tenancy agreement will be entered into between Better Winner and the Hong Kong Housing Society. In the event that Better Winner fails to sign and return the formal tenancy agreement and make the said payments above within 14 days as stated, the landlord shall tender the confirmation of tenancy to the Stamp Office of the Inland Revenue Department for stamping without further notice.

The payments to be made under the Confirmation of Tenancy will be paid by the Group's internal sources of funding.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS16, the tenancy of the Tsuen Wan West Restaurant will be recognised as right-of-use assets for an amount of approximately HK\$36.2 million, which is calculated with reference to the present value of the aggregated lease payments to be made for the remaining term of Tsuen Wan West Restaurant existing lease and the term of the Confirmation of Tenancy.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is currently leasing the Premises for the operation of its Tsuen Wan West Restaurant. The lease renewal for the Premises will allow the Group to continue the operation of the Tsuen Wan West Restaurant.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Confirmation of Tenancy were entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company and Better Winner

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 three brand names, namely, brands with the word(s) “煌府 (Palace)”, “Royal Courtyard (煌苑)” and “Sea Moon Cuisine (海月宴會廳)”.

Better Winner is a limited liability company incorporated under the laws of Hong Kong on 16 December 2011, which is an indirect wholly-owned subsidiary of the Company. Better Winner operates the Tsuen Wan West Restaurant under the brand name, “The Palace” (煌府).

Information about the Hong Kong Housing Society

The Hong Kong Housing Society (HKHS) is an independent, non-government and not-for profit organisation established in 1948, providing quality housing for the people of Hong Kong. Incorporated by the Hong Kong Housing Society Incorporation Ordinance (Chapter 1059 of the Laws of Hong Kong) on 18 May 1951, the HKHS has implemented various housing schemes to meet the needs of niche markets. Governed by members with a supervisory Board and an executive

committee made up of professionals coming from different sectors of the community, the HKHS has been serving the Hong Kong community with a social mission.

The HKHS, its members, supervisory board and executive committee 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

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DEFINITIONS

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

“Better Winner”	Better Winner Limited (越凱有限公司), a limited liability company incorporated under the laws of Hong Kong on 16 December 2011 and an indirect wholly-owned subsidiary of the Company
“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
“Confirmation of Tenancy”	the confirmation of tenancy entered into between Better Winner as tenant and the Hong Kong Housing Society as landlord for the lease of the Premises for a term of three years from 1 June 2021
“Director(s)”	the directors 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
“Premises”	Shop 101 at 1/F, Plaza 328, Bo Shek Mansion, 328 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tsuen Wan West Restaurant”	the restaurant located at Shop 101, 1/F, Bo Shek Mansion, 328 Sha Tsui Road, Tsuen Wan, New Territories and operated by Better Winner under the brand name “The Palace (煌府)”

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

Hong Kong, 24 November 2020

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