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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF REAL PROPERTY IN PRC

THE ACQUISITION

The Board is pleased to announce that, on 7 December 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Target Property at the Consideration of RMB101,089,985.

LISTING RULES IMPLICATIONS

The Acquisition constitutes:

- (1) major transaction under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%; and
- (2) connected transaction under Chapter 14A of the Listing Rules as the Vendor is a connected person by virtue of that it is owned as to approximately 49% by a company incorporated in PRC which in turn is owned as to approximately 99% by Mr. Xu who is an executive Director and a substantial shareholder holding 100,000,000 Shares, representing approximately 21.51% of the issued share capital of the Company as at the date of this announcement.

Accordingly, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

An Independent Board Committee comprising all of the independent non-executive Directors has been formed to consider the terms of the Acquisition Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote in respect of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition, (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the financial information of the Group; (v) the valuation report of the Target Property; and (vi) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 30 December 2016.

As Completion is subject to and conditional upon fulfilment of the conditions precedent as set out in the Acquisition Agreement, the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The Board is pleased to announce that on 7 December 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Target Property at the Consideration of RMB101,089,985, which shall be payable by the Purchaser to the Vendor in cash.

The principal terms of the Acquisition Agreement are as follows:

Date: 7 December 2016

Parties:

- (i) Purchaser: 北京慧事通科技有限公司 (Beijing Huishitong Technology Company Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the Company.

- (ii) Vendor: 北京日興房地產發展有限公司 (Beijing Rixing Property Development Company Limited*), a company incorporated in PRC with limited liability and, as of the date of this announcement, is owned as to approximately 49% by a company incorporated in PRC (which in turn is owned as to approximately 99% by Mr. Xu) and approximately 51% by two other companies incorporated in PRC which are Independent Third Parties.

Consideration

Pursuant to the terms of the Acquisition Agreement, the Consideration of RMB101,089,985 shall be satisfied by the Purchaser in the following manner:

- (a) RMB5,000,000 shall be payable to the Vendor in cash as deposit (the “**Deposit**”) upon signing of the Acquisition Agreement; and
- (b) the balance of RMB96,089,985 shall be payable to the Vendor in cash upon signing of the Commodity Property Sale and Purchase Agreement.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor with reference to, among other things, the preliminary valuation of the Target Property of RMB105 million as at 31 October 2016 prepared by an independent valuer based on comparison approach.

It is expected that the Consideration will be financed by a combination of internal funds, equity financing and/or debt financing.

Conditions Precedent

Completion of the Acquisition is subject to and conditional upon the fulfilment of the following conditions precedent:-

- (1) all approvals, consents, authorisations and permits (so far as necessary) required to be obtained on the part of the Vendor in relation to the transactions contemplated under the Acquisition Agreement having been obtained;
- (2) all approvals, consents, authorisations and permits (so far as necessary) required to be obtained on the part of the Purchaser in relation to the transactions contemplated under the Acquisition Agreement having been obtained;
- (3) the Vendor having used its best endeavour to provide all accounts, records and other relevant information in respect of the Acquisition as required by the Purchaser and the Company, their auditors, Directors and/or Independent Financial Adviser, in order to allow the Company to comply with its obligations under the Listing Rules;

- (4) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent professional valuers appointed by the Purchaser and/or the Company showing that the valuation of the Target Property as at 31 October 2016 to be not less than RMB105 million;
- (5) the passing by the Independent Shareholders at the EGM to be convened and held by way of poll of ordinary resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder;
- (6) the Vendor having completed the release of the Mortgage; and
- (7) the Vendor having obtained written legal instruments evidencing all tenants of the Target Property giving up their respective pre-emptive rights in purchasing the Target Property and their respective commitment to execute new leases with the Purchaser after completion of the Acquisition.

If any conditions precedent to the Completion has not been fulfilled by the Long-Stop Date or such other date as the Vendor and Purchaser may agree in writing, then the Purchaser shall not be bound to proceed with the Acquisition, and save as to the Deposit which shall be returned to the Purchaser (without interest), all rights and liabilities of the Vendor and the Purchaser shall cease and neither the Vendor nor the Purchaser shall have any claim against the other.

Completion

Completion shall take place within 3 business days following the date on which the last of the conditions precedent to the Acquisition Agreement having been fulfilled.

At Completion, the Parties shall sign the Commodity Property Sale and Purchase Agreement.

Upon Completion, the Vendor:

- (1) undertakes to cooperate with the Purchaser to complete all necessary filing procedures with the relevant government authorities in order to effect the title transfer in relation to the Target Property; and
- (2) shall assist the Purchaser to sign new leases with the existing tenants of the Target Property to the effect that as if the rights and obligations under the existing leases of the Target Property have been transferred to the Purchaser.

INFORMATION OF THE PARTIES

The Purchaser is a company incorporated in PRC with limited liability.

The Vendor is a company incorporated in PRC with limited liability and is principally engaged in property holding and property development.

INFORMATION OF THE TARGET PROPERTY

The Target Property is located at Building No. 218-2, No. 48 Haotian North Avenue, Changyang Town, Fangshan District, Beijing (北京市房山區長陽鎮昊天北大街48號218-2號樓), with a gross floor area of approximately 5,767.70 square metres. The Target Property comprises a single-storey retail block within a large scale residential estate. A mezzanine floor has been constructed within the existing structure.

As at the date of this announcement:

- (1) the Target Property is subject to a Mortgage; and
- (2) the Target Property (including the mezzanine floor) has been leased to various tenants.

To the best of the Directors' knowledge, information and belief, the tenants are Independent Third Parties. Based on the information available, the rental income attributable to the Target Property for each of the financial years ended 31 December 2014 and 31 December 2015 amounted to approximately RMB4.95 million and RMB4.89 million respectively.

As informed by the Vendor, the construction of the Target Property was completed in 2012 by the Vendor and the original investment cost of the Target Property was approximately RMB92.6 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in the operation of a chain of Chinese restaurants and provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat in Hong Kong.

The Company has conducted a review on its business operations and financial position of the Group, and considers that there is a need to broaden the revenue sources of the Group.

The Target Property will be held by the Group as an investment property which is expected to generate a stable and constant stream of rental income to the Group, which will ultimately benefit the Company and its Shareholders as a whole. The Company expects that the value of the Target Property will appreciate in the long run because of the increasing population and consuming power of the PRC and the resulting strong market potential.

For the above reasons, the Company considers that the Acquisition represents an opportunity for the Group to diversify its revenue base and would enable the Group to expand its source of revenue to investment in properties in Mainland China.

The terms of the Acquisition Agreement are determined after arm's length negotiations. The Directors (excluding members of the Independent Board Committee who will give their opinion after considering the recommendation from the Independent Financial Adviser) are of the view that the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes:

- (1) major transaction under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%; and
- (2) connected transaction under Chapter 14A of the Listing Rules, as the Vendor is a connected person by virtue of that it is owned as to approximately 49% by a Company incorporated in the PRC which in turn is owned as to approximately 99% by Mr. Xu who is an executive Director and a substantial shareholder holding 100,000,000 Shares, representing approximately 21.51% of the issued share capital of the Company as at the date of this announcement.

Accordingly, the Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

GENERAL

An Independent Board Committee comprising all of the independent non-executive Directors has been formed to consider the terms of the Acquisition Agreement and the transactions contemplated thereunder and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the ordinary resolution(s) to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among other things, the Acquisition Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition, (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the financial information of the Group; (v) the valuation report of the Target Property; and (vi) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 30 December 2016.

As Completion is subject to and conditional upon fulfilment of the conditions precedent as set out in the Acquisition Agreement, the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Acquisition”	the acquisition of the Target Property by the Purchaser in accordance with the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement (北京市商品房認購書) dated 7 December 2016 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors

“Commodity Property Sale and Purchase Agreement”	the commodity property sale and purchase agreement (商品房現房買賣合同) in relation to the Target Property to be entered into between the Purchaser and the Vendor in accordance with and substantially in the same form and substance as annexed to the Acquisition Agreement
“Company”	U Banquet Group Holding Limited (譽宴集團控股有限公司), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1483)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Acquisition
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors established for the purpose of giving recommendations to the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Third Party(ies)”	an independent third party who is not connected with any directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates

“Independent Shareholders”	Shareholders other than Mr. Xu and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	28 February 2017
“Mortgage”	the mortgage in relation to the land use right of the Target Property granted by the Vendor in favour of 浙商銀行股份有限公司北京分行 (China Zheshang Bank Co., Ltd. Beijing Branch)* as security
“Mr. Xu”	Mr. Xu Wenzhe, an executive Director and a substantial shareholder holding 100,000,000 Shares, representing approximately 21.51% of the issued share capital of the Company as at the date of this announcement
“Parties”	the Purchaser and the Vendor, being parties to the Acquisition Agreement and a “Party” shall be construed accordingly
“PRC”	People’s Republic of China
“Purchaser”	北京慧事通科技有限公司 (Beijing Huishitong Technology Company Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Property”	the property located at Building No. 218-2, No. 48 Haotian North Avenue, Changyang Town, Fangshan District, Beijing (北京市房山區長陽鎮昊天北大街48號218-2號樓)
“Vendor”	北京日興房地產發展有限公司 (Beijing Rixing Property Development Limited Company*), a company incorporated in PRC with limited liability

“0%”

per cent.

By Order of the Board
U Banquet Group Holding Limited
Cui Peng
Executive Director

Hong Kong, 7 December 2016

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

** for identification purpose only*