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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)**

### **CONNECTED TRANSACTIONS LEASE RENEWAL AGREEMENT OF SHEK MUN RESTAURANT**

Reference is made to the section headed “Continuing Connected Transactions” of the prospectus of the Company dated 31 January 2019 (the “**Prospectus**”) and in relation to, among other things, the continuing connected transaction on the existing lease agreements (the “**Existing Lease Agreements**”) to lease the Premises and the car-parking spaces entered into between Barry Investments and Able Cheer and to lease the Warehouses entered into between Barry Investments and Art Ocean. Capitalized terms used herein shall have the same meanings as those defined in the Prospectus, unless otherwise defined herein.

As the Existing Lease Agreements in relation to the aforesaid continuing connected transactions will expire on 31 March 2021, Barry Investments, on 4 March 2021 (after trading hours), entered into the Lease Renewal Agreements with Able Cheer to lease the Premises and Art Ocean to lease the Warehouse for the operation of Shek Mun Restaurant for a term of two years from 1 April 2021 to 31 March 2023 (both days inclusive).

As at the date of this announcement, Able Cheer and Art Ocean are owned as to 100% by Mr. Chan, who is a Controlling Shareholder, the Chairman and an executive Director and therefore a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, Able Cheer and Art Ocean are associates of Mr. Chan and thus connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules and the transactions contemplated under the Lease Renewal Agreements therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the terms of the lease under the Existing Lease Agreements of the Premises and the car-parking spaces were entered into or completed within a 12-month period and the landlords under the Existing Lease Agreements are the same, the transactions under the Existing Lease Agreements of the Premises and the car-parking spaces are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As Mr. Chan has a material interest in the transactions contemplated under the Lease Renewal Agreements, he is abstained from voting on the Board resolution approving the Lease Renewal Agreements and the transactions contemplated thereunder.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate of the transactions contemplated under the Lease Renewal Agreements and the Existing Lease Agreements of the Premises and the car-parking spaces are more than 0.1% but less than 5%, the transaction contemplated under the Lease Renewal Agreements are subject to announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the section headed "Continuing Connected Transactions" of the prospectus of the Company dated 31 January 2019 and in relation to, among other things, the continuing connected transaction on the Existing Lease Agreements entered into between Barry Investments and Able Cheer and Art Ocean.

## **LEASE RENEWAL AGREEMENT**

As the Existing Lease Agreements in relation to the aforesaid continuing connected transactions will expire on 31 March 2021, Barry Investments, on 4 March 2021 (after trading hours), entered into the Lease Renewal Agreements with Able Cheer to lease the Premises and with Art Ocean to lease the Warehouse for the operation of Shek Mun Restaurant for a term of two years from 1 April 2021 to 31 March 2023 (both days inclusive).

Major terms of the Lease Renewal Agreements are as follows:

- (1) Date : 4 March 2021
- Parties : (i) Able Cheer, as the landlord  
(ii) Barry Investments, as the tenant
- Location : Shop No. R1, 3/F., Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories
- Use : Shek Mun Restaurant operating under the brand "Royal Courtyard (煌苑)"

- (2) Date : 4 March 2021
- Parties : (i) Art Ocean, as the landlord  
(ii) Barry Investments, as the tenant
- Location : Shop 310, 3/F., Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories
- Use : Warehouse
- Term : 1 April 2021 to 31 March 2023 (both days inclusive)
- Aggregate rent payable : HK\$8,280,000 per annum (exclusive of government rates, management fee, air conditioning inspection fee and other outgoings).

The terms of the Lease Renewal Agreements were negotiated on an arm's length basis by reference to the annual aggregate rental value of HK\$8,403,600 valued by an independent professional property valuer. The Directors believe that the Premises is located in a prime location at Shek Mun, Hong Kong, with easy transportation access, are of great convenience to the Group's customers and can further strengthen the branding and presence of the Group.

Deposit : HK\$1,380,000 (equivalent to two months' rent)

## **RIGHT-OF-USE ASSETS**

Pursuant to HKFRS16, the Lease Renewal Agreements will be recognised as right-of-use assets with the aggregate consideration of approximately HK\$16.2 million, and the transaction contemplated under the Lease Renewal Agreements will be recognized as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

## **REASON FOR AND THE BENEFITS OF ENTERING THE LEASE RENEWAL AGREEMENTS**

The Group is currently leasing the Premises for the operation of Shek Mun Restaurant. The entering into of the Lease Renewal Agreements by the Group will ensure the Group to continue the operation of the Shek Mun Restaurant in the Premises without interruption to the business of the Group.

The Directors, including the independent non-executive directors, are of the opinion that:

- (i) the transactions contemplated under the Lease Renewal Agreements were entered into in the ordinary and usual course of business of the Group; and
- (ii) the terms of the Lease Renewal Agreements are 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 OF THE PARTIES**

### **The Group**

The Company is an investment holding company that holds all of the subsidiaries of the Group, the shares of which are listed on the Main Board of 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)”.

### **Barry Investments**

Barry Investments is a limited liability company incorporated in Hong Kong on 27 November 2015 which is an indirect wholly-owned subsidiary of the Company. Barry Investments operates the Shek Mun Restaurant under the brand name, “Royal Courtyard (煌苑)”.

### **Able Cheer**

Able Cheer is a limited liability company incorporated in Hong Kong on 2 January 2015 and is principally engaged in property investment.

### **Art Ocean**

Art Ocean is a limited liability company incorporated in Hong Kong on 9 September 2016 and is principally engaged in property investment.

To the best of the Directors' information and belief, having made all reasonable enquires, as at the date of this announcement, the issued share capital of Able Cheer and Art Ocean is owned as to 100% by Mr. Chan.

## **LISTING RULES IMPLICATION**

Able Cheer and Art Ocean are owned as to 100% by Mr. Chan, who is a Controlling Shareholder, the Chairman and an executive Director and therefore a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, Able Cheer and Art Ocean are associates of Mr. Chan and thus connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules and the transactions contemplated under the Lease Renewal Agreements therefore constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the terms of the leases under the Existing Lease Agreements were entered into or completed within a 12-month period and the landlords under the Existing Lease Agreements are the same, the transactions under the Existing Lease Agreements are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As Mr. Chan has a material interest in the transactions contemplated under the Lease Renewal Agreements, he has abstained from voting on the Board resolution approving the Lease Renewal Agreements and the transactions contemplated thereunder.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate of the transactions contemplated under the Lease Renewal Agreements and the Existing Lease Agreements of the Premises and the car-parking spaces are more than 0.1% but less than 5%, the transaction contemplated under the Lease Renewal Agreements are subject to announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Able Cheer”	Able Cheer Development Limited (雅悅發展有限公司), a company incorporated in Hong Kong on 2 January 2015 with limited liability and owned as to 100% by Mr. Chan
“Agile Valley”	Agile Valley Limited (敏莊有限公司), a company incorporated in the British Virgin Islands on 8 January 2018 and owned as to 100% by Mr. Chan
“Art Ocean”	Art Ocean Limited (雅浩有限公司), a company incorporated in Hong Kong on 9 September 2016 with limited liability and owned as to 100% by Mr. Chan
“Barry Investments”	Barry Investments Limited (百力投資有限公司), a company incorporated in Hong Kong on 27 November 2015 with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the Board of Directors of the Company
“Company”	Palace Banquet Holdings Limited (首灃控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 7 June 2018
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Agile Valley
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Existing Lease Agreements”	the agreements include:  (1) a lease dated 22 July 2020 entered into between Able Cheer and Barry Investments in relation to the leases of the Premises and the car-parking spaces; and  (2) a lease dated 31 May 2019 entered into between Art Ocean and Barry Investments in relation to the lease of the Warehouse
“Group”, “we”, “us”, “our”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Lease Renewal Agreements”	the lease agreements include:  (1) a lease dated 4 March 2021 entered into between Able Cheer and Barry Investments in relation to the lease of the Premises; and  (2) a lease dated 4 March 2021 entered into between Art Ocean and Barry Investments in relation to the lease of the Warehouse
“Listing Rules”	Rules governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Shou Ming, being one of our executive Directors and the Controlling Shareholder of the Company
“Premises”	Shop No. R1, 3/F., Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories
“Shareholders”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shek Mun Restaurant”	the restaurant located at Shop No. R1, 3/F., Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories and operated by Barry Investments under the brand name “Royal Courtyard (煌苑)”

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warehouse”	Shop 310, 3/F., Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories
“%”	percent

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

Hong Kong, 4 March 2021

*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.*