

IPO FACT SHEET
Palace Banquet Holdings Ltd. (1703 HK)
ISSUE STATISTICS

Offer Size:	HK\$150m – HK\$225m
Placement Tranche:	300m
Price:	HK\$0.5 – HK\$0.75
Board lot:	5,000
Entry fee:	HK\$3,787.79
Historical PE	9.4x – 14.2x
Net tangible asset per share:	HK\$0.18-HK\$0.24
Market Cap (post-IPO):	HK\$500m - HK\$750m
Open:	31 Jan 2019
Close:	12.00 noon on 08 Feb 2019
Trading:	15 Feb 2019
Sponsor:	Shenwan Hongyuan Capital (H.K.) Limited

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
2017	635,106	6.6%
2018	770,143	21.3%
Profit for the years/period		
2017	40,269	1.0%
2018	52,982	31.6%

BACKGROUND

- They are a full-service restaurant group in Hong Kong offering Cantonese dining service and banquet service, including wedding banquet service.
- They offer services including wedding invitation card design, wedding cake and transportation pick-up, subject to the wedding banquet packages selected.
- As at the Latest Practicable Date, they operated 20 Chinese full-service restaurants under two brand names, namely (a) brands with the word “煌府 (Palace)” ; and (b) “Royal Courtyard (煌苑)” .
- According to the Frost & Sullivan Report, they ranked the third amongst the Chinese full-service restaurant groups in the Hong Kong banquet market with a market share of approximately 5.0%, and they were one of the top 10 market players in the Hong Kong full-service restaurant market with a market share of approximately 1.7%, in terms of revenue in 2017.

BUSINESS STRATEGY AND FUTURE PLANS

- Expanding their restaurant network and geographic coverage by opening more restaurants in Hong Kong.
- Renovating their existing restaurants to maintain competitiveness.
- Promoting their brands and wedding banquet service.

COMPETITIVE STRENGTHS

- Specialising in providing one-stop wedding banquet service.
- Diversified services and menu offerings.
- Strategic location of their restaurants.
- Experienced and stable management team.

KEY RISKS

- Their ability to open and operate new restaurants.

- They may not be able to implement and manage their growth strategies effectively.
- There are uncertainties on obtaining and renewing the licences necessary for their operations, any failure to renew/obtain timely could adversely affect their business and result of operation.
- They have previously been involved in certain incidents of non-compliance with certain Hong Kong regulatory requirements.

DIVIDEND POLICY

- They intend to recommend dividends of approximately 30% of their profit and total comprehensive income available for distribution to the Shareholders in a financial year.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Opening a total of eight restaurants by 31 March 2021, including a restaurant in Kwun Tong in 2019.	92.9	76.1%
Renovation of existing restaurants.	17.2	14.1%
Promoting their brands and wedding banquet service.	6.1	5.0%
General working capital.	5.9	4.8%
Total:	122.1	100.00%

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