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婚宴專門店
Wedding Banquet Specialist

WONDERFUL COSMOS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

PALACE BANQUET HOLDINGS LIMITED

首豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1703)

JOINT ANNOUNCEMENT

- (1) COMPLETION OF THE SALE AND PURCHASE OF SHARES IN
PALACE BANQUET HOLDINGS LIMITED**
- (2) MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA TONGHAI SECURITIES LIMITED
FOR AND ON BEHALF OF WONDERFUL COSMOS LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
PALACE BANQUET HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY WONDERFUL COSMOS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**
- (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER TO THE
INDEPENDENT BOARD COMMITTEE
AND**
- (4) RESUMPTION OF TRADING IN SHARES**

Financial Adviser to the Offeror

VEDA | CAPITAL
智略資本

Offer Agent to the Offeror



Independent Financial Adviser to the Independent Board Committee

**Innovax
Capital**

COMPLETION OF THE SALE AND PURCHASE OF THE SALE SHARES

The Company was informed by the Vendors that on 15 December 2021 (before trading hours of the Stock Exchange), the Offeror, Ms. Wai and Ms. Lo, as purchasers, entered into the SPA with Agile Valley (with Agile Valley being the Controlling Shareholder of the Company) and Bright Firewood, as vendors, pursuant to which the Offeror, Ms. Wai and Ms. Lo have conditionally agreed to acquire and the Vendors have conditionally agreed to sell a total of 685,000,000 Sale Shares, representing approximately 59.57% of the entire issued share capital of the Company as at the date of this joint announcement. The Consideration for the Sale Shares is HK\$157,550,000 (equivalent to HK\$0.23 per Sale Share). The Completion took place immediately upon the signing of the SPA on 15 December 2021.

The Purchasers acquired the Sale Shares in the following manner:

- (a) the Offeror acquired 586,500,000 Shares out of the Sale Shares (representing 51.00% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$134,895,000 (equivalent to HK\$0.23 per Sale Share);
- (b) Ms. Wai acquired 52,500,000 Shares out of the Sale Shares (representing approximately 4.57% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$12,075,000 (equivalent to HK\$0.23 per Sale Share); and
- (c) Ms. Lo acquired 23,500,000 Shares out of the Sale Shares (representing approximately 2.04% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$5,405,000 (equivalent to HK\$0.23 per Sale Share), and 22,500,000 Shares out of the Sale Shares (representing approximately 1.96% of the entire issued share capital of the Company as at the date of this joint announcement) from Bright Firewood at the cash consideration of HK\$5,175,000 (equivalent to HK\$0.23 per Sale Share).

Immediately following the Completion, each of the Vendors ceased to have any interest in the Shares.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to the Completion, none of the Offeror and the Offeror's Concert Parties owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately upon Completion and as at the date of this joint announcement, the Offeror and the Offeror's Concert Parties (including Mr. Tam, Ms. Wai and Ms. Lo) are in aggregate interested in a total of 685,000,000 Shares, representing approximately 59.57% of the total issued share capital of the Company as at the date of this joint announcement.

Accordingly, immediately upon the Completion, the Offeror is required to make the mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror's Concert Parties) pursuant to Rule 26.1 of the Takeovers Code.

The Offer will be made by China Tonghai Securities for and on behalf of the Offeror to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.23 in cash

The Offer Price of HK\$0.23 per Offer Share is the same as the purchase price per Sale Share paid by the Purchasers under the SPA. The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

The Offer will be extended to all the Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made. The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend which is outstanding and not yet paid; and (ii) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

Confirmation of financial resources available to the Offeror

The Offeror will satisfy the consideration payable under the Offer by the Offer Facility. The Offeror has obtained the Offer Facility from China Tonghai Securities, which is secured by, among other things, all Offer Shares that may be acquired by the Offeror pursuant to the Offer. Assuming full acceptance of the Offer, the maximum aggregate amount payable by the Offeror under the Offer is HK\$106,950,000.

Veda Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors (namely, Mr. Lee Wai Man, Mr. Ng Kwok Tung and Mr. Tsang Hung Kei) who have no direct or indirect interest in the Offer, has been constituted to give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Innovax Capital Limited has been appointed as the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF COMPOSITE DOCUMENT

The Offeror and the Company intend to combine the offer document and the offeree board circular into the Composite Document which contains, amongst others, details of the Offer, accompanied by the relevant form of acceptance, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement or such later date as the Executive may approve. The Composite Document will be despatched to the Shareholders in accordance with the requirements of the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 December 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 December 2021.

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing the Independent Shareholders of the fact that the Company has been informed that the Offer will be made.

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

COMPLETION OF THE SALE AND PURCHASE OF THE SALE SHARES

The Company was informed by the Vendors that on 15 December 2021 (before trading hours of the Stock Exchange), the Offeror, Ms. Wai and Ms. Lo, as purchasers, entered into the SPA with Agile Valley (with Agile Valley being the Controlling Shareholder of the Company) and Bright Firewood, as vendors, pursuant to which the Offeror, Ms. Wai and Ms. Lo have conditionally agreed to acquire and the Vendors have conditionally agreed to sell a total of 685,000,000 Sale Shares, representing approximately 59.57% of the entire issued share capital of the Company as at the date of this joint announcement. The Consideration for the Sale Shares is HK\$157,550,000 (equivalent to HK\$0.23 per Sale Share).

The principal terms of the SPA are summarised below:

Date

15 December 2021 (before trading hours of the Stock Exchange)

Parties

- (1) The Purchasers:
 - (a) The Offeror;
 - (b) Ms. Wai; and
 - (c) Ms. Lo,
- (2) The Vendors:
 - (a) Agile Valley; and
 - (b) Bright Firewood.

Save and except the Offeror and its ultimate beneficial owner, Mr. Tam (who was an executive Director between July 2020 and March 2021), each of Ms. Wai and Ms. Lo and parties acting in concert with any of them is a third party independent of and not connected with the Company or the Company's connected persons. For further information of the Offeror, please refer to the paragraph headed "INFORMATION ON THE PURCHASERS – The Offeror" in this joint announcement.

Subject matter of the SPA

Pursuant to the SPA, the Offeror, Ms. Wai and Ms. Lo as the purchasers have conditionally agreed to acquire, and the Vendors as the vendors have conditionally agreed to sell a total of 685,000,000 Sale Shares, representing approximately 59.57% of the entire issued share capital of the Company as at the date of this joint announcement. The Completion took place immediately upon the signing of the SPA on 15 December 2021.

The Purchasers acquired the Sale Shares in the following manner:

- (a) the Offeror acquired 586,500,000 Shares out of the Sale Shares (representing 51.00% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$134,895,000 (equivalent to HK\$0.23 per Sale Share);
- (b) Ms. Wai acquired 52,500,000 Shares out of the Sale Shares (representing approximately 4.57% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$12,075,000 (equivalent to HK\$0.23 per Sale Share); and
- (c) Ms. Lo acquired 23,500,000 Shares out of the Sale Shares (representing approximately 2.04% of the entire issued share capital of the Company as at the date of this joint announcement) from Agile Valley at the cash consideration of HK\$5,405,000 (equivalent to HK\$0.23 per Sale Share), and 22,500,000 Shares out of the Sale Shares (representing approximately 1.96% of the entire issued share capital of the Company as at the date of this joint announcement) from Bright Firewood at the cash consideration of HK\$5,175,000 (equivalent to HK\$0.23 per Sale Share).

The Sale Shares were acquired by the Purchasers free from any encumbrance and together with all rights attached and accrued to them at the date of Completion including all rights to any dividend or other distribution declared, made or paid on or after the date of the Completion. Furthermore, there was no dividend declared but unpaid on the date of the Completion.

Immediately following the Completion, each of the Vendors ceased to have any interest in the Shares.

Consideration

The total consideration for the Sale Shares is HK\$157,550,000, representing a price of HK\$0.23 per Sale Share, and was paid by the Purchasers as follows:

- (i) HK\$134,895,000 were paid by the Offeror to Agile Valley in respect of 586,500,000 Sale Shares;
- (ii) HK\$12,075,000 were paid by Ms. Wai to Agile Valley in respect of 52,500,000 Sale Shares; and
- (iii) HK\$5,405,000 were paid by Ms. Lo to Agile Valley in respect of 23,500,000 Sale Shares and HK\$5,175,000 were paid by Ms. Lo to Bright Firewood in respect of 22,500,000 Sale Shares.

The Consideration was fully settled by the Purchasers from its internal resources and the Acquisition Facility immediately upon the signing of the SPA. The Acquisition Facility is granted by China Securities Limited to the Offeror and is secured by a collateral on the 586,500,000 Sale Shares acquired by the Offeror upon Completion.

The aggregate Consideration for the Sale Shares of HK\$157,550,000, representing HK\$0.23 per Sale Share, was agreed among the Purchasers and the Vendors after arm's length negotiations with reference to, amongst other things, (i) the historical operating and financial performance of the Group; (ii) the prevailing market price of the Shares; and (iii) the current market conditions.

Completion

Upon the Completion, which took place immediately after the signing of the SPA on 15 December 2021, and as at the date of this joint announcement, the Offeror and the Offeror's Concert Parties hold 685,000,000 Shares, representing approximately 59.57% of the entire issued share capital of the Company as at the date of this joint announcement.

MANDATORY UNCONDITIONAL CASH OFFER TO ACQUIRE THE OFFER SHARES

Immediately prior to the Completion, none of the Offeror and the Offeror's Concert Parties owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately upon Completion and as at the date of this joint announcement, the Offeror and the Offeror's Concert Parties (including Mr. Tam, Ms. Wai and Ms. Lo) are in aggregate interested in a total of 685,000,000 Shares, representing approximately 59.57% of the total issued share capital of the Company as at the date of this joint announcement.

Accordingly, immediately upon the Completion, the Offeror is required to make the mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror's Concert Parties) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this joint announcement, there are 1,150,000,000 Shares in issue. Save for the aforesaid, the Company does not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

The Offer will be made by China Tonghai Securities for and on behalf of the Offeror to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.23 in cash

The Offer Price of HK\$0.23 per Offer Share is the same as the purchase price per Sale Share paid by the Purchasers under the SPA. The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Comparison of value

The Offer Price of HK\$0.23 per Offer Share represents:

- (i) a discount of approximately 74.16% to the last trading price of HK\$0.89 per Share as quoted on the Stock Exchange on the Last Trading Day immediately before trading in the Shares were halted on 15 December 2021;
- (ii) a discount of approximately 74.16% to the average closing price of HK\$0.89 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 73.86% to the average closing price of approximately HK\$0.88 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 73.86% to the average closing price of approximately HK\$0.88 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 420.9% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0442 per Share as at 31 March 2021, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately HK\$50,780,000 as at 31 March 2021 and 1,150,000,000 Shares in issue as at the date of this joint announcement; and
- (vi) a premium of approximately 724.4% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0279 per Share as at 30 September 2021, calculated based on the unaudited consolidated net assets attributable to the Shareholders of approximately HK\$32,096,000 as at 30 September 2021 and 1,150,000,000 Shares in issue as at the date of this joint announcement.

Highest and lowest Share Prices

During the six-month period immediately preceding the date of this joint announcement (being the commencement date of the offer period under the Takeovers Code), the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$0.95 per Share on 25 October 2021 and HK\$0.71 per Share on 18 June 2021, 22 June 2021, 29 June 2021 and 13 August 2021, respectively.

Total value of the Offer

Save for the 685,000,000 Sale Shares acquired under the SPA by the Purchasers and with 1,150,000,000 Shares in issue as at the date of this joint announcement, on the assumption that there is no change to the issued share capital of the Company between the date of this joint announcement and up to the close of the Offer, 465,000,000 Shares will be subject to the Offer.

Based on the Offer Price of HK\$0.23 per Offer Share, the entire issued share capital of the Company is valued at HK\$264,500,000, and on the basis of full acceptance of the Offer, the maximum cash consideration payable by the Offeror under the Offer would be HK\$106,950,000.

Confirmation of financial resources available to the Offeror

The Offeror will satisfy the consideration payable under the Offer by the Offer Facility. The Offeror has obtained the Offer Facility from China Tonghai Securities, which is secured by, among other things, all Offer Shares that may be acquired by the Offeror pursuant to the Offer.

Veda Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third-party rights and with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive all dividends declared, paid or made, if any, on or after the date on which the offer document or the composite document is posted.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend which is outstanding and not yet paid; and (ii) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which will be included in the Composite Document.

Settlement

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven (7) Business Days of the date of receipt of a duly completed acceptance of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

Hong Kong stamp duty

In Hong Kong, seller's ad valorem stamp duty payable by the Shareholders who accept the Offer is calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will then pay the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will bear the buyer's ad valorem stamp duty in relation to the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror's Concert Parties, China Tonghai Securities, the Company, Veda Capital, the Independent Financial Adviser (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that all local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER DISCLOSURES

The Offeror confirms that, as at the date of this joint announcement:

- (i) save for the 685,000,000 Sale Shares, none of the Offeror and/or the Offeror's Concert Parties had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the 6 months period prior to the Last Trading Day and the period thereafter up to and including the date of this joint announcement;
- (ii) the Offeror and/or the Offeror's Concert Parties have not received any irrevocable commitment to accept or reject the Offer;
- (iii) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror and/or any of the Offeror's Concert Parties;
- (iv) save for the SPA, the Acquisition Facility and the Offer Facility, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind (as referred to in Note 8 to Rule 22 of the Takeovers Code) in relation to the Shares and which may be material to the Offer;
- (v) save for the Sale Shares, none of the Offeror and/or the Offeror's Concert Parties holds, owns or has control or direction over any voting rights or rights over any Shares or convertible securities, options, warrants or derivatives of the Company;
- (vi) there is no agreement or arrangement to which any of the Offeror and/or the Offeror's Concert Parties is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vii) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or the Offeror's Concert Parties has borrowed or lent;
- (viii) save for the Acquisition Facility and the Offer Facility, there is no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Offer being transferred, charged or pledged to any other persons;
- (ix) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror's Concert Parties on the one hand, and the Vendors and any parties acting in concert with any of them on the other hand;

- (x) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror or any of the Offeror's Concert Parties; or (2)(b) the Company, its subsidiaries or associated companies; and
- (xi) save for the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror's Concert Parties to the Vendors and their respective parties acting in concert in respect of the Sale Shares.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board (stock code: 1703). The Company is an investment holding company and its subsidiaries are principally engaged in Chinese restaurant operation in Hong Kong. The Group is a full-service restaurant group in Hong Kong offering Cantonese dining and banquet services including wedding banquet services.

Set out below is the summary of the financial information of the Group for the six months ended 30 September 2021 as extracted from the interim report of the Company for the six months ended 30 September 2021, and for the financial years ended 31 March 2020 and 2021 as extracted from the annual report of the Company for the year ended 31 March 2021:

	For the six months ended 30 September		For the year ended 31 March	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (audited)	2020 HK\$'000 (audited)
Revenue	156,011	105,090	224,081	650,801
Loss before income tax	(18,684)	(57,199)	(123,953)	(106,338)
Loss for the period/year attributable to owners of the Company	(18,684)	(57,295)	(124,269)	(112,371)
	As at 30 September		As at 31 March	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (audited)	2021 HK\$'000 (audited)	2020 HK\$'000 (audited)
Total assets	487,747	587,180	536,010	765,894
Total liabilities	456,651	506,176	485,230	627,595
Total equity	32,096	81,004	50,780	138,299

Further financial information of the Group will be set out in the Composite Document to be despatched.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before the Completion; (ii) immediately after the Completion and as at the date of this joint announcement:

Shareholders	Immediately before the Completion		Immediately after the Completion and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and the Offeror's Concert				
Parties	0	0	685,000,000	59.57
– Offeror	0	0	586,500,000	51.00
– Ms. Wai	0	0	52,500,000	4.57
– Ms. Lo	0	0	46,000,000	4.00
Agile Valley ⁽¹⁾	662,500,000	57.61	0	0
Bright Firewood ⁽²⁾	22,500,000	1.96	0	0
Public Shareholders	465,000,000	40.43	465,000,000	40.43
Total	<u>1,150,000,000</u>	<u>100.00</u>	<u>1,150,000,000</u>	<u>100.00</u>

Notes:

- Agile Valley is 100% owned by Mr. Chan Shou Ming, an executive Director and the chairman of the Board, and he is deemed, or taken to be, interested in all the Shares held by Agile Valley by virtue of Part XV of the SFO.
- Bright Firewood is 100% owned by Ms. Chen Xiao Ping, an executive Director, and she is deemed, or taken to be, interested in all the Shares held by Bright Firewood by virtue of Part XV of the SFO.
- Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE PURCHASERS

The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this joint announcement, the Offeror is wholly-owned by Mr. Tam, who is also the sole director of the Offeror.

Mr. Tam, aged 60, has over 30 years of experience in commercial design and marketing in the catering industry. Mr. Tam was an executive Director from July 2020 to March 2021. Prior to joining the Company, he was the marketing director of Guangzhou Cai Lan Baodao Catering Management Co., Ltd.* (廣州市蔡瀾寶島美食餐飲管理有限公司), a company principally engaged in the catering business in the PRC, from March 2015 to December 2018 and was subsequently promoted to become the president of brand management from January 2019 to September 2019.

Ms. Wai, one of the Offeror's Concert Parties

Ms. Wai, aged 69, has over 20 years of working experience in banking industry. She is a retired individual and an active participant to primary and secondary market with respect to dealings in securities.

Ms. Lo, one of the Offeror's Concert Parties

Ms. Lo, aged 39, has over 15 years of experience in accounting and finance industries. Ms. Lo obtained a bachelor's degree of science in the faculties of Newark College of Arts and Sciences and the Rutgers Business School from Rutgers, the State University of New Jersey in 2006. She joined PricewaterhouseCoopers in New Jersey, United States of America in 2006. Ms. Lo had been a data analyst with Bloomberg L.P. in Hong Kong from 2007 to 2015. Ms. Lo has been the chief financial officer of Zhong Yang Financial Group since 2021.

PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is restored.

The sole director of the Offeror and the Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.

INTENTIONS OF THE OFFEROR

The Offeror is of the view that the acquisition of the Sale Shares represented an attractive investment as the Group has a well-established network and reputation in the catering and dining industry in Hong Kong. The intention of the Offeror is that the Company's existing principal activities will be maintained and the Offeror will assist the Company in reviewing its business and operations and seek for new opportunities to enhance and strengthen the business of the Group.

Accordingly, the Offeror will conduct a detailed review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. As at the date of this joint announcement, no investment or business opportunities has been identified nor have the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to (i) the injection of any assets or business into the Group; or (ii) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

The Offeror has no intention to introduce any major changes in the existing operations and business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserve the right and cannot rule out making any changes that it deems necessary or appropriate to the Group's businesses and operations to enhance the value of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the date of this joint announcement, the Board is currently made up of six Directors, comprising three executive Directors, being Mr. Chan Shou Ming, Ms. Chen Xiao Ping and Ms. Qian Chunlin, and three independent non-executive Directors, being Mr. Lee Wai Man, Mr. Ng Kwok Tung and Mr. Tsang Hung Kei.

As at the date of this joint announcement, the Offeror intends to nominate new directors to the Board and such appointments will not take effect earlier than the date of posting of the Composite Document in relation to the Offer or such other date as permitted under the Takeovers Code. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated and the final composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rules and the articles of association of the Company, and a separate announcement will be made in this regard in accordance with the Listing Rules as and when appropriate.

Save for the change(s) to the composition of the Board as mentioned above, the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees, following completion of the Offer.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any relevant securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors (namely, Mr. Lee Wai Man, Mr. Ng Kwok Tung and Mr. Tsang Hung Kei) who have no direct or indirect interest in the Offer, has been constituted to give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Innovax Capital Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF COMPOSITE DOCUMENT

The Offeror and the Company intend to combine the offer document and the offeree board circular into the Composite Document which contains, amongst others, details of the Offer, accompanied by the relevant form of acceptance, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement or such later date as the Executive may approve. The Composite Document will be despatched to the Shareholders in accordance with the requirements of the Takeovers Code.

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 December 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 December 2021.

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing the Independent Shareholders of the fact that the Company has been informed that the Offer will be made.

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

DEFINITIONS

In this joint announcement, the following terms shall have the meanings as set out below, unless the context otherwise requires:

“Acquisition Facility”	a loan facility of up to HK\$90,000,000 granted by China Securities Limited as lender to the Offeror as borrower, which is secured by a collateral on the 586,500,000 Sale Shares acquired by the Offeror upon Completion
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Agile Valley”	Agile Valley Limited, being one of the Vendors, is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Chan Shou Ming, an executive Director. It held 662,500,000 Shares, representing approximately 57.61% of the entire issued share capital of the Company immediately prior to the Completion
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Bright Firewood”	Bright Firewood Limited, being one of the Vendors, is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Chen Xiao Ping, an executive Director. It held 22,500,000 Shares, representing approximately 1.96% of the entire issued share capital of the Company immediately prior to the Completion
“Business Day(s)”	a day(s) on which the Stock Exchange is open for the transaction of business
“China Tonghai Securities”	China Tonghai Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the agent making the Offer on behalf of the Offeror
“Company”	Palace Banquet Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board (Stock code: 1703)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions of the SPA, which took place on 15 December 2021

“Composite Document”	means the composite offer document and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time and the term “Director” shall be construed accordingly
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$” or “HK Dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been established for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser”	Innovax Capital Limited, being the independent financial adviser to the Independent Board Committee in relation to the Offer, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to acceptance
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror’s Concert Parties

“Last Trading Day”	14 December 2021, being the last trading day of the Shares before the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Tam”	Mr. Tam Kar Wai, the sole shareholder and director of the Offeror, and an executive Director between July 2020 and March 2021
“Ms. Lo”	Ms. Lo Yung Yung, an individual Hong Kong citizen and a third party independent of and not connected with the Company or the Company’s connected persons
“Ms. Wai”	Ms. Wai Ka Po, an individual Hong Kong citizen and a third party independent of and not connected with the Company or the Company’s connected persons
“Offer”	the mandatory unconditional cash offer to be made by China Tonghai Securities for and on behalf of the Offeror to acquire all the issued Shares other than those already owned or agreed to be acquired by the Offeror and the Offeror’s Concert Parties pursuant to Rule 26.1 of the Takeovers Code
“Offer Facility”	a loan facility of up to HK\$107,000,000 granted by China Tonghai Securities as lender to the Offeror as borrower, which is secured by a charge over the Offer Shares that may be acquired by the Offeror under the Offer
“Offer Price”	the price of HK\$0.23 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Offer

“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and the Offeror’s Concert Parties
“Offeror”	Wonderful Cosmos Limited, an investment holding company incorporated in the British Virgin Islands with limited liability wholly owned by Mr. Tam, being the offeror in relation to the Offer
“Offeror’s Concert Parties”	the parties acting in concert and presumed to be acting in concert with the Offeror, including but not limited to Mr. Tam, Ms. Wai and Ms. Lo, as determined in accordance with the Takeovers Code
“Overseas Shareholder(s)”	the Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this joint announcement
“Purchasers”	collectively, the Offeror, Ms. Wai and Ms. Lo
“Sale Shares”	685,000,000 Shares sold by the Vendors and acquired by the Purchasers pursuant to the terms and conditions of the SPA, representing approximately 59.57% of the entire issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“SPA”	the sale and purchase agreement dated 15 December 2021 entered into among Agile Valley and Bright Firewood, as vendors, and the Offeror, Ms. Wai and Ms. Lo, as purchasers, in relation to the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	collectively, Agile Valley and Bright Firewood
“Veda Capital”	Veda Capital Limited, the financial adviser of the Offeror in respect of the Offer, and is a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity
“%”	per cent.

By Order of the board of director of
Wonderful Cosmos Limited
Tam Kar Wai
Sole Director

By Order of the Board
Palace Banquet Holdings Limited
Chan Shou Ming
Chairman and Executive Director

Hong Kong, 16 December 2021

As at the date of this joint 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. Lee Wai Man, Mr. Ng Kwok Tung and Mr. Tsang Hung Kei.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those relating to the Offeror and the Offeror’s Concert Parties) contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Tam.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.