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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 ENTIRE INTEREST IN BILLION TREASURE

Financial Adviser to U Banquet Group Holding Limited



The Board is pleased to announce that on 10 October 2014 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Billion Treasure. Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Shares is HK\$4,900,000, which shall be satisfied by the issue and allotment of the Consideration Shares to the Vendors or their nominee upon Completion.

The Consideration Shares represents approximately 1.53% of the issued share capital of the Company as at the date of this announcement and approximately 1.51% of the enlarged issued share capital of the Company immediately following the Completion.

The Vendors, being Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are the executive Directors and the directors of Billion Treasure, currently own as to approximately 53.13% and 46.87% of the issued share capital of Billion Treasure respectively, and are connected persons of the Company. Thus, the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes connected and discloseable transaction of the Company under the GEM Listing Rules and are subject to announcement and independent shareholders' approval requirements under the GEM Listing Rules.

The EGM will be convened at which a resolution will be proposed to seek the Independent Shareholders' approval of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Vendors and its associates are required to abstain from voting at the EGM.

A circular containing, among others, (i) details of the Acquisition; (ii) the recommendation of the independent board committee; (iii) the advice of the independent financial adviser; (iv) valuation report of the property interests held by Billion Treasure; and (v) the notice of the EGM will be despatched to the Shareholders on or before 31 October 2014.

Introduction

The Board is pleased to announce that on 10 October 2014 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Billion Treasure. Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Shares is HK\$4,900,000, which shall be satisfied by the issue and allotment of the Consideration Shares to the Vendors or their nominee upon Completion.

THE SALE AND PURCHASE AGREEMENT

Date

10 October 2014

Parties

1. Purchaser : Kind Access Development Limited, a direct wholly-owned subsidiary of the Company
2. Vendors : Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, the executive Directors
3. Holding company of the Purchaser : the Company

Assets to be acquired

The Sale Shares, representing 3,200,000 issued shares, being the entire issued share capital of Billion Treasure.

Consideration

The consideration for the Acquisition is HK\$4,900,000, which shall be satisfied by the issue and allotment of 7,000,000 Consideration Shares at an issue price of HK\$0.70 each to the Vendors or their nominees at Completion. Among the 7,000,000 Consideration Shares, 3,718,750 Shares and 3,281,250 Shares shall be issued and allotted to Mr. Cheung Ka Ho and Mr. Cheung Ka Kei respectively.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors and on normal commercial terms with reference to:

- (i) the unaudited net asset value of Billion Treasure as at 30 June 2014 of approximately HK\$4.96 million after taken into account the preliminary valuation of the investment properties in an amount of approximately HK\$33.2 million as at 30 June 2014 as assessed by an independent valuer.
- (ii) the factors described under the section headed "Reasons for and benefits of the Acquisition" 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 Acquisition by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the Sale and Purchase 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 Consideration Shares;
- (4) the release of personal guarantee from the Vendors for securing Billion Treasure bank loans;
- (5) the release of corporate guarantee executed by the three private companies of the Vendors for securing Billion Treasure bank loans; and
- (6) the warranties given by the Vendors under the Sale and Purchase 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 Sale and Purchase Agreement shall be terminated and neither party shall have any rights or obligations against each other under the Sale and Purchase Agreement except for any antecedent breach.

Completion

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

After the Completion, Billion Treasure will become an indirect wholly-owned subsidiary of the Company and the financial results will be consolidated into the Group's accounts..

INFORMATION ON BILLION TREASURE

Billion Treasure was incorporated in Hong Kong with limited liability and is wholly-owned by the Vendors as at the date of the Sale and Purchase Agreement. Billion Treasure is principally engaged in property investment for rental, investment holding and provision of wedding services under the name of "U Weddings". Billion Treasure's wedding services were discontinued in November 2013. The assets of Billion Treasure comprise mainly of investment properties which consist of one residential apartment and three industrial building units. The preliminary valuation of the investment properties in aggregate held by Billion Treasure as at 30 June 2014 was approximately HK\$33,200,000 as assessed by an independent valuer.

Financial information of Billion Treasure

Set out below is the consolidated financial information of Billion Treasure for the two financial years ended 31 December 2012 and 2013 and for the 6 months ended 30 June 2014 respectively:

	For the year ended 31 December 2012 (audited)	For the year ended 31 December 2013 (audited)	For the 6 month ended 30 June 2014 (unaudited)
	<i>Approximately HK\$'000</i>	<i>Approximately HK\$'000</i>	<i>Approximately HK\$'000</i>
Revenue (<i>Note 1</i>)	9,147	5,825	1,091
Net profit/(loss) before taxation	(9,634)	(3,016)	17,392 (<i>Note 2</i>)

Note:

1. Revenue consisted of wedding services income, which were discontinued in November 2013. Wedding services income accounted for approximately HK\$5.21 million and HK\$4.84 million for the two financial years ended 31 December 2012 and 2013 respectively.
2. This includes the revaluation gain on properties of approximately HK\$17.24 million.

The unaudited total assets and net asset value of Billion Treasure as at 30 June 2014 were approximately HK\$39.31 million and HK\$4.96 million respectively after taken into account the preliminary valuation of the investment properties in an amount of approximately HK\$33.20 million as at 30 June 2014 as assessed by an independent valuer.

Financial effects

Upon the Completion, Billion Treasure will become an indirect wholly-owned subsidiary of the Company, and the financial results will be consolidated into the Group's accounts.

Consideration Shares

Pursuant to the Sale and Purchase Agreement, the Company shall issue and allot, credited as fully paid, an aggregate of 7,000,000 Consideration Shares at the issue price of HK\$0.70 per Consideration Share to the Vendors or their nominee as settlement of the consideration for the Acquisitions. The issue price was arrived at after arm's length negotiation among the Purchaser, the Company and the Vendors with reference to the recent market prices of the Shares.

The issue price of HK\$0.70 per Consideration Share represents:

- (i) a discount of approximately 11.39% 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 13.37% to the average closing price of approximately HK\$0.808 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Sale and Purchase Agreement;

- (iii) a discount of approximately 15.05% to the average closing price of approximately HK\$0.824 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Sale and Purchase Agreement; and
- (iv) a premium of approximately 295.5% 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 Consideration Shares comprising 7,000,000 Shares represents approximately 1.53% of the issued share capital of the Company as at the date of this announcement and approximately 1.51% 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 upon 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 <i>(Note 3)</i>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
U Banquet (Cheung's) Holdings Company Limited <i>(Note 1)</i>	285,570,000	62.35%	285,570,000	61.41%
The Vendors				
Mr. Cheung Ka Ho	—	—	3,718,750	0.80%
Mr. Cheung Ka Kei	—	—	3,281,250	0.71%
WONG Tsip Yue, Pauline <i>(Note 2)</i>	200,000	0.04%	200,000	0.04%
Public Shareholders	172,230,000	37.61%	172,230,000	37.04%
Total	458,000,000	100.00	465,000,000	100.00

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 as at the date of this announcement. 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 ACQUISITION

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.

The Purchaser, a direct wholly-owned subsidiary of the Company, is an investment holding company.

Billion Treasure is principally engaged in property investment for rental, investment holding and provision of wedding services under the name of "U Weddings". Billion Treasure's wedding services were discontinued in November 2013.

The Directors are of the view that the Acquisition provides an opportunity for the Company to broaden its earnings base and to enhance its shareholder value by acquiring the entire issued share capital of Billion Treasure whose assets mainly consist of residential and industrial investment properties and thus enable the Group to receive a stable rental income and ride on potential capital appreciation on the investment properties in the future.

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 the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, being the executive Directors did abstain from voting on the relevant board resolution in view of their material interests in the Acquisition by virtue of being the Vendors. Other than the foresaid, none of the Directors (including the independent non-executive Directors) has interests in the Acquisition.

LISTING RULES IMPLICATIONS

The Vendors, being Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are the executive Directors and the directors of Billion Treasure, currently own as to approximately 53.13% and 46.87% of the entire issued share capital of Billion Treasure respectively, and are connected persons of the Company. Thus, the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes 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.

The EGM will be convened at which a resolution will be proposed to seek the Independent Shareholders' approval of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Vendors and its associates are required to abstain from voting at the EGM.

A circular containing, among others, (i) details of the Acquisition; (ii) the recommendation of the independent board committee; (iii) the advice of the independent financial adviser; (iv) valuation report of the property interests held by Billion Treasure; and (v) the notice of the EGM will be despatched to the Shareholders on or before 31 October 2014.

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
“Billion Treasure”	Billion Treasure Property Development Limited (億采物業發展有限公司), a company incorporated in Hong Kong and is wholly-owned by the Vendors
“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 Acquisition in accordance with the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration Shares”	7,000,000 new Shares to be issued and allotted by the Company to the Vendors or their nominee upon Completion
“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 Sale and Purchase Agreement 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
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“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 Acquisition and the allotment and issue of the Consideration Shares
“Last Trading Day”	10 October 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”	31 December 2014 (or such later date as the Vendors, the Purchaser and the Company may agree in writing)
“Purchaser”	Kind Access Development Limited, a company incorporated in British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 10 October 2014 entered into among the Vendors, the Purchaser and the Company in relation to the Acquisition
“Sale Shares”	3,200,000 shares in Billion Treasure, representing the entire issued share capital of Billion Treasure
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, being the executive Directors
“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, 10 October 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 for at least 7 days from the date of its posting and on the website of the Company at www.u-banquetgroup.com.