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## **U BANQUET GROUP HOLDING LIMITED**

### **譽宴集團控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8107)**

### **CONNECTED AND DISCLOSESABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE REMAINING 49.995% INTEREST IN GENERAL CORPORATION AND SMART AWARD**

The Board is pleased to announce that on 4 July 2014 (after trading hours), Modern Management, an indirect wholly-owned subsidiary of the Company, the Company and the Vendor entered into:

- (i) the General Corporation Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the General Corporation Sale Shares at an aggregate consideration of HK\$20,240,000, which shall be satisfied by the issue and allotment of the General Corporation Consideration Shares to the Vendor or his nominee upon General Corporation Completion; and
- (ii) the Smart Award Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the Smart Award Sale Shares at an aggregate consideration of HK\$11,660,000, which shall be satisfied by the issue and allotment of the Smart Award Consideration Shares to the Vendor or his nominee upon Smart Award Completion.

The aggregate Consideration Shares represents approximately 14.50% of the issued share capital of the Company as at the date of this announcement and approximately 12.66% of the enlarged issued share capital of the Company immediately following the Completion.

As at the date of the Agreements, the Company owned approximately 50.005% indirect interest in each of General Corporation and Smart Award through Modern Management and the Vendor owned approximately 49.995% interest in each of General Corporation and Smart Award. Upon Completion, each of General Corporation and Smart Award will become an indirect wholly-owned subsidiary of the Company.

The Vendor, a director of each of General Corporation and Smart Award, currently owns 49.995% interest in each of General Corporation and Smart Award, and is a connected person of the Company and the Acquisitions constitute connected transactions for the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute connected and discloseable transactions of the Company under the GEM Listing Rules and are subject to announcement and independent shareholders' approval requirements under the GEM Listing Rules.

A circular containing, among others, (i) details of the Agreements, the recommendation of the independent board committee and the advice of the independent financial adviser will be despatched to the Shareholders on or before 25 July 2014.

## **Introduction**

The Board is pleased to announce that on 4 July 2014 (after trading hours), Modern Management, an indirect wholly-owned subsidiary of the Company, the Company and the Vendor entered into:

- (i) the General Corporation Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the General Corporation Sale Shares at an aggregate consideration of HK\$20,240,000, which shall be satisfied by the issue and allotment of an aggregate 36,800,000 General Corporation Consideration Shares to the Vendor or his nominee upon General Corporation Completion; and
- (ii) the Smart Award Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the Smart Award Sale Shares at an aggregate consideration of HK\$11,660,000, which shall be satisfied by the issue and allotment of an aggregate 21,200,000 Smart Award Consideration Shares to the Vendor or his nominee upon Smart Award Completion.

## **THE GENERAL CORPORATION AGREEMENT**

### **Date**

4 July 2014

### **Parties**

1. Purchaser : Modern Management, an indirect wholly-owned subsidiary of the Company
2. Vendor : Mr. Yip Wang Kwong
3. Holding company of the purchaser : the Company

### **Assets to be sold and purchased**

The General Corporation Sale Shares, representing approximately 49.995% of the entire issued share capital of General Corporation.

### **Consideration**

The General Corporation Consideration is HK\$20,240,000, which shall be satisfied by the issue and allotment of 36,800,000 General Corporation Consideration Shares at an issue price of HK\$0.55 each to the Vendor or his nominees at General Corporation Completion.

The General Corporation Consideration was arrived at after arm's length negotiations between the Modern Management and the Vendor and on normal commercial terms with reference to:

- (i) the fair value of 49.995% equity interest of General Corporation of HK\$21,054,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by an independent valuer appointed by the Company;

- (ii) the audited net assets value as at 31 December 2013 and prospects of General Corporation; and
- (iii) the factors described under the section headed “Reasons for and benefits of the Acquisitions” below.

### **Conditions**

Completion is conditional upon, among other things, the following conditions precedent having been fulfilled or, as the case may be, waived:

- (1) if necessary, all approvals by the Shareholders, government and regulatory authorities (including but not limited to the Stock Exchange and the passing of relevant resolution(s) for approving the Acquisitions by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the General Corporation Agreement being obtained;
- (2) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (3) the Stock Exchange granting the listing of, and permission to deal in, the General Corporation Consideration Shares;
- (4) the Smart Award Acquisition having become unconditional; and
- (5) the warranties given by the Vendor under the General Corporation Agreement having remained true and accurate in all material respects.

In the event that the above conditions are not fulfilled on or before the Long Stop Date, the General Corporation Agreement shall be terminated and neither party shall have any rights or obligations against each other under the General Corporation Agreement except for any antecedent breach.

### **Completion**

Completion under the General Corporation Agreement will take place within 7 Business Days after the fulfillment of the conditions under the General Corporation Agreement or at such other date as may be agreed by the parties.

After the Completion, General Corporation will become an indirect wholly-owned subsidiary of the Company.

### **INFORMATION ON GENERAL CORPORATION**

General Corporation was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the General Corporation Agreement. General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood.

## Financial information of General Corporation

Set out below is the audited financial information of General Corporation for the two financial years ended 31 December 2012 and 2013 respectively:

	<b>For the year ended 31 December 2012 (audited) <i>Approximately HK\$'000</i></b>	<b>For the year ended 31 December 2013 (audited) <i>Approximately HK\$'000</i></b>
Net profit before taxation	<u>478</u>	<u>1,927</u>
Net profit after taxation	<u>426</u>	<u>1,592</u>

The audited net assets value of General Corporation as at 31 December 2013 was approximately HK\$28,000.

### THE SMART AWARD AGREEMENT

#### Date

4 July 2014

#### Parties

1. Purchaser : Modern Management, an indirect wholly-owned subsidiary of the Company
2. Vendor : Mr. Yip Wang Kwong
3. Holding company of the purchaser : the Company

#### Assets to be sold and purchased

The Smart Award Sale Shares, representing approximately 49.995% of the entire issued share capital of Smart Award.

#### Consideration

The Smart Award Consideration is HK\$11,660,000, which shall be satisfied by the issue and allotment of 21,200,000 Smart Award Consideration Shares at an issue price of HK\$0.55 each to the Vendor or his nominees at Smart Award Completion.

The Smart Award Consideration was arrived at after arm's length negotiations between the Modern Management and the Vendor and on normal commercial terms with reference to:

- (i) the fair value of 49.995% equity interest of Smart Award of approximately HK\$12,127,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by an independent valuer appointed by the Company;
- (ii) the audited net assets value as at 31 December 2013 and prospects of Smart Award; and
- (iii) the factors described under the section headed "Reasons for and benefits of the Acquisitions" below.

### **Conditions**

Completion is conditional upon, among other things, the following conditions precedent having been fulfilled or, as the case may be, waived:

- (1) if necessary, all approvals by the Shareholders, government and regulatory authorities (including but not limited to the Stock Exchange and the passing of the relevant resolution(s) for approving the Acquisitions by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the Smart Award Agreement being obtained;
- (2) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (3) the Stock Exchange granting the listing of, and permission to deal in, the Smart Award Consideration Shares;
- (4) the General Corporation Acquisition having become unconditional; and
- (5) the warranties given by the Vendor under the Smart Award Agreement having remained true and accurate in all material respects.

In the event that the above conditions are not fulfilled on or before the Long Stop Date, the Smart Award Agreement shall be terminated and neither party shall have any rights or obligations against each other under the Smart Award Agreement except for any antecedent breach.

### **Completion**

Completion under the Smart Award Agreement will take place within 7 Business Days after the fulfillment of the conditions under the Smart Award Agreement or at such other date as may be agreed by the parties.

After the Completion, Smart Award will become an indirect wholly-owned subsidiary of the Company.

### **INFORMATION ON SMART AWARD**

Smart Award was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the Smart Award Agreement. Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food.

## Financial information of Smart Award

Set out below is the audited financial information of Smart Award for the two financial years ended 31 December 2012 and 2013 respectively:

	<b>For the year ended 31 December 2012 (audited) <i>Approximately HK\$ '000</i></b>	<b>For the year ended 31 December 2013 (audited) <i>Approximately HK\$ '000</i></b>
Net profit before taxation	<u>2,762</u>	<u>2,354</u>
Net profit after taxation	<u>2,316</u>	<u>1,966</u>

The audited net assets value of Smart Award as at 31 December 2013 was approximately HK\$92,000.

### Financial effects

Prior to the Completion, General Corporation and Smart Award are indirect non-wholly owned subsidiaries of the Company and their financial results have been consolidated in the Group's accounts.

Upon the Completion, General Corporation and Smart Award will become indirect wholly owned subsidiaries of the Company, and their financial results will be wholly consolidated into the Group's accounts without deducting any non-controlling interests.

### Consideration Shares

Pursuant to the General Corporation Agreement and the Smart Award Agreement, the Company shall issue and allot, credited as fully paid, an aggregate 58,000,000 Consideration Shares at the issue price of HK\$0.55 per Consideration Share to the Vendor or his nominee as settlement of the Consideration for the Acquisitions. The issue price was arrived at after arm's length negotiation among Modern Management, the Company and the Vendor with reference to the recent market prices of the Shares.

The issue price of HK\$0.55 per Consideration Share represents:

- (i) a discount of approximately 30.38% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.54% to the average closing price of approximately HK\$0.71 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Agreements;
- (iii) a discount of approximately 22.54% to the average closing price of approximately HK\$0.71 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Agreements; and
- (iv) a premium of approximately 210.73% to the net asset value of the Company per Share attributable to the owners of the Company of approximately HK\$0.177 as at 31 December 2013 based on the audited consolidated net asset value of the Company as at 31 December 2013.

The aggregate Consideration Shares comprising 58,000,000 Shares represents approximately 14.50% of the issued share capital of the Company as at the date of this announcement and approximately 12.66% of the enlarged issued share capital of the Company immediately following the Completion.

The Consideration Shares will be issued and allotted pursuant to a specific mandate to be obtained by the Board from the Independent Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

There is no restriction for the subsequent sale of the Consideration Shares and the Consideration Shares will rank pari passu in all respects with all other Shares in issue on Completion.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (assuming no other changes in the issued share capital of the Company) are set out below:

	As at the date of this announcement		Immediately after Completion (Note 3)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
U Banquet (Cheung's) Holdings Company Limited (Note 1)	275,570,000	68.89	275,570,000	60.17
WONG Tsip Yue, Pauline (Note 2)	200,000	0.05	200,000	0.04
The Vendor	—	—	58,000,000	12.66
Public Shareholders	124,230,000	31.06	124,230,000	27.13
<b>Total</b>	<b>400,000,000</b>	<b>100.00</b>	<b>458,000,000</b>	<b>100.00</b>

Notes:

1. U Banquet (Cheung's) Holdings Company Limited, a company incorporated in the British Virgin Islands and is owned as to 58.5% by Mr. Cheung Ka Ho and 41.5% by Mr. Cheung Ka Kei. Both Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are executive Directors.
2. The 200,000 Shares represent beneficial interest of the spouse of Ms. WONG Tsip Yue, Pauline, an independent non-executive Director.
3. Assuming there is no change in the existing shareholding of the Company except for the issue of the Consideration Shares.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Group is principally engaged in operation of a chain of Chinese restaurants, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat in Hong Kong.

General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood and Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food.

The Directors are of the view that the Acquisitions provide a valuable opportunity for the Company to increase its interest in each of General Corporation and Smart Award by acquiring the remaining 49.995% shareholding in each of General Corporation and Smart Award and thus enable the Group to exercise absolute and more effective control over the business and operations of each of General Corporation and Smart Award, to have larger share of the return in General Corporation and Smart Award and further enhance its capabilities in the business of distribution and sale of fresh vegetables, fruits and seafood, frozen food and high value dried food.

The Directors (excluding the independent non-executive Directors who will give their opinion in the circular after considering the advice of an independent financial adviser) consider the terms of each of the General Corporation Agreement and Smart Award Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Each of the Directors (including the independent non-executive Directors) has no interest in the Acquisitions.

## **LISTING RULES IMPLICATIONS**

As at the date of the Agreements, the Company owned approximately 50.005% indirect interest in each of General Corporation and Smart Award through Modern Management and the Vendor owned approximately 49.995% interest in each of General Corporation and Smart Award. Upon Completion, each of General Corporation and Smart Award will become an indirect wholly-owned subsidiary of the Company.

The Vendor, a director of each of General Corporation and Smart Award, currently owns 49.995% interest in each of General Corporation and Smart Award, and is a connected person of the Company and the Acquisitions constitute connected transactions for the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute connected and discloseable transactions of the Company under the GEM Listing Rules and are subject to announcement and independent shareholders' approval requirements under the GEM Listing Rules.

A circular containing, among others, (i) details of the Agreements, the recommendation of the independent board committee and the advice of the independent financial adviser will be despatched to the Shareholders on or before 25 July 2014.



## DEFINITIONS

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

“Acquisitions”	the General Corporation Acquisition and the Smart Award Acquisition
“Agreements”	the General Corporation Agreement and the Smart Award Agreement
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
“Company”	U Banquet Group Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8107)
“Completion”	completion of the Acquisitions in accordance with the Agreements
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisitions of HK\$31,900,000, being the sum of General Corporation Consideration and the Smart Award Consideration
“Consideration Shares”	58,000,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon Completion; each “Consideration Share”
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider, and if thought fit, pass the resolutions to approve, the Agreements and the transactions contemplated thereunder (including the issue of the Consideration Shares)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Corporation”	General Corporation Limited (浩凌有限公司), a company incorporated in Hong Kong and is owned as to 50.005% by Modern Management and 49.995% by the Vendor
“General Corporation Acquisition”	acquisition of approximately 49.995% interest in General Corporation by Modern Management from the Vendor pursuant to the General Corporation Agreement

“General Corporation Agreement”	the sale and purchase agreement dated 4 July 2014 entered into among the Vendor, Modern Management and the Company in relation to the General Corporation Acquisition
“General Corporation Completion”	completion of the General Corporation Acquisition in accordance with the General Corporation Agreement
“General Corporation Consideration”	HK\$20,240,000, the consideration for the General Corporation Acquisition pursuant to the General Corporation Agreement
“General Corporation Consideration Shares”	36,800,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon General Corporation Completion
“General Corporation Sale Shares”	5,000 shares in General Corporation, representing approximately 49.995% of the entire issued share capital of General Corporation
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than those who are required by the GEM Listing Rules to abstain from voting on the resolution(s) for approving the Acquisitions and the allotment and issue of the Consideration Shares
“Last Trading Day”	4 July 2014, the last trading day on which the Shares were traded on the Stock Exchange immediately preceding the publication of this announcement
“Long Stop Date”	30 September 2014 (or such later date as the Vendor, Modern Management and the Company may agree in writing)
“Modern Management”	Modern Management (Restaurant) Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Sale Shares”	collectively the General Corporation Sale Shares and the Smart Award Sale Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Smart Award”	Smart Award Limited (豐美有限公司), a company incorporated in Hong Kong and is owned as to 50.005% by Modern Management and 49.995% by the Vendor
“Smart Award Acquisition”	acquisition of approximately 49.995% interest in Smart Award by Modern Management from the Vendor pursuant to the Smart Award Agreement

“Smart Award Agreement”	the sale and purchase agreement dated 4 July 2014 entered into among the Vendor, Modern Management and the Company in relation to the Smart Award Acquisition
“Smart Award Completion”	completion of the Smart Award Acquisition in accordance with the Smart Award Agreement
“Smart Award Consideration”	HK\$11,660,000, the consideration for the Smart Award Acquisition pursuant to the Smart Award Agreement
“Smart Award Consideration Shares”	21,200,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon Smart Award Completion
“Smart Award Sale Shares”	5,000 shares in Smart Award, representing approximately 49.995% of the entire issued share capital of Smart Award
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Vendor”	Mr. Yip Wang Kwong 葉宏光
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**U Banquet Group Holding Limited**  
**Cheung Ka Ho**  
*Chairman and Executive Director*

Hong Kong, 4 July 2014

*As at the date of this announcement, the executive Directors are Mr. Cheung Ka Ho, Mr. Cheung Ka Kei and Mr. Kan Yiu Pong, and the independent non-executive Directors are Mr. Chung Kong Mo JP, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Growth Enterprise Market website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.u-banquetgroup.com](http://www.u-banquetgroup.com).*