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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: 1483)

TERMINATION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION AND CAPITAL INJECTION

References are made to (i) the announcement of U Banquet Group Holding Limited (the “Company”, together with its subsidiaries, the “Group”) dated 23 March 2021 (the “MOU Announcement”) in relation to the memorandum of understanding (the “MOU”) for a possible acquisition and capital injection into Beijing Yunling Technology Co., Ltd.** (北京雲聆科技有限公司)(the “Possible Acquisition”); (ii) the announcement of the Company dated 23 March 2021 in relation to the placement of up to 90,000,000 new Shares to not less than six Placées at the Placing Price of HK\$1.68 per Placing Share (the “Placing Announcement”); and (iii) the announcement of the Company dated 15 April 2021 in relation to the completion of the Placing (the “Completion Announcement”, together with the MOU Announcement and the Placing Announcement, the “Announcements”). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

TERMINATION OF THE MOU

The Board would like to announce that despite the potential benefits of and the reasons for the Possible Acquisition as disclosed in the MOU Announcement, the parties could not agree on the material terms for the Possible Acquisition and therefore decided not to proceed with the Possible Acquisition. Accordingly, the parties to the MOU entered into a deed of termination on 30 April 2021 to terminate the MOU with effect from 30 April 2021 after arm's length negotiations. Each of the parties to the MOU has confirmed that there shall be no claim against each other in respect of any matters under or arising from the MOU.

The Board is of the view that the termination of the MOU would not have any material and adverse impact on the business and financial position and operation of the Group.

UPDATE IN USE OF PROCEEDS FROM THE PLACING

As disclosed in the Completion Announcement, if the transaction contemplated under the MOU materialized, in aggregate approximately HK\$93.8 million, representing approximately 62.09% of the net proceeds from the Placing, will be used for the Possible Acquisition and the transactions contemplated thereunder, comprising of (i) approximately HK\$83.1 million, representing approximately 55.01% of the net proceeds from the Placing, will be used for the Possible Acquisition; and (ii) approximately HK\$10.7 million, representing approximately 7.08% of the net proceeds from the Placing, will be used for promotion and initial operating cost of Xiaoji Emulator App. It was also disclosed in the Completion Announcement that if the transaction contemplated under the MOU is not materialized, such amount of net proceeds will be used for possible investment and transactions in the future with similar nature as the transactions contemplated under the MOU.

Despite of the termination of MOU, the Board maintains its view that investments in high-growth businesses in the PRC, including high technology, software consulting and internet service related business, will generate a stable and constant stream of income to the Group and create long term value for the Shareholders. Therefore, the Board will adhere to the original plan for the use of net proceeds of the Placing as stated in the Completion Announcement and apply the abovementioned net proceeds which were originally allocated to the Possible Acquisition and the transactions contemplated thereunder for the possible investment and transactions in the future with similar nature as the transaction contemplated under the MOU.

The remaining net proceeds of the Placing will also be applied as intended and disclosed in the Completion Announcement.

By order of the Board
U Banquet Group Holding Limited
Sang Kangqiao
Chairman and Executive Director

Hong Kong, 30 April 2021

As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao, Mr. Xu Wenze and Mr. Cui Peng; and the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.