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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUPER FORCE LIMITED

THE DISPOSAL

The Board announces that on 24 December 2020, the Seller as the seller and the Purchaser as the purchaser entered into the Sale and Purchase Agreement relating to the Disposal, being the disposal of 100% equity interest in Super Force, an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATION

As one or more than one of the applicable percentage ratios in respect of the Disposal contemplated under the Sale and Purchase Agreement is more than 5% but below 25%, the Sale and Purchase Agreement 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.

INTRODUCTION

The Board announces that on 24 December 2020, the Seller as the seller and the Purchaser as the purchaser entered into the Sale and Purchase Agreement relating to the Disposal, being the disposal of 100% equity interest in Super Force, an indirect wholly-owned subsidiary of the Company.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 24 December 2020

Parties : (1) The Seller, an indirect wholly-owned subsidiary of the Company, as the seller

(2) The Purchaser, an Independent Third Party, as the purchaser

For details of background of the parties, please refer to “Information about the Parties” below.

Consideration : HK\$700,000 to be paid by the Purchaser to the Seller in cash, of which, HK\$30,000 has been paid as at the date of the announcement and the balance to be paid within one year from the date of the Sale and Purchase Agreement.

The Consideration was determined with reference to the unaudited management accounts of Super Force for the eight months ended 30 November 2020, with a net loss of approximately HK\$4.2 million and net liability position of approximately HK\$2.3 million, as at 30 November 2020 and through arm’s length negotiation.

Assets and liabilities : All assets, including all equipment and fixtures of the West Kowloon Restaurant, and certain liabilities (which only include accrued expense but excludes staff emolument and any employee injury claim from any staff on or prior to the date of the Sale and Purchase Agreement, deferred income, lease liabilities and provision for reinstatement cost) of Super Force as at the date of Sale and Purchase agreement will be transferred together to the Purchaser with the Disposal. All equipment and fixtures of the Restaurant were sold in the Disposal on as is basis.

Based on unaudited management account as at 30 November 2020, the estimated total assets and liabilities to be transferred to the Purchaser are approximately HK\$24.6 million and approximately HK\$24.1 million respectively.

The Seller will settle the staff payroll and severance payment incurred up to the date of the Sale and Purchase Agreement prior to the completion of the Disposal. Furthermore, the Seller will be responsible to provide banquet services to customers who has paid deposit for such banquet services at the Group's other restaurants, which is related to approximately HK\$0.3 million deposits received.

INFORMATION ABOUT THE PARTIES

Information about the Company and the Seller

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 currently 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)”.

The Seller is a limited liability company incorporated under the laws of the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company. The Seller is an investment holding company and is the holding company of Super Force.

Information about the Purchaser

The Purchaser is a limited liability company incorporated under the laws of Hong Kong and is wholly-owned by Ms. Lai Chi Mei (賴芷媚). The Purchaser is an investment holding company. The Purchaser and Ms. Lai Chi Mei (賴芷媚) are Independent Third Parties to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

Information about Super Force

Super Force is a limited liability company incorporated under the laws of Hong Kong and is an indirect wholly-owned subsidiary of the Company. Super Force operates the West Kowloon Restaurant under the brand name, “The Palace (煌府西九龍)”. Following the Disposal, Super Force will no longer be a subsidiary of the Company and its financial statement will cease to be consolidated into the Group's financial statements.

The audited net profits (both before and after taxation and extraordinary items) attributable to Super Force for the years ended 31 March 2019 and 2020 were as follows:

	For the year ended 31 March	
	2020	2019
	<i>HK\$ ('000)</i>	<i>HK\$ ('000)</i>
(Loss)/Net profit before taxation	(1,527)	2,375
(Loss)/Net profit after taxation	(1,758)	1,959

The estimated gain on disposal of Super Force based on the Consideration less the unaudited net asset to be transferred as at 30 November 2020 is approximately HK\$0.3 million.

The sales proceeds from the Disposal will be used for general working capital purpose.

REASON FOR THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 March 2020, the past financial year was particularly challenging for the Group due to the outbreak of COVID-19 and economic recession in Hong Kong. The Board has been monitoring the latest development of the market and adopt cost control to maintain the Group's position as one of the leading Chinese full-service restaurant groups in Hong Kong.

With the social distancing measures in Hong Kong being tightened from time to time, although the Board remains cautiously optimistic on the future outlook of the catering industry, the Board considers that stringent cost control must continue to be carried out. Taking into consideration that (i) the foot traffic for catering business has not recovered to pre-COVID-19 level and it remains uncertain as to how long the social distancing and "no dine-in restriction" measures will continue, which has an adverse impact on the banquet and dining services of the Group; (ii) there is no rent concession granted by the landlord of the West Kowloon Restaurant; and (iii) the West Kowloon Restaurant has been underperforming since early 2020 due to the social distancing measures of COVID-19, the Board believes that it would be in the interests of the Company and the Shareholders as a whole to dispose of Super Force.

The Directors consider that the Sale and Purchase Agreement and the transactions contemplated thereunder (in particular, the Disposal) are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more than one of the applicable percentage ratios in respect of the Disposal contemplated under the Sale and Purchase Agreement is more than 5% but below 25%, the Sale and Purchase Agreement 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
“Consideration”	HK\$700,000 to be paid by the Purchaser to the Seller in cash
“Directors”	the directors of the Company
“Disposal”	the disposal of Super Force as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, to the best knowledge and information of the Directors and having made all reasonable enquiries, is/are independent of and not considered as connected person(s) of the Company under 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
“West Kowloon Restaurant”	the restaurant located at Unit No. 904, 9/F, Dragon Centre, No. 37K Yen Chow Street, Sham Shui Po, Kowloon and operated by Super Force under the brand name “The Palace (煌府西九龍)”
“Party(ies)”	party(ies) to the Sale and Purchase Agreement
“Purchaser”	Fortune Silver International Limited (運銀國際有限公司), a company incorporated in Hong Kong with limited liability on 24 December 2020, which is wholly-owned by Ms. Lai Chi Mei (賴芷媚), an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2020 entered into between the Seller as the seller and the Purchaser as the purchaser for the Disposal

“Seller”	Studios Virtue Holdings Limited (學德控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 12 December 2017, and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Super Force”	Super Force Limited (兆科有限公司), a limited liability company incorporated under the laws of Hong Kong on 4 November 2016, which is wholly-owned by the Seller and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 24 December 2020

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