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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)

SUPPLEMENTAL ANNOUNCEMENT
DEEMED DISPOSAL OF THE EQUITY INTEREST IN
A SUBSIDIARY

Reference is made to the announcement of U Banquet Group Holding Limited (the “**Company**”) dated 7 September 2020 in relation to an investment by an investor to Aerospace Sanchuang Environmental Technology Chengdu Co., Ltd.* (航天三創環保科技(成都)有限公司), an indirect 51.0% non-wholly owned subsidiary of the Company, which constitutes a deemed disposal of the Group (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement. This announcement is to provide further information in relation to the Capital Increase.

FURTHER INFORMATION ON THE INVESTMENT

Pursuant to the Capital Increase Agreement, the Investor shall invest RMB80.0 million for 20% of equity interests in the Target Company. The Consideration was determined after arm’s length negotiations based on the historical financial performance and position of the Target Company.

The Target Company recorded profit after taxation of RMB31.1 million for the year ended 31 December 2019 and net assets of RMB89.0 million as at 31 December 2019. The Investment implies a valuation of RMB400 million for 100% equity interest in the Target Company. The Investment also implies a price-to-earnings ratio of about 13 times and a price-to-book ratio of about 4.5 times, which are higher than the prevailing average price-to-earnings ratio of about 8 times and average price-to-book ratio of about 0.9 times of listed companies in the environmental protection sector in Hong Kong.

FURTHER INFORMATION ON THE INVESTOR

The Investor is a limited partnership incorporated in the PRC in June 2020. It is principally engaged in the entrusted management of equity investment enterprises, investment management and relevant consultancy services in the PRC.

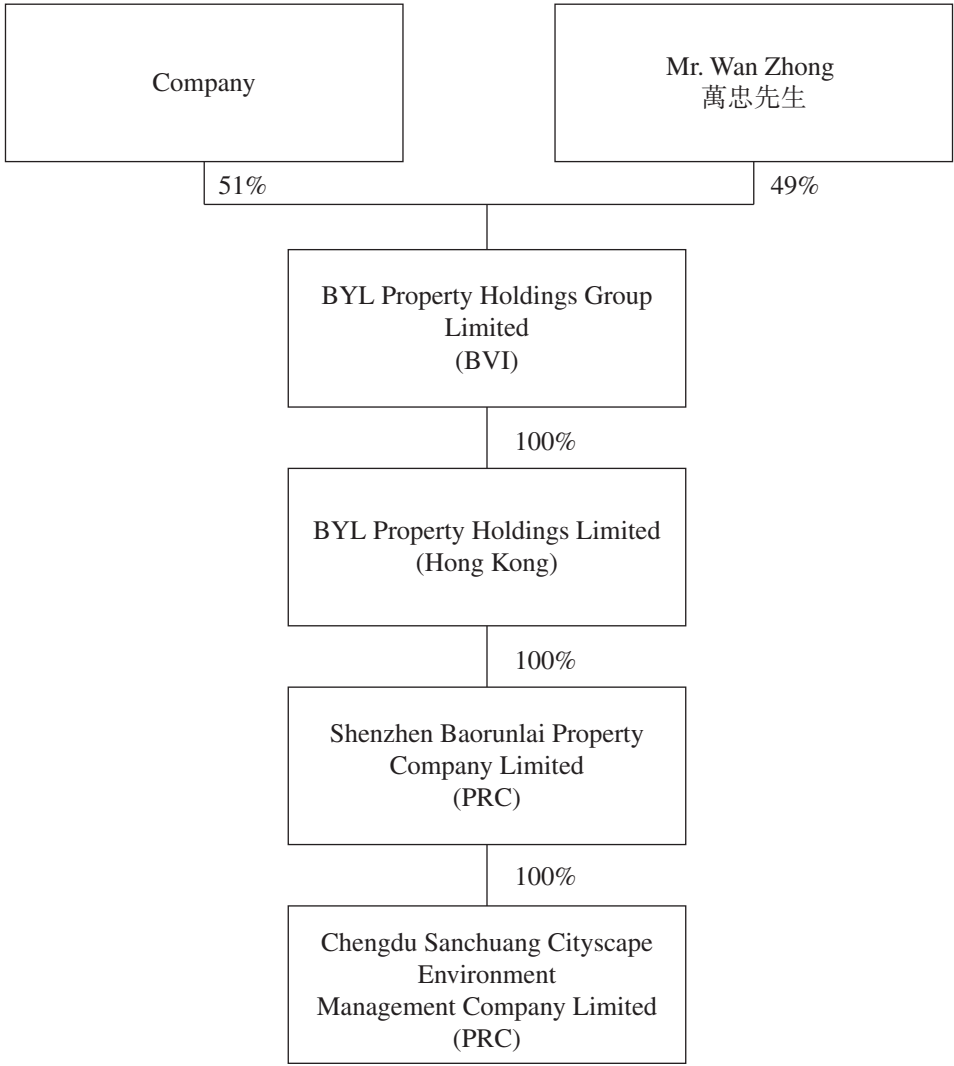
To the best knowledge of the Directors, as of the date of the Announcement, the Investor is owned as to 90% by Hunan Aerospace and Environmental Protection Industry Fund Management Co., Ltd.* (湖南航天環保產業基金管理公司) (“**HAEP**”), which is principally engaged in the entrusted management of equity funds and investment and financing management business, 5% by Chengdu Western Environmental Protection Industry Development Equity Investment Fund (Limited Partner)* (成都市西部環保產業發展股權投資基金(有限合夥)) (“**CWEP**”) and 5% by Inner Mongolia Aerospace Junfu Environmental Protection Technology Co., Ltd * (內蒙古航天君富環保科技有限公司) (“**IMAJ**”).

HAEP is owned as to 35% by Aerospace Science & Industry Asset Management Co., Ltd.* (航天科工資產管理有限公司) which is indirectly owned by State Owned Assets Supervision and Administration Commission of the State Council, 15% by Aerospace Kaitian Environmental Protection Technology Equity Co. Ltd.* (航天凱天環保科技股份有限公司), and remaining 50% by a total of 19 individuals. The effective interests in the Investor above 5% are 31.5% by Aerospace Science & Industry Asset Management Co., Ltd.* (航天科工資產管理有限公司), 13.5% by Aerospace Kaitian Environmental Protection Technology Equity Co. Ltd.* (航天凱天環保科技股份有限公司), 11.66% by梁峰, 8.2% by張軍亮, 6.4% by馬翥 and 5.87% by陳傳柏, respectively. Apart from the above, there is no other shareholder holding more than 5% of effective interest in the Investor.

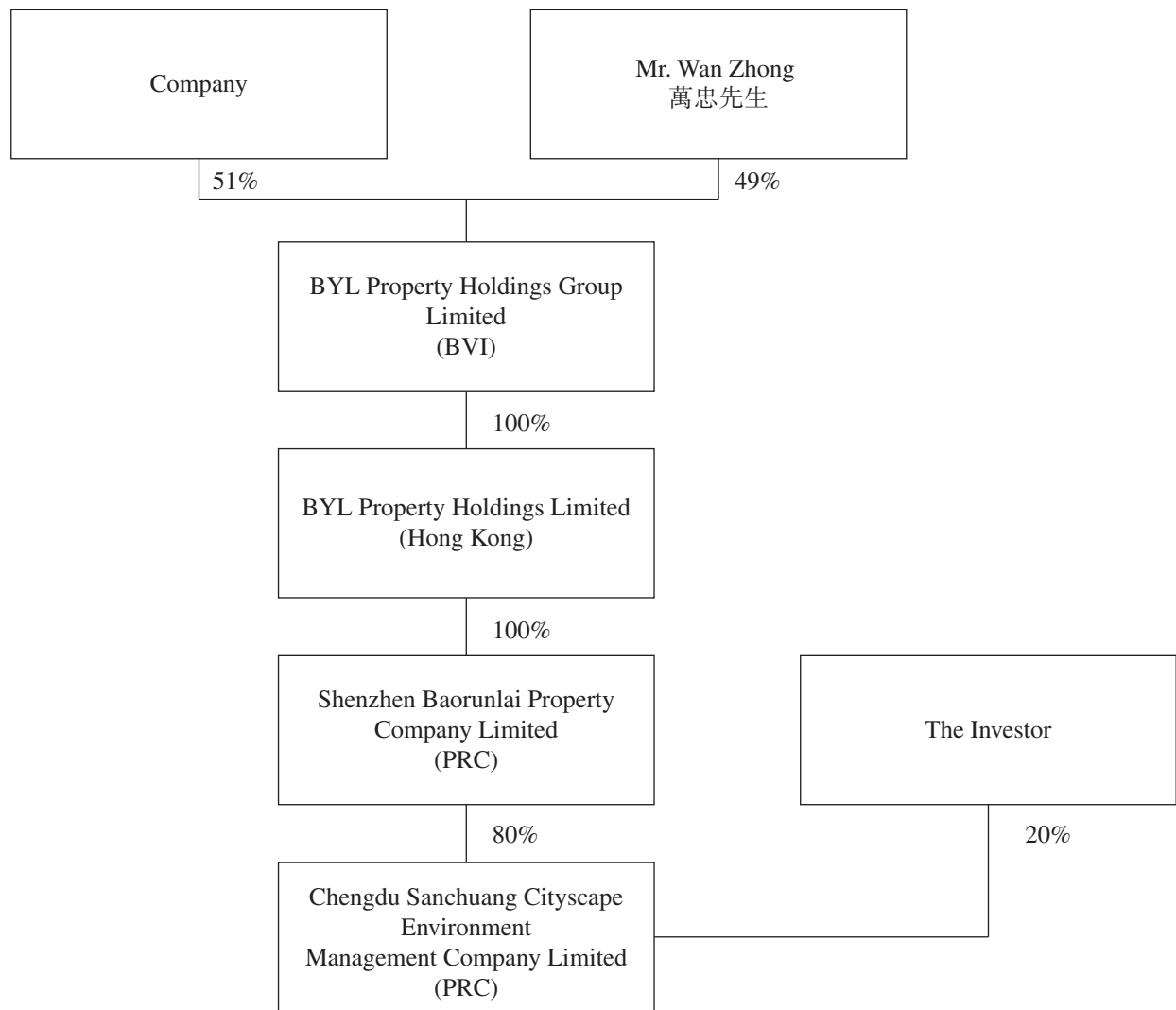
To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

**FURTHER INFORMATION ON THE EXPECTED FINANCIAL EFFECTS
OF THE DEEMED DISPOSAL**

The chart below sets out the shareholding structure of the Target Company before Completion:



The chart below sets out the shareholding structure of the Target Company after Completion:



As shown in the charts above, after Completion, the Company will continue to exercise control in the Target Company through the intermediary holding companies of the Target Company, which are in turn non-wholly owned subsidiaries of the Company. Therefore, the Target Company will continue to be consolidated into the Group’s financial statements.

CLARIFICATION ON THE ANNOUNCEMENT

Reference is made to the table on page 9 of the Announcement, the definition of “Deemed Disposal” or the “Investment” is read as “the investment by the Investor pursuant to the Investment Agreement and the Profit Guarantee Agreement for 20% of the enlarged equity interest in the Target Company”.

The Company wishes to clarify that the above definition contains inadvertent clerical error and should be read as “the investment by the Investor pursuant to the Capital Increase Agreement for 20% of the enlarged equity interest in the Target Company”.

Save for the clarification made above, all the other information contained in the Announcement is correct and remains unchanged.

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

Hong Kong, 17 September 2020

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.

* *for identification purpose only*