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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 23 March 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 90,000,000 new Shares to not less than six Placees at the Placing Price of HK\$1.68 per Placing Share. The Placees and (where appropriate) their respective ultimate beneficial owner(s) shall be Independent Third Parties. The Placing Shares will be issued under the General Mandate.

The Placing Shares represent (i) 12.77% of the existing issued share capital of the Company, and (ii) approximately 11.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon, among others, the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the conditions under the Placing Agreement as set out in the section headed "Conditions of the Placing". As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 23 March 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent.

Date

23 March 2021 (after trading hours)

Issuer

The Company

Placing Agent

Roofer Securities Limited

The Placing

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 90,000,000 new Shares to not less than six Placees at the Placing Price of HK\$1.68 per Placing Share during the Placing Period. The Placing Agent will receive a placing commission of 1.1% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares placed by the Placing Agent. Having considered the size and the terms of the Placing, the Directors are of the view that the placing commission of 1.1% for the Placing is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent, its substantial shareholders and their ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners (where appropriate) shall be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

Placing Shares

The Placing Shares represent:

- (i) 12.77% of the existing issued share capital of the Company; and
- (ii) approximately 11.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Based on the closing price of the Shares of HK\$2.01 per Share on 23 March 2021, the date of the Placing Agreement, the Placing Shares have a market value of approximately HK\$180.9 million. The Placing Shares have an aggregate nominal value of HK\$0.9 million.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.68 per Placing Share represents:

- (i) a discount of approximately 16.42% to the closing price of HK\$2.01 per Share as quoted on the Stock Exchange on 23 March 2021, being the date of the Placing Agreement; and
- (ii) a discount of approximately 15.92% to the average closing price of approximately HK\$1.998 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price of the Shares and recent market conditions. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable, based on the current market conditions, and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Period

From 23 March 2021 to 16 April 2021 (both dates inclusive)

Conditions of the Placing

Completion is conditional upon:

- (i) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Placing Shares;
- (ii) the General Mandate being valid and sufficient for the Company to allot and issue the Placing Shares; and
- (iii) the Company having obtained all necessary approvals for allotting and issuing the Placing Shares.

In the event that the condition to the Placing is not fulfilled on or before 16 April 2021 (or such later date as may be agreed between the Company and the Placing Agent), the Placing will not proceed and the Placing Agreement, along with all rights and obligations of the Placing Agent and the Company thereunder will cease and terminate, save for any antecedent breach of the Placing Agreement.

Application for the listing of the Placing Shares

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion shall take place on the third Business Day after the fulfilment of the above conditions or on such other date as the Company and the Placing Agent may agree.

General Mandate

The Placing Shares will be issued under the General Mandate pursuant to which the Board is authorised to allot and issue up to 141,000,000 Shares. As at the date of this announcement, no shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

The 90,000,000 Placing Shares constitute approximately 63.83% of the General Mandate and, upon completion of the Placing, 51,000,000 Shares, representing 36.17% of the General Mandate will remain unused.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company as at the date of this announcement and immediately after the Completion are set out as follows:

Shareholders	As at the date of this announcement		Immediately after the Completion	
	Number of		Number of	
	Shares	%	Shares	%
Mr. Sang Kangqiao, Mr. Xu Wenze				
and Mr. Cui Peng (Note 1)	307,552,000	43.62	307,552,000	38.69
Goldpalm Offshore Limited (Note 2)	117,000,000	16.60	117,000,000	14.72
Placees	_	_	90,000,000	11.32
Other public Shareholders	280,448,000	39.78	280,448,000	35.27
Total	705,000,000	100.00	795,000,000	100.00

Notes:

- (1) Mr. Sang Kangqiao, Mr. Xu Wenze and Mr. Cui Peng are parties acting in concert and by virtue of the SFO, each of Mr. Sang Kangqiao, Mr. Xu Wenze and Mr. Cui Peng is deemed to be interested in the Shares held by each other.
- (2) Goldpalm Offshore Limited is wholly-owned by Ms. Ma Yanying. Under the SFO, Ms. Ma Yanying is deemed to be interested in the same number of Shares held by Goldpalm Offshore Limited.

CAPITAL-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

BACKGROUND OF THE GROUP

The Group is principally engaged in three operating segments, (i) environmental maintenance business; (ii) property leasing business; and (iii) securities trading business.

REASONS FOR THE PLACING

As disclosed in the Company's results announcement for the year ended 31 December 2020 dated 18 March 2021, the Group will explore business opportunities in other industries and make investments in high growth businesses, including high technology, software consulting and internet service related businesses to generate a stable and constant stream of income to the Group and create long term value for our Shareholders.

The Group has been looking for suitable investment opportunity in the information technology market in the PRC with a view to strengthen and expand the scope of its businesses in order to further enhance the Group's product portfolio and its future earning capability.

In addition, as announced by the Company on 23 March 2021, the Company has entered into the MOU with the Seller, the Target Company and Mr. Guo Peng in relation to the proposed acquisition of the entire equity interest in the Target Company held by the Seller and conduct capital injection into the Target Company. Upon completion of the Target Company's establishment and through the establishment of the VIE Structure, the Target Company will have effective control over the finance and operations of Doume Technology, which will acquire the ownership and entire interest over Xiaoji Emulator App.

If the formal agreement(s) in relation to the acquisition of and the capital injection into the Target Company materialise, the Company will own the entire interest in Xiaoji Emulator App, which has an average daily active users of approximately 400,000 during the period between 1 January 2021 and the date of this announcement in the PRC. Xiaoji Emulator App is an application which can be installed on various smart phone platforms for playing a wide variety of classic video games, which can only be played on legacy systems previously. The Directors are of the view that it would allow the Group to tap into the mobile application platform market with expanded business initiatives. It would also boarden the Group's business scope and opens up new income source, thereby diversifying the spectrum of investments of the Group under the prevailing market conditions. Therefore, the Group expects it will use the funds raised from the Placing to acquire the interest and ownership in Xiaoji Emulator App and inject capital in its holding company for development of the app.

On the other hand, the Group's environmental maintenance business, which is headquartered in Chengdu, expanding into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. The Group's scope of services for environmental maintenance business mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

As of 31 December 2020, the Group had a total of 24 environmental maintenance service contracts in progress with the total contract amount of approximately RMB613 million for the remaining contract term. During the year ended 31 December 2020, the environmental maintenance business maintained its continuing growth as a result of securing various service contracts across various regions in the PRC.

As such, in light of the expected continued growth in the environmental maintenance service business in the near future and the availability of various business opportunities to the Group, including invitations by the Group's existing and potential customers to submit tender for sizeable service contracts during the recent months, the Directors believe that equity fundraising through the Placing would provide us with the capital necessary for carrying out the long term development plan and hence support the growth of the Group.

The Directors consider that the Placing offers a good opportunity to raise additional funds for the Company's business expansion while broadening the Shareholders' and capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable, on normal and commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing are expected to be HK\$151.2 million and approximately HK\$149.5 million, respectively. The net placing price per Placing Share is approximately HK\$1.66 per Placing Share.

It is expected that (i) approximately HK\$83.1 million, representing approximately 55.01% of the net proceeds from the Placing, will be used for the acquisition of the Target Company if the formal agreement(s) in relation to the acquisition of and capital injection to the Target Company materialise. If not, such amount of net proceeds will be used for possible investment in the future with similar nature as the transactions contemplated under the MOU; (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 including but not limited to the rental of content delivery network (CDN), office premises and staff costs if the transaction contemplated under the MOU materialised, or if not, such proceeds will be used in the future for possible transaction with similar nature; (iii) approximately HK\$41.7 million, representing approximately 27.12% of the net proceeds from the Placing, will be used for funding the operating costs and expenses of the initial stages of the new environmental maintenance projects secured by the Group and (iv) the remaining portion of approximately HK\$14 million, representing approximately 9.26% of the net proceeds from the Placing, will be used by the Company as general working capital of the Group.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the conditions under the Placing Agreement as set out in the section headed "Conditions of the Placing". As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Board" the board of Directors;

"Business Day(s)" a day (other than Saturday) on which banks are open in

Hong Kong for general banking business;

"Company" U BANQUET GROUP HOLDING LIMITED (譽宴集團控

股有限公司), an exempted company incorporated in the Cayman Islands, the Share of which are listed on the Stock

Exchange (stock code: 1483);

"Completion" completion of the Placing;

"Director(s)" the director(s) of the Company;

"Doume Technology" a company established on 10 April 2020 and existing

under the laws of the PRC whose effective control and all the operating revenue is owned and enjoyed by the Target Company. It is arranging for acquiring the ownership of

"Xiaoji Emulator App";

"General Mandate" the general mandate granted by the Shareholders to the

Directors, pursuant to the resolution passed on 28 May 2020 to allot, issue and deal with new Shares not exceeding 20% of the then existing issued share capital of the Company,

which was 141,000,000 Shares;

"Group" the Company and its subsidiaries;

"Hong Kong" the Hong Kong Special Administrative Region of the

People's Republic of China;

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong;

"Listing Rules"

the Rules Governing the Listing of Securities on the Stock Exchange;

"Independent Third Parties" third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules);

"MOU"

the memorandum of understanding dated 23 March 2021 entered into between the Company, the Target Company, the Seller and Mr. Guo Peng setting out the preliminary understanding in relation to the proposed acquisition of and proposed capital injection of the Target Company;

"Mr. Guo Peng"

Mr. Guo Peng the de facto controller of the Target Company and the Seller, having decision-making power over ordinary and extraordinary matters in relation to the operation of the Seller and the Target Company;

"Placee(s)"

any investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement;

"Placing"

the placing of 90,000,000 Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement;

"Placing Agent"

Roofer Securities Limited (路華證券有限公司), a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities;

"Placing Agreement"

the conditional placing agreement entered into between the Company and the Placing Agent dated 23 March 2021 in relation to the Placing;

"Placing Price"

HK\$1.68 per Placing Share;

"Placing Period"	the period commencing forthwith upon the execution of the Placing Agreement and expiring on 16 April 2021 (both dates inclusive) or on such later date which the Company and the Placing Agent may agree in writing, unless terminated earlier in writing pursuant to the terms of the Placing Agreement;
"Placing Shares"	90,000,000 new Shares to be placed pursuant to the Placing Agreement;
"Seller"	Aikuyou (HK) Limited (愛酷游(香港)有限公司), a company incorporated and validly existing under the laws of Hong Kong with limited liability;
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Share(s)"	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	Beijing Yunling Technology Co. Ltd(北京雲聆科技有限公

 $\overline{\exists}$), a wholly foreign owned enterprise to be established in the PRC by the Seller, which has effective control over the finance and operations of Doume Technology through the

VIE Structure;

"VIE Structure" the variable interest entity structure constituted by the VIE

agreements to be entered into by the relevant parties;

"Xiaoji Emulator App"

a large emulator game app in the PRC with an average number of daily active users during the period from 1 January 2021 up to the date of this agreement amounting to approximately 400,000; and

"%"

per cent.

By order of the Board U BANQUET GROUP HOLDING LIMITED Sang Kangqiao

Chairman and Executive Director

Hong Kong, 23 March 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.