



## 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)**

*Executive Directors:*

Mr. Cheung Ka Ho

*(Chairman and Chief Executive Officer)*

Mr. Cheung Ka Kei

Mr. Kan Yiu Pong

*Independent non-executive Directors:*

Mr. Chung Kong Mo *JP*

Ms. Wong Tsip Yue, Pauline

Mr. Wong Sui Chi

*Registered office:*

Offshore Incorporations

(Cayman) Limited

Floor 4, Willow House,

Cricket Square

P.O. Box 2804

Grand Cayman KY1-1112

Cayman Islands

*Principal place of business:*

Unit F, 28/F, Block 2

Vigor Industrial Building

49-53 Ta Chuen Ping Street

Kwai Chung, New Territories

Hong Kong

6 October 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
DELOITTE & TOUCHE CORPORATE FINANCE LIMITED  
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF  
U BANQUET GROUP HOLDING LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH HIM)**

#### INTRODUCTION

Reference is made to the Joint Announcement. On 9 September 2016 (after trading hours), the Vendors and the Purchasers entered into the Share Purchase Agreement, pursuant to which the Vendors have agreed to sell and the Purchasers have agreed to purchase the Sale Shares, being 289,288,750 Shares in aggregate, representing approximately 62.21% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$1.29032

per Sale Share, equivalent to HK\$373,275,060 in total, of which the Offeror agreed to acquire 184,288,750 Sale Shares, representing approximately 39.63% of the entire issued share capital of the Company as at the Latest Practicable Date. The purchase price per Sale Share under the Share Purchase Agreement was arrived at after arm's length negotiations between the Purchasers and the Vendors. The Sale Shares represent the entire holding of Shares by the Vendors immediately prior to the entering into of the Share Purchase Agreement. Following the fulfilment of all the conditions precedent of the Share Purchase Agreement, Completion took place on 15 September 2016. Completion of the sale of all Sale Shares between the Vendors and the Purchasers took place simultaneously.

Immediately prior to Completion, the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui) did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui) owned a total of 289,288,750 Shares in aggregate, representing approximately 62.21% of the entire issued share capital of the Company, of which Mr. Sang (the Offeror) owned 184,288,750 Shares, representing approximately 39.63% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with him (including Mr. Xu and Mr. Cui)).

As at the Latest Practicable Date, the Company has 465,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from Octal Capital containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

#### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chung Kong Mo *JP*, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi, has been formed to advise the Independent Shareholders in respect of the Offer. Octal Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of Octal Capital has been approved by the Independent Board Committee.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from Octal Capital" and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

## THE OFFER

### Principal terms of the Offer

The terms of the Offer as set out in the “Letter from Deloitte Corporate Finance” are extracted below. You are recommended to refer to the “Letter from Deloitte Corporate Finance” and the Form(s) of Acceptance for further details.

Deloitte Corporate Finance, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

**For each Offer Share.....HK\$1.29032 in cash**

The Offer Price of HK\$1.29032 per Offer Share is the same as the purchase price per Sale Share under the Share Purchase Agreement which was arrived at after arm’s length negotiations between the Purchasers and the Vendors. The Offer is unconditional in all respects. The Offer extends to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Deloitte Corporate Finance” and appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

## INFORMATION ON THE GROUP

The Group principally engages in the operation of a chain of Chinese restaurants, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat, and franchising the use of “U Banquet” in a Chinese restaurant in Hong Kong.

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2015 and the six months ended 30 June 2016:

	Year ended 31 December		For the six months ended
	2014	2015	30 June
	HK\$ '000	HK\$ '000	HK\$ '000
	(audited)	(audited)	(unaudited)
Revenue	398,068	401,071	177,605
Gross Profit	304,547	298,671	134,748
Profit/(loss) before tax	27,788	(5,773)	(8,488)
Profit/(loss) after tax	22,752	(5,978)	(8,881)

	As at 31 December		As at 30 June
	2014	2015	2016
	HK\$ '000	HK\$ '000	HK\$ '000
	(audited)	(audited)	(unaudited)
Net assets	92,563	86,585	77,704

Your attention is drawn to the further details of the information of the Group as set out in appendices II and III to this Composite Document.

## SHAREHOLDING STRUCTURE

Set out below are the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

Shareholders	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
U Banquet (Cheung's) (Note 1)	285,570,000	61.41%	—	—
Mr. Cheung (Note 2)	3,718,750	0.80%	—	—
Mr. Cheung Ka Kei (Note 2)	3,281,250	0.71%	3,281,250	0.71%
Mr. Kan Yiu Pong (Note 2)	370,000	0.08%	370,000	0.08%
Mr. Sang (the Offeror)	—	—	184,288,750	39.63%
Mr. Xu	—	—	100,000,000	21.51%
Mr. Cui	—	—	5,000,000	1.07%
Sub-total of the Offeror and parties acting in concert with him	—	—	289,288,750	62.21%
Public Shareholders	172,060,000	37.00%	172,060,000	37.00%
<b>Total</b>	<b>465,000,000</b>	<b>100.00%</b>	<b>465,000,000</b>	<b>100.00%</b>

Notes:

- U Banquet (Cheung's) is beneficially owned by Mr. Cheung and Mr. Cheung Ka Kei, the brother of Mr. Cheung, as to 58.5% and 41.5% respectively.
- Mr. Cheung, Mr. Cheung Ka Kei and Mr. Kan Yiu Pong are executive Directors.

## INFORMATION ON THE OFFEROR

Your attention is drawn to the sections headed "Information on the Purchasers" and "Information on the Offeror" in the "Letter from Deloitte Corporate Finance" as set out in this Composite Document.

## **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

Your attention is drawn to the section headed “Further intentions of the Offeror regarding the Group” in the “Letter from Deloitte Corporate Finance” as set out in this Composite Document. The Board is pleased to note the Offeror’s intention to continue to focus on the development of the Group’s existing business, namely, the Chinese restaurant business in Hong Kong, and does not intend to introduce any major changes to the existing operations and business of the Group. The Board is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a. a false market exists or may exist in the trading of the Shares; or
- b. there is insufficient Shares in public hands to maintain an orderly market,

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

## **RECOMMENDATION**

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 21 to 22 of this Composite Document and the “Letter from Octal Capital” set out on pages 23 to 41 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

## **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Your faithfully,  
By the order of the Board  
**U Banquet Group Holding Limited**



**Cheung Ka Ho**

*Chairman and Executive Director*