THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form(s) of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in U Banquet Group Holding Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

譽宴集團
BANQUET Group

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)

MR. SANG KANGQIAO

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO 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)

Financial adviser to U Banquet Group Holding Limited

Lego Corporate Finance Limited
力高企業融資有限公司

Financial adviser to the Offeror

Deloitte.
德勤

Deloitte & Touche Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee

八方金融有限公司
OCTAL Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Deloitte Corporate Finance containing, among other things, details of the terms and conditions of the Offer is set out on pages 5 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 20 of this Composite Document. A letter from the Independent Board Committee is set out on pages 21 to 22 of this Composite Document. A letter from Octal Capital, containing its advice to the Independent Board Committee, is set out on pages 23 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-8 in appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offer should be received by the Registrar of the Company as soon as possible and in any event no later than 4:00 p.m. on Thursday, 27 October 2016 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

This Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.u-banquetgroup.com as long as the Offer remains open.

Persons receiving copies of this Composite Document, the Form(s) of Acceptance and any related documents, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in the section headed "Overseas Shareholders" of appendix I to this Composite Document before taking any action. It is the sole responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements and the payment of any transfer or other taxes or duties due by the accepting Shareholders in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

6 October 2016

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ACCOMPANYING DOCUMENT

— FORM(S) OF ACCEPTANCE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time and Date
Despatch date of this Composite Document and the Form(s) of Acceptance *(Note 1)*	Thursday, 6 October 2016
Offer opens for acceptance *(Note 1)*	Thursday, 6 October 2016
Latest time and date for acceptance of the Offer on the Offer Closing Date *(Note 2)*	4:00 p.m. on Thursday, 27 October 2016
Announcement of the results of the Offer as at the Offer Closing Date to be posted on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Thursday, 27 October 2016
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Notes 2 and 3)*	Monday, 7 November 2016

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Offer Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of withdrawal" in appendix I to this Composite Document.

2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 27 October 2016 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Thursday, 27 October 2016, stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

   If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Offer Closing Date or the date for posting of remittances and it has (i) not been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the Offer Closing Date will be postponed to 4:00 p.m. on the next business day (as defined under the Takeovers Code) and the date for posting of remittances will be postponed to the next business day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the Offer Closing Date or the date for posting of remittances will be on the same business day, i.e. 4:00 p.m. on the Offer Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) business days (as defined under the Takeovers Code) following the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of withdrawal" in appendix I to this Composite Document.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

NOTICE TO INDEPENDENT SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant overseas jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such overseas jurisdiction. The Offeror and parties acting in concert with him, the Company, Deloitte Corporate Finance, Lego, Octal Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the section headed "Overseas Shareholders" in the "Letter from Deloitte Corporate Finance".

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"associate(s)"	has the same meaning ascribed to it under the Takeovers Code
"business day(s)"	a day on which the Stock Exchange is open for the transaction of business
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	U Banquet Group Holding Limited, a company incorporated in the 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 sale and purchase of the Sale Shares in accordance with the terms and conditions as contemplated in the Share Purchase Agreement
"Completion Date"	the date on which Completion took place, being 15 September 2016
"Composite Document"	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company in accordance with the Takeovers Code
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules and the term "connected" shall be construed accordingly
"Deloitte Corporate Finance"	Deloitte & Touche Corporate Finance Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer
"Director(s)"	the director(s) of the Company
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"Form(s) of Acceptance"	the form(s) of acceptance and transfer of Shares in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer
"Independent Financial Adviser" or "Octal Capital"	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee in respect of the Offer
"Independent Shareholder(s)"	Shareholder(s) other than the Offeror and parties acting in concert with him
"Joint Announcement"	the announcement jointly published by the Company and the Offeror dated 15 September 2016 in relation to, among other things, the Share Purchase Agreement and the Offer
"Last Trading Day"	9 September 2016, being the last full trading day immediately prior to suspension of trading of the Shares on the Stock Exchange pending the release of the Joint Announcement
"Latest Practicable Date"	4 October 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Lego"	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong), the financial adviser to the Company in respect of the Offer
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"MOU"	the memorandum of understanding dated 1 July 2016 and entered into between the Vendors and the Offeror in respect of the possible sale of the controlling interest of the Company held by the Vendors
"Mr. Cheung"	Mr. Cheung Ka Ho, the chairman of the Board, chief executive officer of the Company, an executive Director, a controlling shareholder of the Company prior to Completion and one of the Vendors
"Mr. Cui"	Mr. Cui Peng, one of the Purchasers
"Mr. Xu"	Mr. Xu Wenze, one of the Purchasers
"Offer"	the unconditional mandatory cash offer to be made by Deloitte Corporate Finance for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
"Offer Closing Date"	27 October 2016, being the first offer closing date of the Offer, which is 21 calendar days after the posting of this Composite Document, or any subsequent offer closing date of the Offer as may be extended in accordance with the Takeovers Code
"Offer Period"	the period commencing on 4 July 2016, being the date of the issuance of an announcement by the Company in relation to the Offer under Rule 3.7 of the Takeovers Code and up to and including the Offer Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
"Offer Price"	the price at which the Offer is made, being HK$1.29032 per Offer Share
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him
"Offeror" or "Mr. Sang"	Mr. Sang Kangqiao
"Overseas Shareholder(s)"	Independent Shareholder(s) (if any) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Purchasers"	Mr. Sang, Mr. Xu and Mr. Cui
"Registrar"	the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
"Relevant Period"	the period from 4 January 2016, being six months prior to 4 July 2016 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date
"Sale Share(s)"	Share(s) acquired by the Purchasers pursuant to the Share Purchase Agreement, being 289,288,750 Shares in aggregate, which represent approximately 62.21% of the total issued share capital of the Company as at the Latest Practicable Date
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Share Purchase Agreement"	the sale and purchase agreement dated 9 September 2016 entered into between the Vendors and the Purchasers in relation to the sale and purchase of the Sale Shares
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"U Banquet (Cheung's)"	U Banquet (Cheung's) Holdings Company Limited, a controlling shareholder of the Company prior to Completion and one of the Vendors
"Vendors"	Mr. Cheung and U Banquet (Cheung's)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

Deloitte & Touche Corporate Finance Limited
39/F, One Pacific Place
88 Queensway, 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. As mentioned in the Joint Announcement, the Vendors and the Purchasers entered into the Share Purchase Agreement on 9 September 2016 (after trading hours), pursuant to which the Purchasers agreed to acquire and the Vendors agreed to sell 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 date of the Joint Announcement, for a consideration of HK$1.29032 per Sale Share, equivalent to HK$373,275,060 in total, of which Mr. Sang (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 date of the Joint Announcement.

The Purchasers together own in aggregate 289,288,750 Shares, representing approximately 62.21% of the entire issued share capital of the Company immediately after Completion. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer to acquire all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

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.

This letter sets out, amongst other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms and procedures of acceptance of the Offer are set out in this letter, appendix I to this Composite Document, and the accompanying Form(s) of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the Letter from the Board, the Letter from the Independent Board Committee and the Letter from the Independent Financial Adviser as set out in this Composite Document and to consult their professional advisers if in doubt.

THE OFFER

The Offer

Deloitte Corporate Finance, on behalf of the Offeror, hereby makes an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)) pursuant to Rule 26.1 of the Takeovers Code on the following basis:

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

The Offer Price of HK$1.29032 per Offer Share is equal to the purchase price of HK$1.29032 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 extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid, free from all encumbrances. The Offer is unconditional in all respects and is therefore not conditional upon any minimum level of acceptances being received nor subject to any other conditions and the Offer is required to be open for acceptances for at least 21 days following the date on which this Composite Document is posted.

Highest and lowest Share prices

During the Relevant Period, being the six-month period prior to the commencement of the Offer Period on 4 July 2016 and up to and including the Last Trading Day, the highest closing price of the Shares was HK$1.270 per Share as quoted on the Stock Exchange on 8 September 2016 and the lowest closing price of the Shares was HK$0.365 per Share as quoted on the Stock Exchange on 11 February 2016 and 12 February 2016, respectively.

Comparison of value

The Offer Price of HK$1.29032 per Offer Share is equal to the price paid by the Purchasers to the Vendors for each Sale Share under the Share Purchase Agreement, and represents:

(i) a premium of approximately 53.61% over the closing price of HK$0.840 per Share as quoted on the Stock Exchange on 30 June 2016 (being the last trading day prior to commencement of the Offer Period);

(ii) a premium of approximately 2.41% over the closing price of HK$1.260 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 3.23% over the average closing price of approximately HK$1.250 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 4.48% over the average closing price of approximately HK$1.235 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 7.17% over the average closing price of approximately HK$1.204 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;

(vi) a discount of approximately 4.42% to the closing price of HK$1.350 per Share on the Stock Exchange on the Latest Practicable Date; and

(vii) a premium of approximately 672.65% over the unaudited consolidated net asset value of the Group of approximately HK$0.167 per Share as at 30 June 2016, calculated based on the Group's unaudited consolidated net assets of approximately HK$77.7 million as at 30 June 2016 and 465,000,000 Shares in issue as at the Latest Practicable Date.

Value of the Offer

Excluding 289,288,750 Shares held by the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui), the number of Shares subject to the Offer is 175,711,250.

Based on the Offer Price of HK$1.29032 per Offer Share for 175,711,250 Offer Shares, the Offer is valued at HK$226,723,740.10.

Financial resources available for the Offer

The aggregate cash amount payable by the Offeror under the Offer upon full acceptance of the Offer will amount to HK$226,723,740.10.

The Offeror intends to fund the consideration payable under the Offer from his own resources. Deloitte Corporate Finance, the financial adviser to the Offeror in respect to the Offer, is satisfied that sufficient resources are, and will remain, available to the Offeror for meeting his obligation in case of a full acceptance of the Offer. As the Offer will be financed from the internal resources of the Offeror, no payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to any facility granted for the financing of the consideration payable under the Offer will depend to any significant extent on the business of the Company.

Effects of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges and encumbrances and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the posting of this Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation implications

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with him, the Company, Deloitte Corporate Finance, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) following the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or the Registrar) to render each such acceptance complete and valid. Settlement of the amounts due to the Shareholders who accept the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

Any acceptance by any Overseas Shareholders of the Offer will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that all applicable local laws and requirements have been complied with. Overseas Shareholders who are in doubt as to the action they should take should consult their own profession advisers.

Further terms of the Offer

Your attention is drawn to the further details of the Offer including, among other things, the procedures for acceptance, settlement, acceptance period and taxation matters as set out in appendix I to this Composite Document and in the Form(s) of Acceptance.

Dealings and interest in the Company's securities

Save for the Sale Shares, none of the Offeror nor parties acting in concert with him has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of commencement of the Offer Period on 4 July 2016.

As at the Latest Practicable Date, save for the Share Purchase Agreement, the Offeror and parties acting in concert with him have not entered into any arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. As at the Latest Practicable Date, the Offeror and parties acting in concert with him do not own or control any Shares (other than the Sale Shares), options, derivatives, warrants or other securities convertible into the Shares of the Company.

Other arrangements

The Offeror and the Purchasers confirm that as at the Latest Practicable Date:

(i) save for the Sale Shares, none of the Offeror or parties acting in concert with him (including Mr. Xu and Mr. Cui) owned, controlled or had direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;

(ii) neither the Offeror nor parties acting in concert with him (including Mr. Xu and Mr. Cui) has received any irrevocable commitment to accept the Offer;

(iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or any party acting in concert with him (including Mr. Xu and Mr. Cui);

(iv) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;

(v) there was no agreement or arrangement to which the Offeror or parties acting in concert with him (including Mr. Xu and Mr. Cui) was a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with him (including Mr. Xu and Mr. Cui) has borrowed or lent.

Information on the Group

Information on the Group is set out in the "Letter from the Board" as contained in this Composite Document. Financial information on the Group is set out in appendix II to this Composite Document.

Information on the Offeror

Mr. Sang (the Offeror) is a Hong Kong resident. Mr. Sang, aged 40, obtained a bachelor's degree in electrical engineering from Beijing Institute of Technology. Mr. Sang has over 15 years of experience in the securities investment industry in Hong Kong and the PRC. The Offeror is a third party independent of, and not acting in concert with, the Vendors. Immediately preceding Completion, the Offeror did not own any Shares.

Information on the Purchasers

Mr. Xu obtained a master's degree in business administration from Tsinghua School of Economics and Management. Mr. Xu has been the president of Guorun Construction Group Limited since 1996 and the general manager of Beijing Rixing Property Development Limited since 2004. From 2014 to present, Mr. Xu has been employed as the president of Guorun Holdings Group Limited. He is also the chairman and director of Asia Pacific Aviation Leasing Group from 2016.

Mr. Cui obtained a bachelor's degree in money and banking from Beijing Business School in 1997. Mr. Cui was employed as the assistant general manager of Sinotrans & CSC Holdings Co., Ltd's finance department from 1997 to 2012. From 2012 to 2014, Mr. Cui was the managing director of capital operations of ABCI China Investment Corporation Limited. Mr. Cui has over 19 years of experience in the securities investment industry in PRC and over 10 years of experience in Hong Kong's securities industry.

Future intention of the Offeror regarding the Group

It is the Offeror's intention to maintain the listing of the Shares on the Stock Exchange. Following the close of the Offer, it is the intention of the Offeror that the Group will continue to focus on the development of its 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 immediately after completion of the Offer. The Offeror will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider acquisition of assets and/or business by the Group and/or disposal of assets and/or business in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

Compulsory acquisition

The Offeror does not intend to privatise the Company by availing himself of any powers of compulsory acquisition of the Shares after the close of the Offer.

Proposed change of Board composition

It is intended that all of the existing Directors from the Board, which comprise of three executive Directors, being Mr. Cheung, Mr. Cheung Ka Kei and Mr. Kan Yiu Pong; and three independent non-executive Directors, being Mr. Chung Kong Mo *JP*, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being after the Offer Closing Date).

In place of the above resigning Directors, the Offeror intends to nominate three executive Directors and three independent non-executive Directors to the Board and such appointment will take effect on or after the close of the Offer subject to compliance with the Takeovers Code. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules.

Details of the proposed Directors are set out below:

(1) Mr. Sang, as a proposed executive Director

Mr. Sang (the Offeror) is a Hong Kong resident. Mr. Sang, aged 40, obtained a bachelor's degree in electrical engineering from Beijing Institute of Technology. Mr. Sang has over 15 years of experience in the securities investment industry in Hong Kong and the PRC.

(2) Mr. Xu, as a proposed executive Director

Mr. Xu obtained a master's degree in business administration from Tsinghua School of Economics and Management. Mr. Xu has been the president of Guorun Construction Group Limited since 1996 and the general manager of Beijing Rixing Property Development Limited since 2004. From 2014 to present, Mr. Xu has been employed as the president of Guorun Holdings Group Limited. He is also the chairman and director of Asia Pacific Aviation Leasing Group from 2016.

(3) Mr. Cui, as a proposed executive Director

Mr. Cui obtained a bachelor's degree in money and banking from Beijing Business School in 1997. Mr. Cui was employed as the assistant general manager of Sinotrans & CSC Holdings Co., Ltd's finance department from 1997 to 2012. From 2012 to 2014, Mr. Cui was the managing director of capital operations of ABCI China Investment Corporation Limited. Mr. Cui has over 19 years of experience in the securities investment industry in PRC and over 10 years of experience in Hong Kong's securities industry.

(4) Mr. XU Zhihao, as a proposed independent non-executive Director

Mr. XU Zhihao graduated with a bachelor's degree in laws from Guangzhou Jinan University in 1994 and obtained a master of laws from the graduate school of China University of Political Science and Law in 2004. Mr. XU Zhihao was employed by a real estate company prior to working at Huabang (Guangdong) Century law firm. From 2001 to 2003, Mr. XU Zhihao worked in Guang Dong Rong Guan law firm. Mr. XU Zhihao is currently a senior partner in Jincheng Tongda & Neal (Shenzhen) and has extensive experience in the operation of banks and non-bank financial institutions, including trusts, securities and financing leasing institutions. Mr. XU Zhihao is skilled in various real estate financing, including trust support and equity financing.

(5) Mr. LAM Ka Tak, as a proposed independent non-executive Director

Mr. LAM Ka Tak graduated from Hong Kong Polytechnic University with a bachelor's degree in accounting in 2003 and obtained a master of business administration from the Hong Kong University in 2013. Mr. LAM Ka Tak was employed by RSM Nelson Wheeler (currently known as RSM Hong Kong) before working as an audit manager at KPMG. Mr. LAM Ka Tak currently serves as the chief financial officer of Beijing Enterprises Medical and Health Industry Group Limited (Stock Code: 2389), a company listed on the Main Board of the Stock Exchange. Mr. LAM Ka Tak is also employed as an executive director by Beijing Sports and Entertainment Industry Group Limited (Stock Code: 1803), a company listed on the Main Board of the Stock Exchange. Mr. LAM Ka Tak has over 13 years of experience in accounting and financial matters.

(6) Ms. LIU Yan, as a proposed independent non-executive Director

Ms. LIU Yan graduated with a bachelor's degree in economics from Central University of Finance and Economics in 1992. Ms. LIU Yan passed all three levels of the Chartered Financial Analyst (CFA) Program. From 1992 to 1994, Ms LIU Yan was employed as an analyst at Brilliance Group Holdings Limited. From 1994 to 2001, Ms. LIU Yan worked at PricewaterhouseCoopers as an audit manager. In 2005, Ms. LIU Yan joined Barclays Bank (New York) global risk division as an investment manager. She worked as a vice president of Angelo, Gordon & Co from 2007 to 2010. From 2010 to 2015, Ms. LIU Yan was a managing director of Fund Management Department and Strategic Investment Department in China Everbright Limited (Hong Kong). Currently, Ms. LIU Yan is an independent non-executive director of Tai United Holdings Limited (Stock Code: 718), a company listed on the Main Board of the Stock Exchange.

Public float and maintaining the listing status of the Company

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 are 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.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by the holders of Shares under the Offer, the aforesaid parties have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code. The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

General

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to appendix I to this Composite Document.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as appeared in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the said register of members of the Company. None of the Offeror, the Company, Deloitte Corporate Finance, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

Additional information

You are reminded to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Octal Capital" set out in this Composite Document and to consult your professional advisers as you see fit. Your attention is drawn to the additional information set out in the appendices to this Composite Document, which form part of this Composite Document.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Limited

Kelvin Ho
Principal

Raymond Yip
Executive Director

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 30 June**
	2014	**2015**	**2016**
	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 2014	2015	As at 30 June 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%
Total	465,000,000	100.00%	465,000,000	100.00%

Notes:

1. 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.

2. 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

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.

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)

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)

We refer to the composite offer and response document dated 6 October 2016 jointly issued by the Offeror and the Company (the "**Composite Document**"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Octal Capital has been appointed as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from Octal Capital" on pages 23 to 41 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board", the "Letter from Deloitte Corporate Finance" and the additional information set out in the appendices to this Composite Document.

Taking into account the terms of the Offer and the advice from Octal Capital, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the Form(s) of Acceptance.

Your faithfully,
Independent Board Committee of
U Banquet Group Holding Limited

Mr. Chung Kong Mo *JP*	**Ms. Wong Tsip Yue, Pauline**	**Mr. Wong Sui Chi**

Independent Non-executive Directors

金融有限公司
OCTAL Capital Limited

Octal Capital Limited
802-805, 8/F, Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

To the Independent Board Committee, the Independent Shareholders

6 October 2016

Dear Sirs,

**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

We refer to our engagement to advise the Independent Board Committee in respect of the terms of the Offer, particulars of which are set out in the Composite Document despatched to the Independent Shareholders dated 6 October 2016, in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them in the Composite Document.

The Vendors and the Purchasers entered into the Share Purchase Agreement on 9 September 2016 (after trading hours), pursuant to which the Purchasers have agreed to acquire and the Vendors have agreed to sell 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 date of the Joint Announcement, for a consideration of HK$1.29032 per Sale Share, equivalent to HK$373,275,060 in total, of which Mr. Sang (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. To the best knowledge, information and belief of the Directors, the Purchasers are not connected persons of the Company. Completion of the Share Purchase Agreement took place on 15 September 2016.

As the Offeror and the Purchasers (being parties acting in concert with the Offeror) together own in aggregate 289,288,750 Shares, representing approximately 62.21% of the entire issued share capital of the Company immediately after Completion. Pursuant to Rules 26.1 of the Takeovers Code the Offeror is required to make unconditional mandatory cash offer to acquire all issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with him).

The Independent Board Committee, comprising all the independent non-executive directors of the Company, namely being 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. We, Octal Capital, have been approved by the Independent Board Committee as the independent financial adviser in respect of the Offer.

We are not connected with the directors, chief executive or substantial shareholders of the Company, the Group, the Purchasers, the Offeror or their respective associates and do not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date, and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, Octal Capital has been appointed as the independent financial adviser to the then Independent Board Committee and the then Independent Shareholders of the Company, details of such appointments are set out in the circulars of the Company dated 26 November 2014. Apart from the normal professional fees paid to us in connection with the aforesaid appointments, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by directors of the Company and/or the Offeror were true at the time they were made and continue to be true as at the Latest Practicable Date. We have reviewed the published information on the Company, including but not limited to, the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015, the interim reports of the Company for the six months ended 30 June 2016, and other information contained in the Composite Document. We have also reviewed the trading performance of the Shares on the Stock Exchange. We have also relied on our discussion with directors of the Company regarding the Group and the Offer, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by directors of the Company and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document nor to doubt the truth, accuracy and completeness of the information and representations provided by directors of the Company and the Offeror. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Purchasers, the Offeror and their respective associates nor have we carried out any independent verification of the information supplied.

We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. Should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible pursuant to Rule 9.1 of the Takeovers Code. We have also assumed that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Composite Document (other than the information relating to the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Composite Document misleading.

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional adviser.

TERMS OF THE OFFER

Deloitte Corporate Finance, on behalf of the Offeror, hereby makes an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)) pursuant to Rule 26.1 of the Takeovers Code on the following basis:

The Offer
For each Offer Share...HK$1.29032 in cash

The Offer Price of HK$1.29032 for each Offer Share is equal to the purchase price per Sale Share under the Share Purchase Agreement which was arrived at after arm's length negotiation between the Purchasers and the Vendors.

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges and encumbrances and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

Acceptance of the Offer shall be irrevocable and would not be capable of being withdrawn, except in the circumstances set out in the section headed "Right of withdrawal" in appendix I to the Composite Document and permitted under the Takeovers Code.

Further terms and conditions of the Offer, including the procedures for acceptance of the Offer, are set out in the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED ON THE OFFER

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Review of financial position/performance of 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 the financial information of the Group as extracted from the Company's annual reports for the year ended 31 December 2013, 2014 and 2015 ("**Annual Reports**"), and the interim report for the six months ended 30 June 2016 ("**Interim Report 2016**"):

	For the year ended 31 December			For the six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue from:					
Chinese restaurants operations	342,543	388,217	389,742	193,687	172,906
Provision of wedding services	5,486	3,836	4,062	2,130	963
Distribution of goods	13,742	4,777	4,033	2,234	2,176
Franchise income	—	1,238	3,234	1,601	1,560
Total Revenue	361,771	398,068	401,071	199,652	177,605
Other income	1,820	1,773	1,472	490	763
Cost of revenue	(98,649)	(93,521)	(102,400)	(51,020)	(42,857)
Employee benefit expenses	(83,746)	(99,982)	(112,111)	(51,048)	(55,267)
Depreciation	(16,552)	(16,118)	(15,921)	(7,048)	(7,622)
Operating lease payments	(46,897)	(62,211)	(69,058)	(33,532)	(34,287)
Utilities expenses	(31,431)	(33,679)	(33,860)	(16,726)	(16,047)
Other expenses	(70,963)	(67,103)	(73,358)	(34,895)	(30,522)
Fair value loss of investment properties	—	—	(1,500)	—	—
Operating profit/(loss)	15,353	27,227	(5,665)	5,873	(8,234)
Finance income	524	682	654	176	182
Finance cost	(517)	(121)	(762)	(529)	(436)
Finance income/cost — net	7	561	(108)	(353)	(254)
Profit/(loss) before taxation	15,360	27,788	(5,773)	5,520	(8,488)
Income tax expenses	(5,223)	(5,036)	(205)	(1,577)	(393)
Profit/(loss) and total comprehensive income for the period	10,137	22,752	(5,978)	3,943	(8,881)
Profit/(loss) attributable to owners of the Company	8,358	21,429	(5,978)	3,943	(8,881)

Source: Annual Reports and Interim Report 2016

For the year ended 31 December 2014

As disclosed in the annual report of the Company for the year ended 31 December 2014, the Group recorded an increase of total revenue of approximately HK$36.3 million from HK$361.8 million for the year ended 31 December 2013 to HK$398.1 million for the year ended 31 December 2014. It was mainly attributable to the increase of revenue from Chinese restaurant operations of approximately HK$45.7 million from a total of nine restaurants from HK$342.5 million for the year ended 31 December 2013 to HK$388.2 million for the year ended 31 December 2014. It was mainly due to the strong growth in comparable restaurant sales especially due to the full-year contribution from the restaurants in Wong Tai Sin and Sino Plaza. The increase of revenue was slightly netted off by the decrease of revenue from distribution of goods of HK$9.0 million from HK$13.7 million for the year ended 31 December 2013 to HK$4.8 million for the year ended 31 December 2014. It was mainly because one of the Group's major customers had ceased its business with the Group during the year ended 31 December 2014. However, for the year ended 31 December 2014, the Group still recorded an increase of 80.9 % in profit before taxation and increase of 156.4% in profit attributable to owners of the Company mainly due to the increase of revenue.

For the year ended 31 December 2015

As disclosed in the annual report of the Company for the year ended 31 December 2015, the Group recorded an increase of total revenue of approximately HK$3.0 million from HK$398.1 million for the year ended 31 December 2014 to HK$401.1 million for the year ended 31 December 2015. It was mainly attributable to (i) the increase of revenue from Chinese restaurant operations of approximately HK$1.5 million from a total of nine restaurants from HK$388.2 million for the year ended 31 December 2014 to HK$389.7 million for the year ended 31 December 2015; and (ii) the increase of the franchise income of approximately HK$2.0 million from HK$1.2 million for the year ended 31 December 2014 to HK$3.2 million for the year ended 31 December 2015. The increase of franchise income was mainly due to the full-year revenue contribution from a franchised restaurant for the year ended 31 December 2015 while that franchised restaurant only operated for three months for the year ended 31 December 2014. However, for the year ended 31 December 2015, the Group recorded a loss before taxation of HK$5.8 million and a loss attributable to owners of the Company of HK$6.0 million, while for the year ended 31 December 2014, it recorded a profit before taxation of HK$27.8 million and a profit attributable to owners of the Company of HK$21.4 million. These were mainly due to (i) the increase of cost of revenue from HK$93.5 million for the year ended 31 December 2014 to HK$102.4 million for the year ended 31 December 2015 because of the increase in purchase of high cost of fresh seafood with low gross profit margin to cater for special seafood menu for the year ended 31 December 2015; and (ii) the increase of employee benefit expenses by HK$12.1 million from approximately HK$100.0 million for the year ended 31 December 2014 to HK$112.1 million for the year ended 31 December 2015 because of the wage adjustments to retain experienced staff under the inflationary environment.

For the six months ended 30 June 2016

As disclosed in the interim report of the Company for the six months ended 30 June 2016, the Group recorded a decrease of total revenue of approximately HK$22.0 million from HK$199.7 million for the six months ended 30 June 2015 to HK$177.6 million for the year ended 30 June 2016. It was mainly attributable to the decrease of revenue from Chinese restaurant operations of approximately HK$20.8 million from a total of nine restaurants from HK$193.7 million for the six months ended 30 June 2015 to HK$172.9 million for the six months ended 30 June 2016 because of the deterioration in Hong Kong's retail industry. For the six months ended 30 June 2016, the Group recorded a loss before taxation of HK$8.5 million and a loss attributable to owners of the Company of HK$8.9 million while it recorded a profit before taxation of HK$5.5 million and a profit attributable to owners of the Company of HK$3.9 million for the six months ended 30 June 2015. Besides the decrease of revenue, the loss before taxation and loss attributable to owners of the Company for the six months ended 30 June 2016 were attributable to the increase of employee benefit expenses from HK$51.0 million for the six months ended 30 June 2015 to HK$55.3 million for the six months ended 30 June 2016. The increase was mainly due to the wage adjustments to retain experienced staff under the inflationary environment.

We further summarise the audited financial position of the Group as at 31 December 2015 and the unaudited financial position of the Group as at 30 June 2016:

	As at 31 December 2015 *HK$'000* (audited)	As at 30 June 2016 *HK$'000* (unaudited)
Property, plant and equipment	47,207	40,560
Investment properties	24,000	24,000
Other non-current assets	47,334	38,650
Total non-current assets	118,541	103,210
Deposits and prepayments	25,300	49,198
Cash and cash equivalents	29,820	31,981
Other current assets	5,767	4,830
Total current assets	60,887	86,009
Total assets	**179,428**	**189,219**
Accruals and provisions	8,671	8,974
Deposit received	790	1,330
Borrowings	395	300
Other non-current liabilities	3,018	3,133
Total non-current liabilities	12,874	13,737
Accruals and provisions	18,950	16,269
Deposit received	23,051	22,927
Borrowings	24,581	49,150
Other current liabilities	13,387	9,432
Current liabilities	79,969	97,778
Total liabilities	**92,843**	**111,515**
Net assets	**86,585**	**77,704**

Source: Annual Reports and Interim Report 2016

The total assets of the Group amounted to approximately HK$179.4 million (audited) and HK$189.2 million (unaudited) as at 31 December 2015 and 30 June 2016 respectively. Property, plant and equipment, investment properties, deposits and prepayments and cash and cash equivalents were the major assets of the Group, which together accounted for approximately 70.4% and 77.0% of the total assets as at 31 December 2015 and 30 June 2016 respectively.

The total liabilities of the Group amounted to approximately HK$92.8 million (audited) and HK$111.5 million (unaudited) as at 31 December 2015 and 30 June 2016 respectively. As at 31 December 2015 and 30 June 2016, accruals and provisions, deposit received and borrowings were the major items of liabilities of the Group, accounting for approximately 81.5% and 87.5% respectively of total liabilities of the Group.

The net asset value of the Group amounted to approximately HK$86.6 million (audited) and HK$77.7 million (unaudited) as at 31 December 2015 and 30 June 2016 respectively, resulting from loss of the Group of approximately HK$6.0 million for the year ended 31 December 2015 to approximately HK$8.9 million for the six months ended 30 June 2016. The net asset value per Share decreased from approximately HK$0.186 per Share as at 31 December 2015 to approximately HK$0.167 per Share as at 30 June 2016. As at 31 December 2015, the Group was at net cash position calculated as the gearing ratio measured by net debt (aggregate of current and non-current borrowings less cash and cash equivalents) divided by total capital (calculated as total equity plus net debt), whilst as at 30 June 2016, the Group's gearing ratio was approximately 18.4%.

2. Future prospect of the Group

According to the statistics released by the Census and Statistics Department, there was 11% more of the respondents in the industry of accommodation and food services, holding a view that the business situation in the third quarter of 2016 will be worse than the second quarter of 2016, than the respondents holding an optimistic view. Furthermore, according to the Hong Kong Tourism Board Insights & Research in August 2016, the total number of visitors from the PRC between January 2016 and July 2016 decreased 8.8% as compared to the same period last year. The statistics results from the Census and Statistics Department showed that the per capita spending of visitors dropped from HK$7,960 in 2014 to HK$7,234 in 2015. It is not assertive that there will be a rebound in 2016. In another aspect, the level of rental expense is also expected to remain high. According to Rating and Valuation Department, the current level of the Private Retail Rental Index is still above the three-year average level of 176.6 although the Private Retail Rental Index of Rating and Valuation Department dropped from the peak of 184.9 in September 2015 to 177.7 in July 2016. Moreover, the inflating labour cost raises another concern about the prospect of restaurant industry. According to the data of wage gathered by the Census and Statistics Department, the monthly wage of waiter or waitress increased from HK$11,551 in March 2015 to HK$12,170 in March 2016 and the monthly wage of cook increased from HK$15,989 in March 2015 to HK$17,096 in March 2016. With effect from 1 May 2015, a revised Statutory Minimum Wage (the "SMW") has come into force. The SMW rate was raised from HK$30 per hour to HK$32.5 per hour. Besides, the Minimum Wage Commission is currently reviewing the SMW rate. It is uncertain whether there will be a further increase of the SMW rate.

According to the interim report for the six months ended 30 June 2016, the Group is still continuously searching for appropriate locations with high traffic flow and reasonable rentals to expand its restaurant network. The Group had entered into a tenancy agreement in April 2016 with a landlord for a restaurant in Tsim Sha Tsui which was open in August 2016. This new restaurant is expected to become another major income stream for the Group and enlarge the Group's market share within the industry. We have reviewed the market value of properties with similar size, character and location with the restaurant in Tsim Sha Tsui and considered that the Group has rented at a reasonable rent.

The Group will continue to deploy different marketing strategies, adding creative features to the existing and new restaurants, meanwhile, implementing effective cost control measures and minimizing the operating costs on rental, raw materials and labour accordingly.

Looking forward, the Group will continue to utilise its available resources to engage in its current business and to develop its core business, including opening more local restaurants proactively in order to sustain the Group's growth, seeking potential customers in respect of distribution of goods business to deliver satisfactory returns to its shareholders. The Group had extended the franchise agreement with the franchisee up to July 2017 which enables the Group to receive a stable franchise income. Apart from that, the Group will also continue to explore business opportunities associated with its core business to strengthen its revenue base and maximise its return of the shareholders and value of the Company.

In view of (i) the operating loss of the Group of HK$6.0 million was incurred for the year ended 31 December 2015 and the loss increased to HK$8.9 million for the six months ended 30 June 2016; (ii) the deterioration of the retail industry resulted from high rental expenses and labour cost; (iii) the feasibility of the new marketing strategies and cost control measures; and (iv) the Group is able to continue to search for new premises with high traffic flow and at reasonable rental expenses, we are cautious about the prospects and outlook of the Group.

3. Background of the Offeror and the Purchasers and intention of the Offeror regarding the Company

Background of the Offeror

Mr. Sang (the Offeror) is a Hong Kong resident. Mr. Sang, aged 40, obtained a bachelor's degree in Electrical Engineering from Beijing Institute of Technology. Mr. Sang has over 15 years of experience in the securities investment industry in Hong Kong and the PRC. The Offeror is a third party independent of, and not acting in concert with, the Vendors. Immediately preceding Completion, the Offeror did not own any Shares.

Background of the Purchasers

Mr. Xu obtained a master's degree in business administration from Tsinghua School of Economics and Management. Mr. Xu has been the president of Guorun Construction Group Limited since 1996 and the general manager of Beijing Rixing Property Development Limited since 2004. From 2014 to present, Mr. Xu has been employed as the president of Guorun Holdings Group Limited. He is also the chairman and director of Asia Pacific Aviation Leasing Group from 2016.

Mr. Cui obtained a bachelor's degree in Money and Banking from Beijing Business School in 1997. Mr. Cui was employed as the assistant general manager of Sinotrans & CSC Holdings Co., Ltd's finance department from 1997 to 2012. From 2012 to 2014, Mr. Cui was the managing director of capital operations of ABCI China Investment Corporation Limited. Mr. Cui has over 19 years of experience in the securities investment industry in PRC and over 10 years of experience in Hong Kong's securities industry.

Intention of the Offeror regarding the Group

After the Completion, the Offeror will become the controlling shareholder of the Group. As stated in the "Letter from Deloitte Corporate Finance", the Offeror intends to maintain the listing of the Shares on the Stock Exchange. It is the intention of the Offeror that the Group will continue to focus on the development of its 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 immediately after completion of the Offer. The Offeror will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the further business development of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider acquisition of assets and/or business by the Group and/or disposal of assets and/or business in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

Proposed change of Board composition

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Cheung, Mr. Cheung Ka Kei and Mr. Kan Yiu Pong; and three independent non-executive Directors, being Mr. Chung Kong Mo *JP*, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi.

It is intended that the resignation of all of the existing Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being after the Offer Closing Date).

The Offeror intends to nominate three executive Directors and three independent executive Directors to the Board and such appointment will take effect on or after the close of Offer subject to compliance with the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers. For further details of the biographies of the proposed Directors, please refer to "Letter from Deloitte Corporate Finance" in the Composite Document.

As set out in the above, it is believe that the nature of business of the Company will not have material change as the Offeror intends to continue the existing principal businesses of the Group. Save as the changes to the members of the Board composition, the Offeror has no intension to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

4. Comparison between the Offer Price and historical Share prices

The Offer Price of HK$1.29032 represents:

(i) a premium of approximately 53.61% over the closing price of HK$0.840 per Share as quoted on the Stock Exchange on 30 June 2016 (being the last trading day prior to commencement of the Offer Period);

(ii) a premium of approximately 2.41% over the closing price of HK$1.260 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 3.23% over the average closing price of approximately HK$1.250 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 4.48% over the average closing price of approximately HK$1.235 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 7.17% over the average closing price of approximately HK$1.204 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

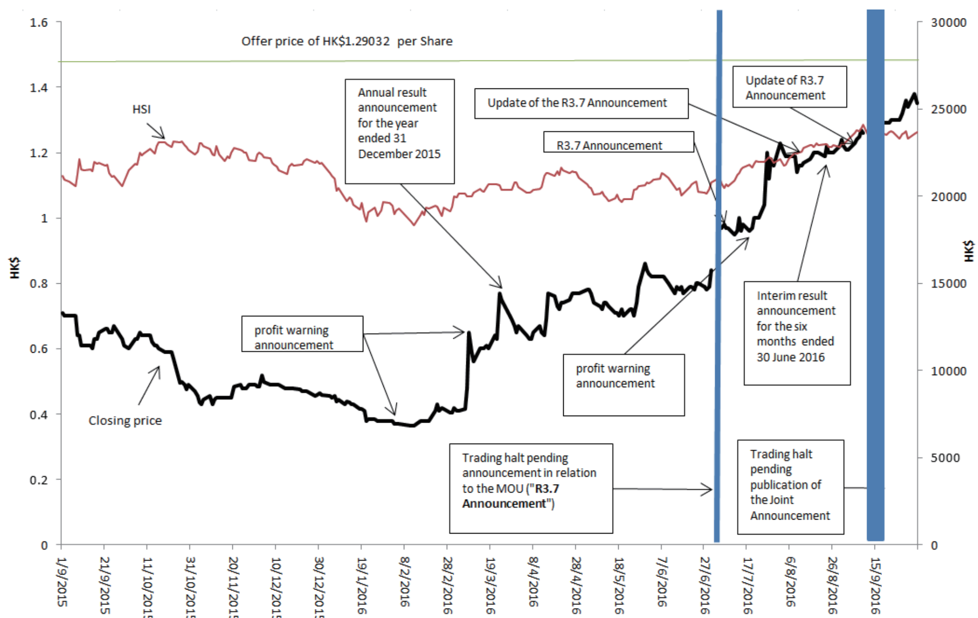
(vi) a discount of approximately 4.42% to the closing price of HK$1.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vii) a premium of approximately 672.65% over the unaudited consolidated net asset value of the Group of approximately HK$0.167 per Share as at 30 June 2016 in the Company's interim report, calculated based on the Group's unaudited consolidated net assets of approximately HK$77.7 million as at 30 June 2016 and 465,000,000 Shares in issue as at the Latest Practicable Date.

5. Historical Share price performance and trading liquidity

i. Historical Share price performance

Set out below is the daily closing price of the Shares as quoted on the Stock Exchange for the period commencing from 1 September 2015, being the 12 month period prior to the Last Trading Day and further up to the Latest Practicable Date (the "**Review Period**") as follows:



Source: the Stock Exchange

In order to assess the fairness and reasonableness of the Offer Price, we reviewed the daily closing price of the Shares during the period from 1 September 2015 up to 9 September 2016 (the "**Pre-announcement Period**") to illustrate the trading performance of the Shares. During the Pre-announcement Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.365 per Share recorded on 11 February 2016 and 12 February 2016 and HK$1.27 per Share recorded on 8 September 2016. As illustrated in the above diagram, there were 253 trading days during the Pre-announcement Period, and within such period, there was no trading day that the closing price of the Shares is above the Offer Price of HK$1.29032. During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.365 per Share recorded on 11 February 2016 and 12 February 2016 and HK$1.38 per Share recorded on 3 October 2016 respectively. As illustrated in the above diagram, there were 269 trading days during the Review Period, and within such period, there were 9 trading days that the closing price of the Shares is above the Offer Price of HK$1.29032.

From the beginning of September 2015 till the mid of February 2016, the closing price of the Share was generally in a declining trend. The declining trend of the closing price of the Share during the period from beginning of September 2015 to mid of February 2016 was generally in line with similar trend of the HSI in the same period, which was primarily due to the overall negative market sentiment during such period. The profit warning announcement issued on 1 February 2016, put a mild downward pressure on the Share price.

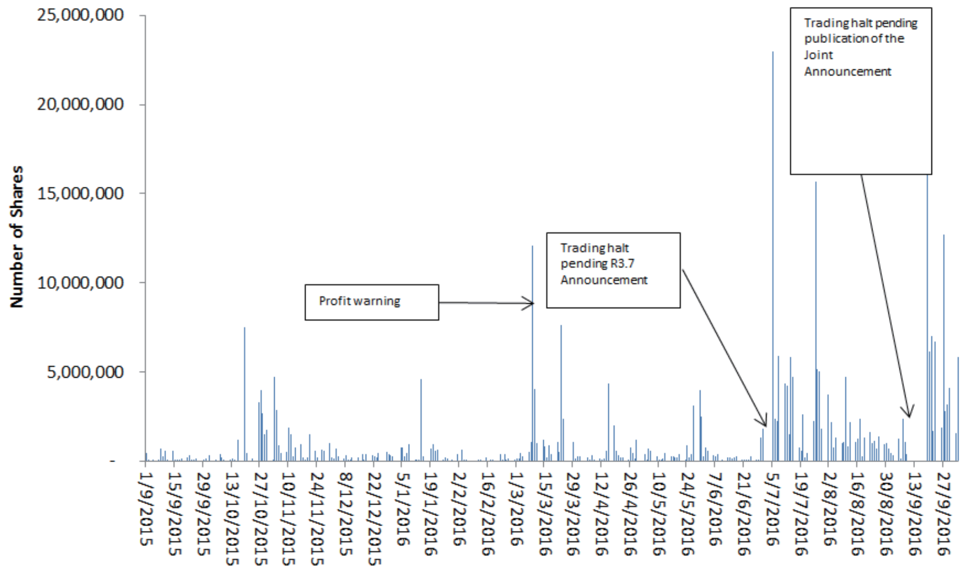
Despite the profit warning announcement issued on 1 February 2016, the closing price of the Shares began to go up and the upward price movement was maintained starting from 15 February 2016. As advised by the Board, the Board was not aware of any reasons for such increases in the closing price of the Share. After the announcement of the profit warning issued on 3 March 2016 regarding to the financial performance for the year ended 31 December 2015, the closing price of the Share had a mild set back. However the downward movement was quickly reverted after it reached the bottom of HK$0.65 on 3 March 2016. After the announcement of the annual result for the year ended 31 December 2015 that the Group incurred loss before income tax expense of approximately HK$5.8 million for the year ended 31 December 2015 compared to profit before income tax of HK$27.8 million for the year ended 31 December 2014, the closing price of the Share started to drop and reached HK$0.64 on 5 April 2016. After that, the closing price of the Share fluctuated but still remained an upward trend in general.

Immediately after the publication of the R3.7 Announcement, the closing price of the Shares was HK$0.97 and further increased to HK$1.19 on 5 August 2016, being the date after the first update of R3.7 Announcement. Trading in the Shares was suspended on 12 September 2016, on which the Company published the Joint Announcement and the closing price of the Share remained in an upward trend. Trading was suspended on 12 September 2016, on which the Company published the Joint Announcement. Therefore, the closing price of the Shares increased to HK$1.29 on 19 September 2016 and maintained in the range of HK$1.29 to HK$1.38 afterwards.

Having considered that (i) the Offer Price is above at premium over the closing prices of the Share and net asset value of the Group during 260 out of 269 trading days of the Review Period; and (ii) the closing prices of the Shares increased after the publication of the R3.7 Announcement and Joint Announcement, there may be possibility that such situation may have been the result of the speculation, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

ii. Trading liquidity

The following chart shows the daily trading volume of the Shares during the Review Period:



The number of trading days, the average daily trading volume of the Shares, and the respective percentages of the Share's daily trading volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as follows:

Month	No. of trading days in each month	Total monthly trading volume	Approximate average daily trading volume	% of average daily trading volume to total number of issued Shares *(Note 3)*	% of average daily trading volume to no. of Shares held by the public *(Note 4)*
2015					
September	20	4,270,500	213,525	0.05	0.12
October	20	23,928,000	1,196,400	0.26	0.70
November	21	20,028,000	953,714	0.21	0.55
December	22	5,896,000	268,000	0.06	0.16
2016					
January	20	11,640,000	582,000	0.13	0.34
February	18	2,636,000	146,444	0.03	0.09
March	21	36,442,000	1,735,333	0.37	1.01
April	20	12,186,000	609,300	0.13	0.35
May	21	15,302,000	728,667	0.16	0.42
June	21	7,412,000	352,952	0.08	0.21
July *(Note 1)*	20	88,730,440	4,436,522	0.95	2.58
August	22	32,626,000	1,483,000	0.32	0.86
September *(Note 2)*	21	75,468,000	3,593,714	0.77	2.09
October (and up to and including the Latest Practicable Date)	2	7,392,000	3,696,000	0.79	2.15

Source: the Stock Exchange

Notes:

1. The trading in Shares on the Stock Exchange was halted on 4 July 2016 pending the release of the R3.7 Announcement.

2. The trading in Shares on the Stock Exchange was suspended on 12 September 2016 up to the release of the Joint Announcement on 15 September 2016 and trading of Shares on the Stock Exchange was resumed on 19 September 2016.

3. Based on the total number of Shares in issue as at the Latest Practicable Date.

4. Based on the total number of Shares held by the public as at the Latest Practicable Date.

We note from the above table that the average daily trading volume of the Shares has been thin in general prior to the release of the announcement of profit warning issued on 9 March 2016 after trading hour. As illustrated in the table above, during the Review Period, the average trading volume of the Shares as percentage of the total number of issued Shares ranged from approximately 0.03% to 0.95% which the average daily trading volume of Shares as a percentage of the total number of Shares held by the public ranged from approximately 0.09% to 2.58%.

The trading volume reached the highest level in July 2016, the month of which the R3.7 Announcement was issued. In July 2016 and September 2016, the trading volume was significantly larger than the average. The average trading volume of the Shares as percentage of the total number of issued Shares was approximately 0.95% and 0.77% respectively in July 2016 and September 2016. The average daily trading volume of the Shares as a percentage of the total number of Shares held by the public was approximately 2.58% and 2.09% respectively in July 2016 and September 2016.

In view of the generally low liquidity of Shares prior to the release of the R3.7 Announcement during the Review Period and the liquidity only modestly increased after the release of the R3.7 Announcement, we considered that the Independent Shareholders who might wish to realise their investment in the Company in market may not be able to do so without exerting a downward pressure on the market price of Shares and the Independent Shareholders may not necessarily receive proceeds reflected by the market price from disposal of Shares in the open market and thus, the Offer furnishes an alternative means for Independent Shareholders to realise their investment in Shares if they so wish.

6. Comparable Analysis

To further assess the fairness and reasonableness of the Offer Price, Price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”) analysis are commonly used benchmarks in valuing a company. The P/E Ratio and P/B Ratio are calculated based on audited profits attributable to owners and the net asset values attributable to the owners of the company from the most recent financial year. The Group is principally engaged in operation of full-services Chinese restaurants including the provision of dining and wedding banquet services, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat. The Group also has been franchising the use of “U Banquet” to a Chinese restaurant in Hong Kong. Therefore, we have identified 5 similar companies, which are (i) listed on the Stock Exchange; (ii) have market capitalisation of less than HK$5 billion; (iii) engaged in catering business; and (iv) have over 50% of its revenue generated in Hong Kong, to compare the P/E Ratio and P/B Ratio of the Group with that of the comparable listed companies (the “**Comparables**”). We consider the selection of the Comparables can reflect the general business performance and value similar to those of the Company. However, given that the Company was loss making for the year ended 31 December 2015 and the six months 30 June 2016, it is impracticable to use P/E Ratio to value the Company with other companies engaged in similar industry and therefore we have attempted to conduct an analysis with reference to the P/B Ratio. We consider the Comparables set forth in the table below an exhaustive list under such criteria. Summarised below are our relevant findings:

Company name (code)	**Closing price**[1] *(HK$)*	**Market Capitalisation as at the Latest Practicable Date** *(HK$ Million)*	**Latest published net asset value attributable to owners of the company**[2] *(HK$ Million)*	**P/B Ratio** *(times)*
Fairwood (52)	37	4,713.5	676.3	7.0
Fulum Group (1443)	1.32	1,716.0	959.4	1.8
Tao Heung (573)	2.5	2,541.5	1,781.8	1.4
G-Vision International (657)	0.375	729.9	107.8	6.8
Tsui Wah (1314)	1.43	2,018.1	1,169.4	1.7
			Mean	3.7
			Median	1.8
			Maximum	7.0
			Minimum	1.4
The Company	1.29032 [3]	600.0	86.6	6.9

Source: The Stock Exchange and published information of the abovementioned companies

Notes:

1. Based on the closing price on 4 October 2016, being the Latest Practicable Date.

2. Unless otherwise specified, net asset value attributable to the owners of the company refers to the latest published accounts.

3. Based on the Offer Price of HK$1.29032 per Share.

Based on the above table, we noted that the P/B Ratios of the Comparables ranged from approximately 1.4 times to 7.0 times as at the Latest Practicable Date, with a median and an average of approximately 1.8 and 3.7 times respectively. The P/B Ratio implied by the Offer Price of approximately 6.9 times is slightly below the upper range of the Comparables as at the Latest Practicable Date. Therefore, we are of the view that the Offer Price is fair and reasonable to the Independent Shareholders.

RECOMMENDATION ON THE OFFER

Taking into consideration the abovementioned principal factors and reasons, in particular, the following:

(i) the Company's financial performance deteriorated and incurred loss attributable to owners of the Company for the year ended 31 December 2015 and for the six months ended 30 June 2016;

(ii) the uncertain prospect and outlook of the Group is subject to factors such as rental expenses, labour cost and the feasibility of the new marketing strategies and cost control measures;

(iii) the Offer Price is above the closing price of the Shares for the majority of the Review Period;

(iv) the average daily trading volume of the Shares has been thin in general prior to the publication of the announcement of MOU which the Independent Shareholders may find it difficult to dispose a large number of Shares in the open market without exerting a downward pressure on the price of the Shares, while the Offer provides the Independent Shareholders with an assumed exit if they wish to realise their investments in the Shares;

(v) the P/B Ratio implied by the Offer Price of approximately 6.9 times is slightly below the upper range of the Comparables as at the Latest Practicable Date;

we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend Independent Board Committee of the Company to advise the Independent Shareholders to accept the Offer.

However, the Independent Shareholders should note that the price level of the Shares has been maintaining at a level higher than the Offer Price since the publication of the Joint Announcement and up to the Latest Practicable Date. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer.

Those Independent Shareholders who intend to accept the Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offer remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

The Independent Shareholders are strongly advised that the decision to accept the Offer or to hold their investment in the Shares is subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance and transfer, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung	**Wong Wai Leung**
Managing Director	*Executive Director*

Note: *Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and Type 9 (asset management) regulated activities. Mr. Wong has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Takeovers Code.*

PROCEDURES FOR ACCEPTANCE OF THE OFFER FOR INDEPENDENT SHAREHOLDERS

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand, marked "U Banquet Group Holding Limited — Offer" on the envelope, to the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, being the agent appointed to receive the Form(s) of Acceptance under the Offer, in any event not later than 4:00 p.m. on Thursday, 27 October 2016 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, if necessary, in accordance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form(s) of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form(s) of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set out by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror, Deloitte Corporate Finance, or its agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form(s) of Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

(e) Acceptance of the Offer will be treated as valid only if the completed and signed Form(s) of Acceptance is received by the Registrar on or before 4:00 p.m. on Thursday, 27 October 2016 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, if necessary, in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of you, the person accepting the Offer, executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares;

(ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form(s) of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or power of attorney) must be produced.

(f) Seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each relevant Independent Shareholder at a rate of 0.1% of (i) the market value of the Offer Shares, or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(g) No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been extended, with the consent of the Executive, in accordance with the Takeovers Code, the relevant Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on Thursday, 27 October 2016 in accordance with the instructions printed on the relevant Form(s) of Acceptance, and the Offer will be closed on Thursday, 27 October 2016.

(b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Offer Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Independent Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released.

(c) If the Offer Closing Date is extended, any reference in this Composite Document and in the relevant Form(s) of Acceptance to the Offer Closing Date shall, except where the context otherwise requires, be deemed to refer to the Offer Closing Date so extended.

(d) If the Offeror revises the terms of the Offer, the Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised composite document is posted and shall not be closed earlier than the Offer Closing Date.

(e) Any acceptance of the relevant revised Offer pursuant thereto shall be irrevocable unless and until the accepting Shareholder becomes entitled to withdraw his acceptance in accordance with the section headed "Right of Withdrawal" in this appendix and duly does so.

ANNOUNCEMENTS

(a) Taking into account of Rule 19.1 of the Takeovers Code, by 6:00 p.m. on the Offer Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of his decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Offer Closing Date stating the results of the Offer and whether the Offer has been closed, revised or extended. The announcement must state the following:

    (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

    (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or persons acting in concert with him before the Offer Period;

    (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror or persons acting in concert with him during the Offer Period;

    (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with him has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and

    (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Offer Closing Date shall be included.

(c) As required under the Takeovers Code, all announcements in respect of Offer will be made in accordance with the requirements of the Listing Rules.

NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph above headed "Announcements", the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

(c) Upon the Independent Shareholders withdrawing their acceptance(s), the Offeror and the Registrar shall, as soon as possible but in any event within 10 days thereof, return the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the relevant Form(s) of Acceptance to the relevant Independent Shareholder(s) by ordinary post at the relevant Independent Shareholder's own risk.

METHOD OF SETTLEMENT FOR INDEPENDENT SHAREHOLDERS

Provided that a valid Form(s) of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Independent Shareholder less seller's Hong Kong ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it or his/her/its agent(s) under the Offer will be despatched to such Independent Shareholder by ordinary post at his own risk as soon as possible but in any event within seven business days following the date of receipt of duly completed acceptances by the Registrar.

No fractions of a cent will be payable and the amount of the cash consideration payable for the Offer Shares will be rounded up to the nearest Hong Kong cent.

Settlement of the consideration to which any Independent Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's Hong Kong ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The Offer is in respect of a company incorporated in the Cayman Islands and listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different to those in other jurisdictions.

The Independent Shareholders who are also Overseas Shareholders who wish to participate in the Offer are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, or other consent and any registrations or fillings which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholder in respect of such overseas jurisdictions).

Each Overseas Shareholder who wishes to accept the Offer is also fully responsible for other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. The Offeror, the Company, Deloitte Corporate Finance, Lego, Octal Capital, the Registrar and any person involved in the Offer shall be entitled to be fully indemnified and held harmless by such Shareholder for any taxes, imposts, duties or requisite payment as you may be required to pay.

Acceptances of the Offer by any such person will be deemed to constitute a representation and warranty by such person to the Offeror that the local laws and requirements have been complied with and such person is permitted under all applicable laws to accept the Offer and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws.

The Offeror reserves the right to notify any matter, including the making of the Offer, to Overseas Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdiction in which the Overseas Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Shareholder) to receive or see that notice.

TAXATION

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Deloitte Corporate Finance, Lego, Octal Capital, the Registrar or their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

GENERAL

(a) Each Shareholder by whom, or on whose behalf, a relevant Form(s) of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror, Deloitte Corporate Finance, so as to bind him or his personal representatives, heirs, successors and assigns, to the following effect:

(i) the Offer Shares acquired under the Offer are sold or tendered by such person or persons (i) fully paid; (ii) free from all Encumbrances, and (iii) together with all rights, benefits, entitlements attached thereto as at the date on which the Offer is made and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, made or paid by the Company with reference to a record date on or after the date on which the Offer is made;

(ii) if such acceptor is an Overseas Shareholder, that he has observed the laws of all relevant territories, obtained any and all requisite governmental, exchange control or other consents which may be required, complied with all necessary formalities and paid any and all transfer or other taxes or duties due from him in connection with such acceptance in any territory, that he has not taken or omitted to take any action which will or may result in the Offeror, Deloitte Corporate Finance or any other person acting or being in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof and he is permitted under the laws of the relevant jurisdictions in connection therewith to receive and accept the Offer (and any revision thereof), and that such acceptance is valid and binding in accordance with the laws of the relevant jurisdictions in connection therewith;

(iii) that such Shareholder will deliver or procure the delivery to the Registrar of his relevant Offer Share certificate(s)(if any) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as applicable);

(iv) that acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Deloitte Corporate Finance that the number of Offer Shares indicated in the relevant Form(s) of Acceptance are duly held by such nominee for such beneficial owners who are accepting the Offer and the Offer is duly and properly accepted in respect of such aggregate number of Offer Shares;

(v) that the execution of the relevant Form(s) of Acceptance in respect of the Offer constitute an irrevocable instruction and authority to the Offeror and Deloitte Corporate Finance, and any of their respective directors, officers, advisers, agents or associates to complete, amend and execute, on behalf of the relevant Independent Shareholder who accepts the Offer, the relevant Form(s) of Acceptance and any document and, in relation to the Offer, to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or its nominees or such other persons as the Offeror shall direct, the Offer Shares which are the subject of such acceptance; and

(vi) that the terms, provisions, instructions and authorities contained in or deemed to be contained in the relevant Form(s) of Acceptance constitute part of the terms of the Offer. The terms of the Offer contained in this Composite Document (including the provisions of this appendix) shall be deemed to be incorporated into the relevant Form(s) of Acceptance which shall be read and construed accordingly.

(b) All communications, notices, Form(s) of Acceptance, Share certificates, transfer receipts, other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Deloitte Corporate Finance, Lego, Octal Capital or their respective ultimate beneficial owners, directors, officers, advisers, agents or associates nor the Registrar or the company secretary of the Company or any other person involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(c) In making their decision, the Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror, Deloitte Corporate Finance, Lego, Octal Capital the Registrar or their respective ultimate beneficial owners, directors, officers, advisers, agents or associates. Independent Shareholders should consult their own professional advisers for professional advice.

(d) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(e) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(f) Reference to the Offer in this Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.

(g) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

I. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016, as extracted from the Company's annual report for the year ended 31 December 2015 and the interim report for the six months ended 30 June 2016 respectively.

	Year ended 31 December		For the six months ended 30 June
	2014	**2015**	**2016**
	(audited)	(audited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	398,068	401,071	177,605
Profit/(loss) before income tax	27,788	(5,773)	(8,488)
Income tax expense	(5,036)	(205)	(393)
(Loss)/profit and total comprehensive income for the year	22,752	(5,978)	(8,881)
Profit/(loss) and total comprehensive income/(loss) attributable to:			
Owners of the Company	21,429	(5,978)	(8,881)
Non-controlling interests	1,323	—	—
Basic earnings/(loss) per share	5 cents	(1 cent)	(2 cents)
Diluted earnings/(loss) per share	5 cents	N/A	N/A
Dividends	—	—	—

I. SUMMARY OF FINANCIAL INFORMATION *(continued)*

	As at 31 December		As at 30 June
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	127,435	118,541	103,210
Current assets	66,468	60,887	86,009
Current liabilities	89,724	79,969	97,778
Net current liabilities	(23,256)	(19,082)	(11,769)
Non-current liabilities	11,616	12,874	13,737
Net assets	92,563	86,585	77,704
Equity attributable to owners of the Company			
Share capital	4,650	4,650	4,650
Share premium	90,326	90,326	90,326
Other reserves	23,936	23,936	23,936
Accumulated losses	(26,349)	(32,327)	(41,208)
Total equity	92,563	86,585	77,704

The auditors of the Company, PricewaterhouseCoopers, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the two years ended 31 December 2014 and 2015, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

II. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2015 which are contained in the Company's annual report published on 21 April 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Year ended 31 December	
		2015	**2014**
	Note	*HK$'000*	*HK$'000*
Revenue	*6*	401,071	398,068
Other income	*6*	1,472	1,773
Cost of revenue	*7*	(102,400)	(93,521)
Employee benefit expenses	*9*	(112,111)	(99,982)
Depreciation		(15,921)	(16,118)
Operating lease payments		(69,058)	(62,211)
Utilities expenses		(33,860)	(33,679)
Other expenses	*8*	(73,358)	(67,103)
Fair value loss of investment properties	*16*	(1,500)	—
Operating (loss)/profit		(5,665)	27,227
Finance income	*11*	654	682
Finance costs	*11*	(762)	(121)
Finance (cost)/income — net	*11*	(108)	561
(Loss)/profit before income tax		(5,773)	27,788
Income tax expense	*12*	(205)	(5,036)
(Loss)/profit and total comprehensive income for the year		(5,978)	22,752
(Loss)/profit and total comprehensive income attributable to:			
Owners of the Company		(5,978)	21,429
Non-controlling interests		—	1,323
		(5,978)	22,752
Basic (loss)/earnings per share	*13*	(1 cent)	5 cents
Diluted (loss)/earnings per share	*13*	N/A	5 cents

CONSOLIDATED STATEMENT OF BALANCE SHEET
For the year ended 31 December 2015

		As at 31 December	
		2015	**2014**
	Note	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	47,207	57,856
Investment properties	*16*	24,000	25,500
Goodwill	*17*	18,576	18,576
Rental deposits	*20*	16,387	10,191
Prepayment for consultancy services	*20*	7,372	11,162
Deferred income tax assets	*27*	4,999	4,150
		118,541	127,435
Current assets			
Trade receivables	*19*	1,918	2,568
Deposits, prepayments and other receivable	*20*	25,300	25,530
Current income tax recoverable		3,849	—
Cash and cash equivalents	*21*	29,820	38,370
		60,887	66,468
Total assets		179,428	193,903
EQUITY			
Equity attributable to owners of the Company			
Share capital	*22*	4,650	4,650
Share premium	*22*	90,326	90,326
Other reserves	*23*	23,936	23,936
Accumulated losses	*23*	(32,327)	(26,349)
Total equity		86,585	92,563

CONSOLIDATED STATEMENT OF BALANCE SHEET *(continued)*
For the year ended 31 December 2015

		As at 31 December	
		2015	**2014**
	Note	*HK$'000*	*HK$'000*
LIABILITIES			
Non-current liabilities			
Accruals	*25*	8,671	7,805
Deposits received	*25*	790	838
Borrowings	*26*	395	155
Deferred income tax liabilities	*27*	36	88
Provision for reinstatement costs	*28*	2,982	2,730
		12,874	11,616
Current liabilities			
Trade payables	*24*	12,265	12,423
Accruals, provisions and other payables	*25*	18,950	18,285
Deposits received	*25*	23,051	32,884
Amounts due to related companies	*33*	320	341
Current income tax liabilities		802	613
Borrowings	*26*	24,581	25,178
		79,969	89,724
Total liabilities		92,843	101,340
Total equity and liabilities		179,428	193,903

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2015

	Attributable to owners of the Company							
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Share-based payment reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
For the year ended 31 December 2014								
Balance as at 1 January 2014	4,000	39,873	55,652	18,950	(47,778)	70,697	41	70,738
Profit and total comprehensive income for the year	—	—	—	—	21,429	21,429	1,323	22,752
Total contributions by and distributions to owners of the Company recognised directly in equity								
Acquisition of the remaining equity interest of subsidiaries of the Group *(Note 22 (a))*	580	45,763	(50,666)	—	—	(4,323)	(374)	(4,697)
Acquisition of a subsidiary *(Note 22 (b))*	70	4,690	—	—	—	4,760	—	4,760
Dividends	—	—	—	—	—	—	(990)	(990)
Total transactions with owners	650	50,453	(50,666)	—	—	437	(1,364)	(927)
Balance as at 31 December 2014	4,650	90,326	4,986	18,950	(26,349)	92,563	—	92,563
For the year ended 31 December 2015								
Balance as at 1 January 2015	4,650	90,326	4,986	18,950	(26,349)	92,563	—	92,563
Loss and total comprehensive income for the year	—	—	—	—	(5,978)	(5,978)	—	(5,978)
Balance as at 31 December 2015	4,650	90,326	4,986	18,950	(32,327)	86,585	—	86,585

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

		Year ended 31 December	
		2015	**2014**
	Note	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Cash generated from operations	*29(a)*	2,350	31,629
Hong Kong profits tax paid, net		(4,766)	(8,011)
Net cash (used in)/generated from operating activities		(2,416)	23,618
Cash flows from investing activities			
Interest received	*11*	28	3
Purchases of property, plant and equipment		(4,475)	(14,285)
Proceed from sale of property, plant and equipment		24	—
Advances to from related companies		—	(3,230)
Advances to directors		—	(2,064)
Repayment of a non-controlling shareholder		—	275
Changes in pledged bank deposits		—	1,396
Cash acquired through acquisition of a subsidiary	*30*	—	118
Net cash used in investing activities		(4,423)	(17,787)
Cash flows from financing activities			
Interest paid		(659)	(23)
Repayments of borrowings		(600)	(9,956)
Repayments of finance leases		(452)	(103)
Repayments of directors		—	(114)
Dividends to non-controlling shareholders	*33(d)(i)*	—	(990)
Acquisition of non-controlling interest	*33(d)(ii)*	—	(4,697)
Net cash used in financing activities		(1,711)	(15,883)
Net decrease in cash and cash equivalents		(8,550)	(10,052)
Cash and cash equivalents at beginning of the year		38,370	48,422
Cash and cash equivalents at end of the year	*21*	29,820	38,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Floor 4, Willow House, Cricket Square P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. The Company's principal place of business is located at Flat F, 28/F, Phase II, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries (collectively, the "Group") are principally engaged in the operation of a chain of Chinese restaurants, provision of wedding services, 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.

These consolidated financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of U Banquet Group Holding Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) Going concern basis

During the year ended 31 December 2015, the Group incurred a net loss of HK$5,978,000 and had a net cash operating outflow of HK$2,416,000. As at the same date, the Group's current liabilities exceeded its current assets by approximately HK$19,082,000. The Group's current liabilities mainly consisted of deposits received from customers of approximately HK$23,051,000 which will be recognised as revenue upon rendering of the relevant banquet and wedding related services in the next financial year, as well as an amount of HK$13,650,000 representing a portion of bank borrowings being classified as current liabilities due to a repayment on demand clause in the loan agreement.

As at 31 December 2015, the Group had total banking facilities of approximately HK$38,750,000, of which approximately HK$24,250,000 was drawn down as bank borrowings and approximately HK$8,500,000 was utilised for issuance of letters of guarantee in favour of landlords for rental and utility deposits. The Group's banking facilities are subject to annual review for renewal, and the upcoming renewal date is in April 2016. As at 31 December 2015, the Group failed to comply with one of the covenant requirements of one of the Group's banking facilities amounted to HK$14,500,000, of which HK$8,500,000 was utilised for issuance of letters of guarantee. Such breach of the covenant requirement may cause the relevant banking facilities of HK$14,500,000 to be cancelled or suspended (Note 26).

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management covering a period of twelve months from 31 December 2015. A number of measures have been put in place by the directors of the Company to further improve the financial position and alleviate the liquidity pressure, including:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) Going concern basis

1. In March 2016, the Group has obtained the bank's one-off wavier from compliance with the relevant breached covenant requirement for the year ended 31 December 2015 in relation to the Group's banking facilities of HK$14,500,000. Despite the waiver does not cover the period after 31 December 2015, the letters of guarantee issued under these facilities remain in force and the Group is currently negotiating with the bank for renewal of the above banking facilities. Based on the latest communication with the bank, the bank has indicated its intention to renew the said banking facilities.

2. Management is in negotiation with the bank for renewal of the Group's remaining banking facilities of HK$24,250,000. In March 2016, the Group received a letter of intent from the bank to renew these facilities with the same terms and conditions as the existing ones. The directors of the Company are of the opinion that such banking facilities will be renewed upon expiry and continue to be available to the Group for the next twelve months from the date of the balance sheet.

3. Management has become more cost conscious and is reducing unnecessary expenditures to improve its operating cashflows.

   Based on the cash flow projections and taking into account the anticipated cash flows generated from the Group's operations, the possible changes in its operating performance, and the continuous availability of banking facilities, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2015. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(b) New amendments to existing standards that have been issued and are effective for the period commencing on 1 January 2015 that are relevant to the Group:

HKAS 19 (2011) Amendment	Defined benefit plans: Employee contributions
Annual Improvements Project 2012	Annual improvements to 2010-2012 cycle
Annual Improvements Project 2013	Annual improvements to 2011-2013 cycle

The adoption of the above amendments to standards did not have material impact on the financial statements or result in any significant changes to the Group's significant accounting policies.

(c) The following new/revised standards and new amendments to existing standards have been issued and are relevant to the Group but not yet effective and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKAS 1 Amendment	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1 July 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the consolidation exception	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
Annual Improvements Project 2014	Annual improvements 2012-2014 cycle	1 January 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *(continued)*

The Group has commenced the assessment of the impact of these new or revised standards, amendments to standards and new interpretation but is not yet in a position to state whether they would have a significant impact on the Group's results of operations and its financial position.

(d) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combination (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income (Note 2.8).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Non-controlling interests

Non-controlling interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between non-controlling interests and owners of the Company.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency transaction

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is also the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other expenses'.

2.6 Property, plant and equipment

Land and buildings comprise mainly offices. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of 5 years and the unexpired lease term
Air-conditioning	Shorter of 5 years and the unexpired lease term
Equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	3⅓ years
Leasehold land classified as finance lease	Shorter of remaining period of the lease or useful life
Building	33 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other expenses' in the consolidated statement of comprehensive income.

2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income as part of a valuation gain or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life for example, goodwill, are not subject to amortisation and are tested annually for impairment.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'other receivable' and 'cash and cash equivalents' in the consolidated balance sheet (see Notes 2.13 and 2.14).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Impairment of financial assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of financial assets carried at amortised cost *(continued)*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in consolidated statement of comprehensive income.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.18 Borrowing costs

All borrowing costs are recognised in the consolidated statement of other comprehensive income in the period in which they are incurred since no borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets.

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Current and deferred income tax *(continued)*

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Employee benefits

(a) Pension obligation

The Group operates a defined contribution plan, the mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund on a reduction in the future payments is available.

The Group's contributions to the defined contribution plan are charged to consolidated statement of comprehensive income in the year incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the Group has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Employee benefits *(continued)*

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at the balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in other comprehensive income in the year in which they occur in the consolidated statement of comprehensive income.

2.21 Share-based payment

Equity-settled share-based payment transaction

The fair value of services rendered in exchange for the share-based payment is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share-based payment:

- including any market performance conditions (for example, an entity's share price); and

- excluding the impact of any service.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Provision for reinstatement cost

Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased retail shops agreed to be carried out upon the expiry of the relevant leases using a risk-free pre-tax interest rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as part of leasehold improvements in the consolidated balance sheet.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Revenue recognition *(continued)*

(a) Revenue from Chinese restaurants operations

Revenue is recognised when the related catering services are rendered to customers.

(b) Revenue from provision for wedding services

Revenue from provision for wedding services, such as wedding planning, wedding gown sales and rentals, hair and makeup, photography and video, venue design and decoration, car rentals, hotel booking, wedding invitation cards design and printing, wedding master of ceremonies, marriage celebrant services, 'good luck woman' services and cake catering, is recognised in the accounting period in which the services are rendered.

(c) Distribution of goods

Revenue from distribution of goods consists of sales of fresh vegetables and fruit, seafood and frozen meat sold to third parties and is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(e) Franchise income

Franchise income is recognised in the accounting period in which the services are rendered.

(f) Rental income

Rental income from investment property is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Leases (as a leasee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.26 Leases (as a leassor)

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to a as the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.27 Dividend distribution

Dividend distribution to the shareholders of the Company and its subsidiaries is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate, of the respective companies.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposures to changes in foreign exchange rates and interest rates.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

Most of the income and expenditures of the Group are denominated in HK$ and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The interest rate profile of borrowings is disclosed in Note 26. The bank deposits generate interest at the prevailing market interest rates.

As at 31 December 2015, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's loss for the year and total equity would have increased/decreased by approximately HK$124,000 (2014: profit and total equity would decreased/increased by HK$54,000), mainly as a result of higher/lower net interest expense on floating rate bank deposits and borrowings.

(b) Credit risk

The Group's credit risk is primarily attributable to bank deposits, deposits and trade and other receivables. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

To mitigate the risk arising from banks, the Group places their bank deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party.

Trade receivable and deposits are continuously monitored by assessing the credit quality of the respective counterparties, taking into account its financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts. As at 31 December 2015, no impairment is considered necessary for the trade receivables deposits and other receivable (2014: same).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. As at 31 December 2015, the Group failed to comply with one of the covenant requirements of one of the Group's banking facilities amounted to HK$14,500,000, of which HK$8,500,000 was utilised for issuance of letters of guarantee. Such breach of the covenant requirement may cause the relevant banking facilities of HK$14,500,000 to be cancelled or suspended. The Group has taken certain measures to mitigate the liquidity risk and to satisfy its future working capital and other financing requirements form its operating cash flow as explained in note 2.1.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2014			
Trade payables	12,423	—	—
Accruals and other payable	15,964	—	—
Amounts due to related companies	341	—	—
Borrowings	27,012	152	3
At 31 December 2015			
Trade payables	12,265	—	—
Accruals and other payable	15,482	—	—
Amounts due to related companies	320	—	—
Borrowings	26,455	393	16

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) ***Liquidity risk*** *(continued)*

The table following summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the good track records and relationships with the bank and the values of the underlying assets pledged to the respecting banking facilities, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis — term loans subject to a repayment on demand clause based on scheduled repayments			
	Within 1 year	**Over 1 year but less than 2 years**	**Over 2 years but less than 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2014	962	948	2,753	12,411
31 December 2015	946	930	2,703	11,522

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's strategy, which was unchanged during the year ended 31 December 2015, was to lower the gearing ratio to an acceptable level. The gearing ratio as at 31 December 2015 and 2014 were as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Total borrowings *(Note 26)*	24,976	25,333
Less: cash and cash equivalents *(Note 21)*	(29,820)	(38,370)
Net cash	(4,844)	(13,037)
Total equity	86,585	92,563
Total capital	81,741	79,526
Gearing ratio	N/A	N/A

As at 31 December 2015, the Group was at net cash position, hence the gearing ratio is not applicable (2014: same).

3.3 Fair value estimation

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each balance sheet date.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates.

There will not be any impairment charge for the year ended 31 December 2015 (2014: same) against goodwill in CGUs if the discount rate for the Group had been 1 percentage point higher than management's estimates or the annual growth rate for the Group had been 1 percentage point lower than management's estimate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(c) Impairment of non-financial assets excluding goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may be not recoverable. The recoverable amounts have been determined based on fair value less costs to sell or value-in-use valuations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of its operations.

(d) Provision for reinstatement costs

Provision for reinstatement costs is estimated at the inception of leasing property with reinstatement clause and reassessed at each balance sheet date with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.

(e) Estimated valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent and professionally qualified valuer.

In determining the fair value, the valuer has based on property valuation techniques which involve, inter alia, certain estimates including comparable sales in the relevant market, current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market condition.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(f) Income tax

The Group is subject to current income tax. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred income tax assets based on the enacted or substantively enacted tax rates (and laws) and the best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carried forward in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would need to be made. In addition, management will revisit the assumptions and profit projections at each balance sheet date.

5 SEGMENT INFORMATION

The CODM has been identified as the Chief Executive Officer ("CEO") and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax. The CODM considers all business is included in a single operating segment.

The Group is principally engaged in operation of a chain of Chinese restaurants, provision of wedding services, distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meats. The Group also has been franchising the use of "U Banquet" in a Chinese restaurant. Since operation of a chain of Chinese restaurants attributed to majority of the Group's revenue, results and assets during the year ended 31 December 2015, no business segment analysis is presented accordingly.

5 SEGMENT INFORMATION *(continued)*

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong as at 31 December 2015. Accordingly, no analysis by geographical segment is provided. For the year ended 31 December 2015, there are no single external customers contributed to more than 10% revenue of the Group.

6 REVENUE AND OTHER INCOME

Turnover consists of revenue from (i) operation of Chinese restaurants including provision of dining and wedding banquet services, (ii) provision of wedding services, (iii) distribution of goods, consisting of fresh vegetables, fruits, seafood and frozen meat and (iv) franchising the use of "U Banquet" in a Chinese restaurant during the year are as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Revenue		
Revenue from Chinese restaurants operations	389,742	388,217
Revenue from provision of wedding services	4,062	3,836
Revenue from distribution of goods	4,033	4,777
Franchise income	3,234	1,238
	401,071	398,068
Other income		
Forfeiture of deposits received	850	767
Rental income	617	—
Reversal of provision for reinstatement costs *(Note 28)*	—	559
Gain on acquisition of a subsidiary *(Note 30)*	—	388
Miscellaneous income	5	59
	1,472	1,773
Total revenue and other income	402,543	399,841

7 COST OF REVENUE

	2015	2014
	HK$'000	*HK$'000*
Cost of materials consumed	99,793	89,955
Cost of provision of wedding services	485	546
Cost of distribution of goods	2,122	3,020
	102,400	93,521

8 OTHER EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration		
— Audit services	1,906	1,154
— Non-audit services	750	—
Advertising and promotions	8,413	9,857
Cleaning and laundry expenses	6,293	6,106
Credit card charges	3,728	3,740
Kitchen consumables	1,154	1,508
Repairs and maintenance	4,891	3,630
Entertainment	3,129	2,828
Consumable stores	2,914	2,680
Insurance	1,845	2,143
Legal and professional fee	4,035	2,533
Printing and stationery	1,243	1,185
Staff messing	2,227	2,040
Service fee to temporary workers	16,682	13,344
Consultancy service fee *(Note 13(b)(i))*	3,790	3,790
Wedding banquet expenses	1,662	2,616
Transportation	1,636	2,429
Professional fee in respect of listing of the Company's shares	150	100
Others	6,910	5,420
	73,358	67,103

9 EMPLOYEE BENEFIT EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Wages, salaries and bonuses	106,900	95,587
Pension costs — defined contribution plans	4,617	4,201
Reverse of unutilised annual leave	(71)	(81)
Long service payment	665	275
	112,111	99,982

(a) Pensions — defined contribution plans

Contributions totaling approximately HK$796,000 were payable to the MPF fund as at 31 December 2015 (2014: HK$687,000).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors whose emoluments are reflected in the analysis presented in Note 10. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits	1,072	1,051
Discretionary bonuses	245	172
Employer's contribution to pension scheme	36	34
	1,353	1,257

The emoluments of the above two (2014: two) individuals above fell within the band of nil — HK$1,000,000 during the year.

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the year.

10 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and CEO's emoluments

The remuneration of every director and the CEO for the year ended 31 December 2015 is set out below:

	Fees	Basic salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to a retirement benefits scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	3,000	1,200	18	4,218
Executive directors					
Cheung Ka Kei	—	2,280	900	18	3,198
Kan Yiu Pong	—	600	200	18	818
Independent non-executive directors					
Chung Kong Mo	120	—	—	—	120
Wong Tsip Yue, Pauline	120	—	—	—	120
Wong Sui Chi	120	—	—	—	120
	360	5,880	2,300	54	8,594

10 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' and CEO's emoluments *(continued)*

The remuneration of every director and the CEO for the year ended 31 December 2014 is set out below:

	Fees	Basic salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to a retirement benefits scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	2,880	480	17	3,377
Executive directors					
Cheung Ka Kei	—	2,195	360	17	2,572
Kan Yiu Pong	—	618	100	17	735
Independent non-executive directors					
Chung Kong Mo	120	—	—	—	120
Wong Tsip Yue, Pauline	120	—	—	—	120
Wong Sui Chi	120	—	—	—	120
	360	5,693	940	51	7,044

Note (i): The director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made.

No directors waived or agreed to waive any emoluments during the year. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the year.

(b) Directors' retirement benefits

No retirement benefits were paid to the directors of the Company during the year ended 31 December 2015 by a defined contribution plan operated by the Group in respect of their services as directors of the Company (2014: same). No other retirement benefits were paid to the directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2014: same).

10 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(c) Directors' termination benefits

No directors were terminated their appointments as directors of the Company (2014: same).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2015, the Company did not pay any considerations to any third parties for making available the services of themselves as directors of the Company (2014: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were entered into by the Company or subsidiary undertaking of the Company in favour of the directors of the Company, a controlled body corporate or a connected entity of such directors at any time during the year.

(f) Directors' material interests in transactions, arrangements or contracts

Save for transactions disclosed elsewhere in the notes to these financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11 FINANCE INCOME — NET

	2015	2014
	HK$'000	*HK$'000*
Finance income		
— Interest income on short-term bank deposits	28	3
— Interest income arising from discount of non-current rental deposits	626	679
	654	682
Finance costs		
— Interest expense on bank borrowings	(614)	(13)
— Interest expense on finance lease liabilities	(45)	(10)
— Unwinding of discount of provision for reinstatement costs *(Note 28)*	(103)	(98)
	(762)	(121)
Finance (cost)/income — net	(108)	561

12 INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
Current income tax on profits for the year	**1,106**	4,982
Deferred income tax *(Note 27)*		
Origination and reversal of temporary differences	**(901)**	54
Income tax expense	**205**	5,036

12 INCOME TAX EXPENSE *(continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit before income tax	(5,773)	27,788
Tax calculated at tax rate of 16.5% (2014: 16.5%)	(953)	4,585
Income not subject to tax	(112)	(60)
Expenses not deductible for tax purposes	1,370	502
Utilisation of previously unrecognised tax losses	(100)	—
Tax losses for which no deferred income tax asset was recognised	—	9
	205	5,036

13 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
(Loss)/profit attributable to owners of the Company *(HK$'000)*	(5,978)	21,429
Weighted average number of ordinary shares in issue *(thousands)*	440,570	394,671
Basic (loss)/earnings per share *(HK$)*	(1 cent)	5 cents

The calculation of basic loss per share for the year ended 31 December 2015 is based on the loss attributable to owners of the Company of HK$5,978,000 (2014: profit HK$21,429,000) and the weighted average of ordinary shares in issue 440,570,000 (2014: 394,671,000 ordinary shares).

13 (LOSS)/EARNINGS PER SHARE *(continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: contingent returnable shares.

	2015	**2014**
(Loss)/profit attributable to owners of the Company *(HK$'000)*	(5,978)	21,429
Weighted average number of ordinary shares in issue *(thousands)*	440,570	394,671
Adjustment for:		
— Contingent returnable shares *(Note (i))*	N/A	24,430
Weighted average number of ordinary shares for diluted earings per share *(thousands)*	440,570	419,101
Diluted (loss)/earnings per share *(HK$)*	N/A	5 cents

For the year ended 31 December 2015, the potential ordinary shares arising from the conversion of 24,430,000 contingent returnable shares had an anti-dilutive effect on the basic loss per share, hence they were ignored in the calculation of diluted loss per share.

For the year ended 31 December 2014, the calculation of diluted earnings per share is based on the profits attributable to owners of the Company of HK$21,429,000 and the weighted average of 419,101,000 ordinary shares in issue.

The weighted average number of ordinary shares for diluted loss per share represents the weighted average number of shares in issue during the year ended 31 December 2014 adjusted by the conversion of 24,430,000 contingent returnable shares. The contingent returnable shares were granted to Century Great Investment Limited in 2013 for services to be provided. The shares are restricted for a period of 5 years (Note (i)).

13 (LOSS)/EARNINGS PER SHARE *(continued)*

(b) Diluted *(continued)*

Note (i):

On 10 May 2013, Choi Fook Holdings Limited, a subsidiary of the Company, allotted and issued 75,000 new shares to Century Great Investments Limited ("Century Great"), which would be entirely exchanged to the shares of the Company upon completion of the reorganisation on 19 November 2013 at a consideration of HK$75,000 and the services to be provided by Century Great which include, inter alia, reviewing the Group's business operations and development and management policies from time to time, devising the Group's marketing plan, seeking strategic investors for the Group and arranging regular trainings for directors and members of the senior management for a term of five full financial years after the listing ("the vesting period"). Century Great is liable to compensate the Group for all losses and damages resulting from its failure to provide the abovementioned services at any time during the vesting period.

Century Great undertakes that within the five full financial years after the listing, it will not, for each year, sell, or dispose of more than 20% of the entire shares which are beneficially owned by it upon the listing. Non-vesting condition refers to the lock-up period for the shares which are taken into account by adjusting the fair value of the shares so that the amount reflects the discount for the lock-up period. The shares in Century Great is converted to the shares of the Company of 24,430,000 shares and are restricted for a period of 5 years.

The fair value of the shares issued in return for services received approximates the fair value of services received by the Group. The estimate of fair value of services received was measured based on the discounted cash flow model. The fair value of the shares issued as at 10 May 2013 as determined by using the discounted cash flow is approximately HK$19.0 million, discount rate of 15.0%, lack of control discount of 26.7% and terminal growth rate of 2.8%.

The services received by the Group commenced upon the listing. Share-based payment of HK$18,950,000 was recognised as prepayment which is to be amortised over the vesting period of 5 years. HK$3,790,000 of share based payment was recognised as an expense during the year.

14 DIVIDENDS

The directors do not recommend the payment of final dividends for the year ended 31 December 2015 (2014: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Air-conditioning	Equipment	Furniture and fixtures	Motor vehicles	Land and building	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014							
Cost	57,267	8,546	22,223	28,390	2,328	—	118,754
Accumulated depreciation	(28,618)	(4,695)	(15,734)	(19,572)	(1,207)	—	(69,826)
Net book amount	28,649	3,851	6,489	8,818	1,121	—	48,928
Year ended 31 December 2014							
Opening net book amount	28,649	3,851	6,489	8,818	1,121	—	48,928
Additions	11,023	874	985	2,813	72	—	15,767
Acquisition of a subsidiary *(Note 30)*	—	—	—	—	780	8,600	9,380
Disposals	(8)	—	—	(93)	—	—	(101)
Depreciation charge	(9,105)	(1,211)	(2,335)	(2,967)	(500)	—	(16,118)
Closing net book amount	30,559	3,514	5,139	8,571	1,473	8,600	57,856
At 31 December 2014							
Cost	68,282	9,420	23,208	31,110	3,180	8,600	143,800
Accumulated depreciation	(37,723)	(5,906)	(18,069)	(22,539)	(1,707)	—	(85,944)
Net book amount	30,559	3,514	5,139	8,571	1,473	8,600	57,856
Year ended 31 December 2015							
Opening net book amount	30,559	3,514	5,139	8,571	1,473	8,600	57,856
Additions	2,634	381	239	1,370	695	—	5,319
Disposals	—	—	—	—	(47)	—	(47)
Depreciation charge	(9,458)	(1,021)	(1,553)	(2,558)	(1,070)	(261)	(15,921)
Closing net book amount	23,735	2,874	3,825	7,383	1,051	8,339	47,207
At 31 December 2015							
Cost	65,489	9,801	23,147	31,635	3,643	8,600	142,315
Accumulated depreciation	(41,754)	(6,927)	(19,322)	(24,252)	(2,592)	(261)	(95,108)
Net book amount	23,735	2,874	3,825	7,383	1,051	8,339	47,207

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

All land and buildings in Hong Kong are held on leases of 50 years, with a remaining term of 32 years.

At 31 December 2015, the Group's land and building with net carrying amount of approximately HK$8,339,000 (2014: HK$8,600,000) was pledged against the bank borrowings of the Group (Note 26).

Equipment and motor vehicles include the following amounts where the Group is a lessee under finance leases:

Equipment

	2015	**2014**
	HK$'000	*HK$'000*
Cost — capitalised finance leases	477	477
Accumulated depreciation	(437)	(359)
Net book amount	40	118

Motor vehicles

	2015	**2014**
	HK$'000	*HK$'000*
Cost — capitalised finance leases	1,929	1,233
Accumulated depreciation	(1,152)	(800)
Net book amount	777	433

The Group leases various equipment and motor vehicles under non-cancellable finance lease agreements. The lease terms are between four and five years.

16 INVESTMENT PROPERTIES

	2015	**2014**
	HK$'000	*HK$'000*
At 1 January	25,500	—
Acquisition of a subsidiary	—	25,500
Fair value loss	(1,500)	—
At 31 December	24,000	25,500

The following amounts have been recognised in statement of comprehensive income for the investment properties:

	2015	**2014**
	HK$'000	*HK$'000*
Rental income	617	—
Direct operating expenses from properties that generated rental income	(61)	—
At 31 December	556	—

The investment properties were revalued at 31 December 2015 by an independent professionally qualified valuer, B.I. Appraisals Limited (2014: same), using the direct comparison approach by making reference to comparable sale evidence as available in the relevant market.

The Group's interests in investment properties, held on leases of between 35 and 39 years, are located in Hong Kong.

16 INVESTMENT PROPERTIES *(continued)*

At 31 December 2015, certain investment properties situated in Hong Kong with fair value of HK$24,000,000 (2014: HK$25,500,000) were pledged as a security for bank borrowings made available to the Group (Note 26).

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2015			
Investment properties:			
Industrial and residential buildings			
— Hong Kong	—	—	24,000
At 31 December 2014			
Investment properties:			
Industrial and residential buildings			
— Hong Kong	—	—	25,500

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

16 INVESTMENT PROPERTIES *(continued)*

The fair values of the Group's investment properties are measured at fair value hierarchy level 3 as at 31 December 2015 and 2014. Information about fair value measurements using significant unobservable input (Level 3) as follows:

Description	Fair value	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000				
At 31 December 2015					
Industrial buildings — Hong Kong Units E & F, 28/F, Block 1, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Kwai Chung Town Lot No. 302	14,000	Direct comparison approach	Comparable sales evidence	HK$1,900 to HK$2,300 per square feet	The higher the comparable market price, the higher the fair value
Residential building — Hong Kong Flat G, 16/F, Tower 3, Phase 1, Century Gateway, 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Tuen Mun Town Lot No. 447	10,000	Direct comparison approach	Comparable sales evidence	HK$12,300 to HK$14,600 per square feet	The higher the comparable market price, the higher the fair value
At 31 December 2014					
Industrial buildings — Hong Kong Units E & F, 28/F, Block 1, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Kwai Chung Town Lot No. 302	14,800	Direct comparison approach	Comparable sales evidence	HK$2,000 to HK$2,500 per square feet	The higher the comparable market price, the higher the fair value
Residential building — Hong Kong Flat G, 16/F, Tower 3, Phase 1, Century Gateway, 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Tuen Mun Town Lot No. 447	10,700	Direct comparison approach	Comparable sales evidence	HK$13,700 to HK$16,900 per square feet	The higher the comparable market price, the higher the fair value

16 INVESTMENT PROPERTIES *(continued)*

Under direct comparison approach, fair values of the investment properties are derived from comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square meter.

The Group reviews the valuation performed by independent valuer for financial reporting purposes. Discussion of valuation processes and results are held between management and independent professional qualified valuer for financial reporting purposes.

17 GOODWILL

	Total
	HK$'000
At 31 December 2015 and 2014	
Cost and net book value	18,576

Prior to 19 June 2009, Mr. Cheung KK, Mr. Cheung KH and other two partners ("Ex-Partners") together operated eight Chinese restaurants in Hong Kong through eight individual companies. Six of them were held by Choi Fook Group Company Limited ("Choi Fook Group") and two of them were held by Mr. Cheung KH on behalf of Choi Fook Group.

On 19 June 2009, a settlement agreement ("Settlement Agreement") was entered into among Mr. Cheung KK, Mr. Cheung KH and the Ex-Partners in relation to the settlement of the disputes between Mr. Cheung KK and Mr. Cheung KH of one part and the Ex-Partners of the other part arising from their co-operation in the operation of Chinese restaurants in Hong Kong. Pursuant to the Settlement Agreement which, among others, deals with the allocation by drawing lots of these eight restaurants, Mr. Cheung KH and Mr. Cheung KK took up the restaurants respectively located in Mong Kok, Tsim Sha Tsui, Causeway Bay and North Point and operated by Step Up, Million Talent, Vast Rainbow and Choi Fook Seafood and the Ex-Partners took up the remaining restaurants.

17 GOODWILL *(continued)*

The allocation was implemented by way of transfer of the share capital of the relevant companies which operated the restaurants from Choi Fook Group to Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part according to the results of the drawing lots. Mr. Cheung KH and Mr. Cheung KK obtained the entire equity interests in Step Up, Million Talent, Vast Rainbow and Choi Fook Seafood through transferring out their 50% equity interests in other four companies operated the other restaurants took up by the Ex-Partners of which the fair value was approximately HK$49,476,000, giving rise to a goodwill of approximately HK$18,576,000. Since then, the Group, via Mr. Cheung KH and Mr. Cheung KK, owns 100% of each of Step Up, Million Talent, Vast Rainbow and Choi Fook Seafood.

Impairment test of goodwill

The goodwill is all allocated to the four abovementioned restaurants under the Group's operating segment — operation of Chinese restaurants in Hong Kong.

The recoverable amount is calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the Chinese restaurant business.

The key assumptions used for the calculation are as follows:

	2015	**2014**
Annual growth rate	3.0%	2.1%
Terminal growth rate	3.0%	2.1%
Discount rate	12.8%	13.6%

Management determined budgeted financial performance based on past performance and its expectations of the market development. The average annual growth rate used is consistent with the forecasts of the market. The discount rate used is pre-tax and reflects specific risks relating to the segment. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

18 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2015	2014
	HK$'000	*HK$'000*
Assets as per consolidated balance sheet		
Loans and receivables		
Trade receivables	1,918	2,568
Deposits and other receivable	27,546	21,063
Cash and cash equivalents	29,820	38,370
Liabilities as per consolidated balance sheet		
Other financial liabilities at amortised cost		
Trade payables	12,265	12,423
Accruals, provisions and other payables	15,482	15,964
Amounts due to related companies	320	341
Borrowings	24,976	25,333

19 TRADE RECEIVABLES

The ageing analysis of trade receivables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	1,251	1,090
31 to 60 days	405	767
61 to 90 days	237	502
Over 90 days	25	209
	1,918	2,568

19 TRADE RECEIVABLES *(continued)*

The Group's revenue from its Chinese restaurants operations is mainly conducted in cash or by credit cards. The credit periods granted by the Group to its customers in wedding related business, customers in distribution of goods and a franchisee range from 0 to 90 days. As at 31 December 2015, trade receivables that were not past due nor impaired amounted to approximately HK$1,893,000 (2014: HK$2,359,000). These balances relate to a wide range of customers for whom there was no recent history of default.

As at 31 December 2015, no trade receivables were impaired (2014: same). No provision for impairment of trade receivables was made as at 31 December 2015 (2014: same).

The carrying amounts of trade receivables approximate their fair values and are denominated in Hong Kong dollars. The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

	2015	**2014**
	HK$'000	*HK$'000*
Rental deposits	16,973	15,296
Utilities deposits	5,054	5,046
Other deposits	3,557	721
Other receivable	1,962	—
Prepaid insurance	1,137	1,251
Prepayment for advertising and promotions	2,374	410
Prepaid rent	2,378	2,322
Prepaid service fee to temporary workers	2,496	4,206
Other prepayments	1,966	2,679
Prepayment for consultancy services *(Note 13(b)(i))*	11,162	14,952
	49,059	46,883
Less: Non-current portion		
— rental deposits	(16,387)	(10,191)
— prepayment for consultancy services	(7,372)	(11,162)
Current portion	25,300	25,530

The carrying amounts of deposits, prepayments and other receivable approximate their fair values and are denominated in HK$.

21 CASH AND CASH EQUIVALENTS

	2015	**2014**
	HK$'000	*HK$'000*
Cash at banks	28,767	37,367
Cash on hand	1,053	1,003
Cash and cash equivalents	29,820	38,370
Maximum exposure to credit risk	28,767	37,367

Majority of the Group's cash and cash equivalents are denominated in HK$. Cash at banks earn interest at floating rates based on daily bank deposit rates.

22 SHARE CAPITAL AND SHARE PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*	**Share premium** *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each as at 31 December 2015		10,000,000,000	100,000	—
Issued and fully paid:				
At 1 January 2014		400,000,000	4,000	39,873
Issue of share for acquisition of the remaining equity interest of subsidiaries of the Group	*(a)*	58,000,000	580	45,763
Issue of share for acquisition of a subsidiary	*(b)*	7,000,000	70	4,690
At 31 December 2014, 1 January 2015 and 31 December 2015		465,000,000	4,650	90,326

(a) On 4 September 2014, the Group completed the acquisition of the remaining non-controlling interest in each of General Corporation Limited and Smart Award Limited by the issue of 36,800,000 ordinary shares and 21,200,000 ordinary shares of HK$0.88 each respectively, net of transaction cost of HK$4,697,000 (Note 33 (d)(ii)).

(b) On 22 December 2014, the Group completed the acquisition of the entire equity interest in Billion Treasure Property Development Limited through issuance of 7,000,000 ordinary shares of HK$0.68 each (Note 30).

23 RESERVES

	Note	Capital reserve HK$'000	Share-based payment reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
At 1 January 2014		55,652	18,950	(47,778)	26,824
Profit and total comprehensive income for the year		—	—	21,429	21,429
Acquisition of the remaining equity interest of subsidiaries of the Group	*33(d)(ii)*	(50,666)	—	—	(50,666)
At 31 December 2014		4,986	18,950	(26,349)	(2,413)
At 1 January 2015		4,986	18,950	(26,349)	(2,413)
Profit and total comprehensive income for the year		—	—	(5,978)	(5,978)
At 31 December 2015		4,986	18,950	(32,327)	(8,391)

24 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	2015 *HK$'000*	**2014** *HK$'000*
0 to 30 days	8,745	9,139
31 to 60 days	3,512	3,276
61 to 90 days	—	8
Over 90 days	8	—
	12,265	12,423

The carrying amounts of trade payables approximate their fair values and are denominated in HK$.

25 ACCRUALS, PROVISIONS AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2015	2014
	HK$'000	*HK$'000*
Accrued wages, salaries and bonuses	9,162	8,232
Accrued rental expenses	10,427	9,008
Accrued utilities expenses	1,593	1,558
Payables for purchases of property, plant and equipment	57	1,300
Other accrued expenses	4,670	4,874
Provision for unutilised annual leave	297	368
Provision for long service payment	1,415	750
Total accruals, provisions and other payables	27,621	26,090
Less:		
Non-current portion — accrued rental expenses	(8,671)	(7,805)
Current portion of accruals, provisions and other payables	18,950	18,285
Deposits received for banquets	22,170	31,784
Deposits received for wedding related services	882	1,405
Other deposits received	789	533
Total deposits received	23,841	33,722
Less:		
Non-current portion — deposits received for banquets	(790)	(838)
Current portion of deposits received	23,051	32,884

The carrying amounts of accruals, provisions and other payables and deposits received approximate their fair values and are denominated in HK$.

26 BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Non-current		
Finance lease liabilities *(Note (b))*	395	155
Current		
Bank borrowings *(Note (a))*	24,250	24,850
Finance lease liabilities *(Note (b))*	331	328
	24,581	25,178
Total borrowings	24,976	25,333

Notes:

(a) Bank borrowings

	2015	2014
	HK$'000	*HK$'000*
Bank borrowings due for repayment within one year	10,600	10,000
Bank borrowings due for repayment after one year which contain a repayment on demand clause	13,650	14,850
Total bank borrowings	24,250	24,850

The weighted effective interest rates of bank borrowings at the balance sheet dates are as follows:

	2015	2014
Bank borrowings	2.47%	2.49%

The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting is not significant, and are denominated in HK$.

26 BORROWINGS *(continued)*

Notes: (continued)

(a) Bank borrowings *(continued)*

Bank borrowings are secured by certain investment properties and property, plant and equipment of the Group of HK$24,000,000 and HK$8,339,000 respectively (2014: HK$25,500,000 and HK$8,600,000 respectively) (Notes 16 and 15).

Other than the bank borrowings mentioned above, as at 31 December 2015, the Group had another banking facility of HK$14,500,000 (2014: HK$14,500,000) available for use, of which approximately HK$8,500,000 (2014: HK$5,456,000) was utilised for letters of guarantee from a bank for rental and utility deposits and the remaining of approximately HK$6,000,000 (2014: HK$9,644,000) was not utilised. As at 31 December 2015, the Group failed to comply with one of the covenant requirements of this banking facility. Such breach of the covenant requirement may cause the relevant banking facility to be cancelled or suspended. In March 2016, the Group had obtained the bank's one-off waiver from compliance with the relevant breached covenant requirement for the year ended 31 December 2015. The Group is negotiating with the bank for renewal of the above banking facilities. Details of the renewal status are disclosed in Note 2.1.

(b) Finance lease liabilities

The rights to the leased assets are reverted to the lessors in the event of default of the lease liabilities by the Group.

	2015	**2014**
	HK$'000	*HK$'000*
Gross finance lease liabilities		
— minimum lease payments		
No later than 1 year	355	352
Later than 1 year and no later than 5 years	409	162
	764	514
Future finance charges on finance leases	(38)	(31)
Present value of finance lease liabilities	726	483
The present value of finance lease liabilities is as follows:		
No later than 1 year	331	328
Later than 1 year and no later than 5 years	395	155
	726	483

As at 31 December 2015 and 2014, finance lease liabilities were secured by certain equipment and motor vehicles (Note 15).

27 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Deferred income tax assets:		
— Deferred income tax assets to be recovered after more than 12 months	(4,879)	(3,930)
— Deferred income tax assets to be recovered within 12 months	(120)	(220)
	(4,999)	(4,150)
Deferred income tax liabilities:		
— Deferred income tax liabilities to be recovered within 12 months	36	88
	36	88
	4,963	(4,062)

27 DEFERRED INCOME TAX *(continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Decelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Provisions *HK$'000*	Total *HK$'000*
At 1 January 2014	2,666	1,979	185	4,830
Credited/(charged) to consolidated statement of comprehensive income	(233)	(406)	73	(566)
Acquisition of a subsidiary *(Note 30)*	—	1,253	—	1,253
At 31 December 2014	2,433	2,826	258	5,517
Credited/(charged) to consolidated statement of comprehensive income	1,341	(501)	98	938
At 31 December 2015	3,774	2,325	356	6,455

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. There were no deferred income tax assets not recognised by the Group in respect of losses (2014: The Group did not recognise deferred income tax assets of HK$100,000 in respect of its losses amounting to HK$606,000) that can be carried forward against future taxable income.

Deferred income tax liabilities

	Accelerated tax depreciation *HK$'000*
At 1 January 2014	635
Credited to consolidated statement of comprehensive income	(512)
Acquisition of a subsidiary *(Note 30)*	1,332
At 31 December 2014	1,455
Charged to consolidated statement of comprehensive income	37
At 31 December 2015	1,492

28 PROVISION FOR REINSTATEMENT COSTS

	2015	2014
	HK$'000	*HK$'000*
At 1 January	2,730	3,110
Unwinding of discount of provision *(Note 11)*	103	98
Additional provision	149	81
Reversal of provision *(Note a)*	—	(559)
At 31 December	2,982	2,730
Less: Non-current portion	(2,982)	(2,730)
Current portion	—	—

Provision for reinstatement costs is recognised for the present value of costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases. As at 31 December 2015, the Group expected that the total undiscounted costs required in the future would amounted to approximately HK$3,251,000 (2014: HK$3,653,000).

Note:

(a) During the year ended 31 December 2014, the Group renewed two leases, the original expiry dates of which were January and July 2015 respectively. The landlords agreed to waive the reinstatement terms under the original lease agreements thereby the related provision has been reversed.

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit before income tax	(5,773)	27,788
Adjustments for:		
— Depreciation of property, plant and equipment *(Note 15)*	15,921	16,118
— Finance costs *(Note 11)*	762	121
— Finance income *(Note 11)*	(654)	(682)
— Share-based payment *(Note 13(b)(i))*	3,790	3,790
— Forfeiture of deposits received *(Note 6)*	(850)	(767)
— Loss on disposal of fixed assets	23	—
— Reversal of provision for reinstatement costs *(Note 6)*	—	(559)
— Gain on acquisition of a subsidiary *(Note 6)*	—	(388)
— Fair value loss of investment properties	1,500	—
Operating profit before changes in working capital	14,719	45,421
Changes in working capital:		
— Trade receivables	650	6,522
— Deposits, prepayments and other receivable	(5,340)	(1,458)
— Trade payables	(158)	(9,817)
— Accruals, provisions and other payables	1,531	(12,687)
— Deposits received	(9,031)	3,648
— Amounts due to related parties	(21)	—
Cash generated from operations	2,350	31,629

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) During the year, the principal non-cash transactions were:

Consultancy services in form of share based payment charged to profit and loss during the year of approximately HK$3,790,000 (2014: HK$3,790,000) (See Note 13(b)(i)).

(c) In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2015	**2014**
	HK$	*HK$*
Net book amount *(Note 15)*	47	101
Loss on disposal of property, plant and equipment	(23)	—
Proceeds from disposal of property, plant and equipment	24	101

30 BUSINESS COMBINATION

During the year ended 31 December 2014, the Group completed the acquisition of the 100% equity interest of Billion Treasure Property Development Limited ("Billion Treasure") by issue and allotment of 7,000,000 consideration shares of the Company at HK$0.68 each. Billion Treasure is a property investment entity previously held by Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, Executive Directors of the Group.

As a result of the acquisition, the Group is expected to expand its revenue stream. The gain on acquisition of approximately HK$388,000 is attributable to the revaluation of the investment property, property, plant and equipment, and value of the tax loss carried forward which have not been fully reflected into the consideration paid.

30 BUSINESS COMBINATION *(continued)*

The following table summarises the consideration paid for Billion Treasure, the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration shares issued	4,760
Gain on acquisition of a subsidiary	388
Fair value of identifiable net assets	5,148

	Fair value	**Carrying amounts**
	HK$'000	*HK$'000*
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	9,380	465
Investment property	25,500	15,961
Prepayment, other receivables and deposits	73	73
Cash and cash equivalents	118	118
Other payables and accruals	(243)	(243)
Bank borrowings	(25,245)	(25,245)
Due to directors	(2,064)	(2,064)
Due to related parties	(2,292)	(2,292)
Deferred tax liabilities	(79)	—
Fair value of identifiable net assets	5,148	(13,227)

	HK$'000
Purchase consideration settled in cash	—
Cash and cash equivalents in the subsidiary acquired	118
Net cash inflow on acquisition	118

The fair value of the 7,000,000 ordinary shares issued as the consideration paid for the Group (HK$4,760,000) was based on the published share price of the Company on 22 December 2014, which is the date of completion.

30 BUSINESS COMBINATION *(continued)*

Deferred tax liabilities represented a deferred tax asset of HK$1,253,000 for tax losses carried forward of HK$7,593,000 and a deferred tax liability of HK$1,332,000 with respect to the tax effect of the difference between their fair value and book value of certain property, plant and equipment.

The revenue included in the consolidated statement of comprehensive income for the year ended 31 December 2014 contributed by this newly acquired business was nil.

Had the Group been consolidated from 1 January 2014, the consolidated statement of comprehensive income for the year ended 31 December 2014 would show pro-forma revenue of approximately HK$399,601,000 and profit before tax for the year of approximately HK$27,570,000.

31 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2015 (2014: same).

32 COMMITMENTS

(a) Operating lease commitments

The Group leases various restaurant properties and equipment under non-cancellable operating lease agreements. The lease agreements are between two and four years, and majority of lease arrangements are renewable at the end of the lease period with either pre-set increment rate or market rate to be agreed with landlord.

The operating leases of certain restaurant properties also call for additional rentals, which will be based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and conditions as stipulated in the respective rental agreements. As the future revenue of these restaurants could not be accurately determined as at the balance sheet date, the relevant contingent rentals have not been included.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of properties and equipment are as follows:

	2015	**2014**
	HK$'000	*HK$'000*
No later than 1 year	64,516	50,040
Later than 1 year and no later than 5 years	125,399	62,322
	189,915	112,362

32 COMMITMENTS *(continued)*

(a) Operating lease commitments *(continued)*

The future aggregate lease payments under optional operating leases in respect of properties are as follows:

	2015	2014
	HK$'000	*HK$'000*
No later than 1 year	1,440	1,068
Later than 1 year and no later than 5 years	55,751	143,457
Later than 5 years	37,388	22,778
	94,579	167,303

(b) Operating lease receivables

The Group leases out certain industrial and residential buildings under non-cancellable operating lease agreements. The lease terms are between one to two years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future minimum lease receivable under non-cancellable operating leases in respect of the industrial and residential buildings classified as investment properties are as follows:

	2015	2014
	HK$'000	*HK$'000*
No later than 1 year	—	307

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

33 RELATED PARTY TRANSACTIONS *(continued)*

(a) Related parties

The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the year:

Name	**Relationship with the Group**
Billion Treasure Property Development Limited ("Billion Treasure")	Controlled by the Mr. Cheung Ka Ho and Mr. Cheung Ka Kei *(Note (b)(ii))*
Ka Ho Educational Paper Company Limited ("Ka Ho Educational Paper")	A Company owned by connected person of Mr. Cheung Ka Ho
Tai Cheong Hong	Controlled by Mr. Cheung Ka Kei

(b) Transactions with related parties

Except for the transactions disclosed elsewhere in this report, the Group had the following significant transactions with its related parties during the year:

	2015	**2014**
	HK$'000	*HK$'000*
Continuing transactions:		
Rental expenses paid or payable to a related company		
— Billion Treasure *(Note (i) and (ii))*	—	420
Cleaning expenses paid or payable to a related company		
— Tai Cheong Hong *(Note (i))*	1,582	1,448
Printing and stationery expenses paid or payable to a related company		
— Ka Ho Educational Paper *(Note (i))*	425	440
Non-continuing transactions:		
Repayments to Directors	—	2,178

Note:

(i) Purchases of goods or services from related companies were carried out at a rate mutually-agreed between the parties involved in the transactions.

(ii) Billion Treasure became an indirect wholly-owned subsidiary of the Group on 22 December 2014. No related party relationship between the Group and Billion Treasure thereafter.

33 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

The Group had the following balances with related parties:

(i) Amounts due to related parties

	2015	2014
	HK$'000	*HK$'000*
Non-trade payable to related companies:		
— Ka Ho Educational Paper	47	79
— Tai Cheong Hong	273	262
	320	341

As at 31 December 2014 and 2015, payables to related parties are unsecured, interest free and repayable on demand. The carrying amounts of amounts due to related parties approximate their fair values and are denominated in HK$.

(d) Transactions with owners

(i) Payment of dividends to non-controlling shareholders

On 27 June 2014, Smart Award Limited, a subsidiary of the Company, declared an interim dividend for the year ended 31 December 2014 in the sum of approximately HK$440,000 to its then shareholders.

On 27 June 2014, General Corporation Limited, a subsidiary of the Company, declared and paid an interim dividend for the year ended 31 December 2014 in the sum of approximately HK$1,540,000 to its then shareholders.

In aggregate, a total of HK$990,000 was paid out to the then non-controlling shareholders.

33 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with owners *(continued)*

(ii) Acquisition of non-controlling interest

On 4 September 2014, the Group completed the acquisition of the remaining 49.995% non-controlling interest in each of General Corporation Limited and Smart Award Limited. The consideration was settled by the issue of 58,000,000 ordinary shares by the Company (Note 22(a)). The fair value of the consideration shares as at completion date was HK$0.88 per share.

	2014
	HK$'000
Consideration paid to non-controlling interest, net of transaction cost of HK$4,697,000	46,343
Carrying amount of non-controlling interest acquired	(374)
Excess of consideration paid recognised within equity	(50,666)
Net cash impact for transactions with non-controlling interest on equity attributable to owners of the Company	(4,697)

The total non-controlling interest as at 4 September 2014 was approximately HK$374,000, of which HK$234,000 was attributable to Smart Award and HK$140,000 was attributable to General Corporation.

(e) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. During the year, key management includes three (2014: three) executive directors, one (2014: one) operations manager and two (2014: two) head chefs. The remuneration paid or payable to key management for employee services is shown below:

	2015	**2014**
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits	7,390	7,183
Discretionary bonuses	2,575	1,208
Employer's contribution to pension scheme	108	101
	10,073	8,492

33 RELATED PARTY TRANSACTIONS *(continued)*

(e) Key management compensation *(continued)*

The remuneration of key management fell within the following bands:

	Number of individuals 2015	2014
Remuneration bands:		
Nil — HK$1,000,000	4	4
HK$1,000,001 — HK$2,000,000	2	2

34 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2015:

Company name	Country/ place of incorporation	Date of incorporation	Particulars of issued share capital	Interest held	Principal activities
Directly held subsidiaries					
YuYan Group (HK) Investment Limited	British Virgin Islands	1 March 2013	10,000 ordinary shares of US$1 each	100%	Investment holding
YuYan Group Trading Limited	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	100%	Investment holding
YuYan Group Distribution Limited	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	100%	Investment holding
YuYan Group Wedding Limited	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	100%	Investment holding
Kind Access Development Limited Kind Access Development Limited	British Virgin Islands	23 July 2014	1 ordinary share of US$1 each	100%	Investment holding
Indirectly held subsidiaries					
Mordern Management (Restaurant) Limited	Hong Kong	26 April 2013	4 ordinary shares	100%	Investment holding

34 SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries as at 31 December 2015: *(continued)*

Company name	Country/ place of incorporation	Date of incorporation	Particulars of issued share capital	Interest held	Principal activities
Indirectly held subsidiaries *(continued)*					
U Banquet Group Limited	Hong Kong	18 June 2010	100 ordinary shares	100%	Investment holding
Choi Fook Holdings Limited	Hong Kong	25 June 2009	1,075,003 ordinary shares	100%	Investment holding
Step Up Corporation Limited	Hong Kong	2 December 2005	3,000,000 ordinary shares	100%	Restaurant operations and licence holding
Million Talent Investment Limited	Hong Kong	4 November 2006	4,000,000 ordinary shares	100%	Restaurant operations and licence holding
Choi Fook Seafood Restaurant Limited	Hong Kong	9 January 2002	800,000 ordinary shares	100%	Restaurant operations and licence holding
Vast Rainbow Limited	Hong Kong	16 August 2007	5,000,000 ordinary shares	100%	Restaurant operations and licence holding
Elite Rainbow Corporation Limited	Hong Kong	27 March 2009	100 ordinary shares	100%	Restaurant operations and licence holding
Smiling Profit Limited	Hong Kong	11 December 2009	100 ordinary shares	100%	Restaurant operations and licence holding

34 SUBSIDIARIES *(continued)*

The following is a list of the principal subsidiaries as at 31 December 2015: *(continued)*

Company name	Country/ place of incorporation	Date of incorporation	Particulars of issued share capital	Interest held	Principal activities
Indirectly held subsidiaries *(continued)*					
Choi Fook Royal Banquet Limited	Hong Kong	6 July 2009	100 ordinary shares	100%	Restaurant operations and licence holding
Good Fortress Inc Limited	Hong Kong	11 December 2012	100 ordinary shares	100%	Dormant
Great Business (China & HK) Trading Limited	Hong Kong	17 April 2012	10,000 ordinary shares	100%	Sales of furniture and fixtures
Smart Award Limited ("Smart Award") *(Note b)*	Hong Kong	23 April 2012	10,001 ordinary shares	100%	Sales of frozen food and high value dried food
General Corporation Limited ("General Corporation") *(Note b)*	Hong Kong	16 August 2012	10,001 ordinary shares	100%	Sales of fresh vegetables
U Weddings Studio Limited	Hong Kong	26 April 2013	1 ordinary share	100%	Provision of wedding services
Billion Treasure Property Development Limited	Hong Kong	24 October 2007	3,200,000 ordinary shares	100%	Lease of investment properties

35 BALANCE SHEET OF THE COMPANY

	As at 31 December 2015	As at 31 December 2014
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Investments in subsidiaries	89,409	89,409
Current assets		
Deposits and prepayments	2,948	4,754
Amounts due from subsidiaries	42,287	28,514
Cash and cash equivalents	4,544	10,881
	49,779	44,149
Total assets	139,188	133,558
EQUITY		
Equity attributable to owners of the Company		
Share capital *(Note 22)*	4,650	4,650
Share premium *(Note 22)*	90,326	90,326
Other reserve *(Note (a))*	33,598	33,598
Accumulated losses *(Note (a))*	(13,252)	(13,310)
Total equity	115,322	115,264
LIABILITIES		
Current liabilities		
Accruals and provisions	2,014	1,519
Amounts due to subsidiaries	21,852	16,775
Total liabilities	23,866	18,294
Total equity and liabilities	139,188	133,558

The balance sheet of the Company was approved by the Board of Directors on 24 March 2016 and was signed on its behalf

Cheung Ka Ho	**Cheung Ka Kei**
Director	*Director*

35 BALANCE SHEET OF THE COMPANY *(continued)*

Note (a): Reserve movement of the Company

	Other reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2014	33,598	(13,398)	20,200
Profit and total comprehensive income for the year	—	88	88
At 31 December 2014	33,598	(13,310)	20,288
At 1 January 2015	33,598	(13,310)	20,288
Profit and total comprehensive income for the year	—	58	58
At 31 December 2015	33,598	(13,252)	20,346

III. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

Set out below are the unaudited consolidated financial statements of the Group for the six months ended 30 June 2016 which are published in the Company's interim report published on 19 August 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016 — unaudited

		For six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	*HK$'000*	*HK$'000*
Revenue	*4*	177,605	199,652
Other income	*4*	763	490
Cost of revenue	*5*	(42,857)	(51,020)
Employee benefit expenses		(55,267)	(51,048)
Depreciation		(7,622)	(7,048)
Operating lease payments		(34,287)	(33,532)
Utilities expenses		(16,047)	(16,726)
Other expenses	*6*	(30,522)	(34,895)
Operating (loss)/profit		(8,234)	5,873
Finance income		182	176
Finance cost		(436)	(529)
Finance cost — net		(254)	(353)
(Loss)/profit before income tax		(8,488)	5,520
Income tax expenses	*7*	(393)	(1,577)
(Loss)/profit and total comprehensive income for the period		(8,881)	3,943
(Loss)/profit and total comprehensive income attributable to owners of the Company		(8,881)	3,943
Basic (loss)/earnings per share	*9*	(2) cents	0.9 cents
Diluted (loss)/earnings per share	*9*	N/A	0.8 cents
Dividends	*8*	—	—

CONSOLIDATED STATEMENT OF BALANCE SHEET

For the six months ended 30 June 2016 — unaudited

	Note	30 June 2016 HK$'000	31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	40,560	47,207
Investment properties		24,000	24,000
Goodwill		18,576	18,576
Rental deposits		9,655	16,387
Prepayment for consultancy services		5,477	7,372
Deferred income tax assets		4,942	4,999
		103,210	118,541
Current assets			
Trade receivables	11	2,279	1,918
Deposits and prepayments		49,198	25,300
Current income tax recoverable		2,551	3,849
Cash and cash equivalents		31,981	29,820
		86,009	60,887
Total assets		189,219	179,428
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	4,650	4,650
Share premium		90,326	90,326
Other reserves	13	23,936	23,936
Accumulated losses		(41,208)	(32,327)
Total equity		77,704	86,585

CONSOLIDATED STATEMENT OF BALANCE SHEET *(continued)*
For the six months ended 30 June 2016 — unaudited

	Note	30 June 2016 HK$'000	31 December 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Accruals and provisions	*15*	8,974	8,671
Deposits received	*15*	1,330	790
Borrowings		300	395
Deferred income tax liabilities		98	36
Provision for reinstatement costs		3,035	2,982
		13,737	12,874
Current liabilities			
Trade payables	*14*	8,991	12,265
Accruals and provisions	*15*	16,269	18,950
Deposits received	*15*	22,927	23,051
Amounts due to related companies	*17*	301	320
Current income tax liabilities		140	802
Borrowings		49,150	24,581
		97,778	79,969
Total liabilities		111,515	92,843
Total equity and liabilities		189,219	179,428

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 — unaudited

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Share-based payment reserve *HK$'000*	Accumulated losses *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2016 (audited)	4,650	90,326	4,986	18,950	(32,327)	86,585
Loss and total comprehensive income for the period	—	—	—	—	(8,881)	(8,881)
Balance at 30 June 2016 (Unaudited)	4,650	90,326	4,986	18,950	(41,208)	77,704
Balance at 1 January 2015 (audited)	4,650	90,326	4,986	18,950	(26,349)	92,563
Profit and total comprehensive income for the period	—	—	—	—	3,943	3,943
Balance at 30 June 2015 (Unaudited)	4,650	90,326	4,986	18,950	(22,406)	96,506

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016 — unaudited

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Net cash (outflow)/inflow from operating activities	(20,957)	8,396
Net cash outflow from investing activities	(974)	(2,190)
Net cash inflow/(outflow) from financing activities	24,092	(435)
Increase in cash and cash equivalents	2,161	5,771
Cash and cash equivalents at the beginning of period	29,820	38,370
Cash and cash equivalents at the end of period	31,981	44,141
Analysis of the balance of cash and cash equivalents:		
Cash and cash equivalents	31,981	44,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016 — unaudited

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, the Cayman Islands. Its principal place of business is located at Unit F, 28/F, Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries are principally engaged 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.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The interim financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2015, except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as detailed in note 2 of the 2015 financial statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group's interim financial statements for the period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

As at 30 June 2016, the Group's current liabilities exceeded its current assets by approximately HK$11,769,000 (as at 31 December 2015: approximately HK$19,082,000). The current liabilities mainly consisted of deposits received from customers of approximately HK$22,927,000 (as at 31 December 2015: approximately HK$23,051,000), which is to be recognised as revenue upon rendering of the relevant banquet and wedding related services in the next twelve months; as well as an amount of approximately HK$28,350,000 (as at 31 December 2015: approximately HK$13,650,000) representing a portion of the total bank borrowings being classified as current liabilities due to the repayment on demand clause. This portion of bank borrowings, together with a revolving loan of HK$20,000,000, were pledged against the investment properties as well as certain land and building as of 30 June 2016, hence its repayment is expected to be through realisation of these assets by sale should the repayment on demand clause be exercised. Based on the Group's history of its operating performance and its expected future working capital, the Directors believe that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") of the Company are the CEO and Directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax. The CODM considers all business is included in a single operating segment.

The Group is principally engaged in the operation of a chain of Chinese restaurants, provision of wedding services and distribution of goods which consists of fresh vegetables, fruits, seafood and frozen meat in Hong Kong. Since the operation of a chain of Chinese restaurants attributed to the majority of the Group's revenue, results and assets during the six months ended 30 June 2016, no business segment analysis is presented accordingly.

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong as at 30 June 2016. Accordingly, no analysis by geographical segment is provided. For the six months ended 30 June 2016, there was no single external customer who contributed to more than 10% revenue of the Group.

4. REVENUE AND OTHER INCOME

Turnover which consists of revenue from (i) operation of Chinese restaurants which provide dining and wedding banquet services, (ii) provision of wedding services, and (iii) distribution of goods (which consists of fresh vegetables, fruits, seafood and frozen meat), for the six months ended 30 June 2016 together with the comparative unaudited figures for the corresponding periods in 2015 are as follows:

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Revenue from Chinese restaurant operations	172,906	193,687
Revenue from provision of wedding services	963	2,130
Revenue from distribution of goods	2,176	2,234
Franchise income	1,560	1,601
	177,605	199,652

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income		
Forfeiture of deposits received	424	174
Rental income	307	308
Miscellaneous income	32	8
	763	490
Total revenue and other income	178,368	200,142

5. COST OF REVENUE

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of materials consumed	41,213	49,211
Cost of provision of wedding services	91	278
Cost of distribution of goods	1,553	1,531
	42,857	51,020

6. OTHER EXPENSES

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Auditor's remuneration	101	95
Advertising and promotions	5,781	5,967
Cleaning and laundry expense	3,204	3,649
Credit card charges	1,696	1,961
Kitchen consumables	470	558
Repair and maintenance	2,131	2,736
Entertainment	1,538	1,208
Consumable stores	1,132	1,421
Insurance	838	976
Legal and professional fee	1,695	2,443
Printing and stationery	536	639
Staff messing	1,014	1,147
Service fee to temporary workers	6,165	6,455
Consultancy service fee	1,895	1,895
Wedding banquet expenses	262	1,026
Transportation	492	1,069
Others	1,572	1,650
	30,522	34,895

7. INCOME TAX EXPENSES

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
Current income tax on profits for the period	272	977
Deferred income tax		
Origination and reversal of temporary differences	121	600
Income tax expenses	393	1,577

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the periods ended 30 June 2016 and 2015.

8. DIVIDENDS

The Directors do not recommend payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company *(HK$'000)*	(8,881)	3,943
Weighted average number of ordinary shares in issue *(thousands)*	440,570	440,570
(Loss)/earnings per share *(HK$)*	(2) cents	0.9 cents

9. (LOSS)/EARNINGS PER SHARE *(continued)*

(a) Basic *(continued)*

The calculation of basic loss per share for the six months ended 30 June 2016 is based on the loss attributable to owners of the Company of HK$8,881,000 (six months ended 30 June 2015: profit attributable to owners of the Company HK$3,943,000) and the weighted average of 440,570,000 ordinary shares in issue (six months ended 30 June 2015: 440,570,000 ordinary shares).

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: contingent returnable shares.

	For six months ended 30 June	
	2016	**2015**
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company *(HK$'000)*	(8,881)	3,943
Weighted average number of ordinary shares in issue *(thousands)*	440,570	440,570
Adjustment for:—		
— Contingent returnable shares	N/A	24,430
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	440,570	465,000
Diluted (loss)/earnings per share *(HK$)*	N/A	0.8 cents

9. (LOSS)/EARNINGS PER SHARE *(continued)*

(b) Diluted *(continued)*

For the six months ended 30 June 2016, the potential ordinary shares arising from the conversion of 24,430,000 contingent returnable shares had an anti-dilutive effect on the basic loss per share, hence they were ignored in the calculation of diluted loss per share.

For the six months ended 30 June 2015, the calculation of diluted earnings per share is based on the profits attributable to owners of the Company of HK$3,943,000 and the weighted average of 465,000,000 ordinary shares in issue.

The weighted average number of ordinary shares for diluted earnings per share represents the weighted average number of shares in issue during the six months ended 30 June 2015 adjusted by the conversion of 24,430,000 contingent returnable shares.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with total costs of approximately HK$977,000 (six months ended 30 June 2015: approximately HK$2,325,000).

11. TRADE RECEIVABLES

	30 June 2016 (Unaudited) *HK$'000*	**31 December 2015** (Audited) *HK$'000*
0 to 30 days	1,216	1,251
31 to 60 days	550	405
61 to 90 days	488	237
Over 90 days	25	25
	2,279	1,918

The Group's revenue from its Chinese restaurant operations is mainly conducted in cash or by credit cards. The credit period granted by the Group to its customers in wedding related business and distribution of goods ranges from 0 to 90 days. As at 30 June 2016, trade receivables that were not past due nor impaired amounted to approximately HK$2,254,000 (31 December 2015: approximately HK$1,893,000). These balances relate to a wide range of customers for whom there was no recent history of default.

11. TRADE RECEIVABLES *(continued)*

As at 30 June 2016, trade receivables of approximately HK$25,000 (31 December 2015: approximately HK$25,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

As at 30 June 2016, no trade receivables were impaired (31 December 2015: same). No provision for impairment of trade receivables was made as at 30 June 2016 (31 December 2015: same).

12. SHARE CAPITAL

	Number of ordinary shares	**30 June 2016** (Unaudited) *HK$'000*	**Number of ordinary shares**	**31 December 2015** (Audited) *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each as at the end of the period	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At the beginning and the end of the period	465,000,000	4,650	465,000,000	4,650

13. RESERVES

	Capital Reserve *HK$'000*	**Share-based payment reserve** *HK$'000*	**Total** *HK$'000*
At 1 January 2016 and 30 June 2016	4,986	18,950	23,936
At 1 January 2015 and 30 June 2015	4,986	18,950	23,936

14. TRADE PAYABLES

The aging analysis of trade payables based on the invoice date was as follows:

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
0-30 days	6,151	8,745
31-60 days	2,760	3,512
61-90 days	80	—
	8,991	12,257

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in Hong Kong dollars.

15. ACCRUALS AND PROVISIONS AND DEPOSITS RECEIVED

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
Accrued wages, salaries and bonuses	8,592	9,162
Accrued rental expenses	9,854	10,427
Accrued utilities expenses	1,332	1,593
Payables to purchases of property, plant and equipment	—	57
Other accrued expenses	3,753	4,670
Provision for unutilised annual leave	297	297
Provision for long service payment	1,415	1,415
Total accruals and provisions	25,243	27,621
Less: Non-current portion		
— accrued rental expenses	(8,974)	(8,671)
	16,269	18,950
Deposit received for banquets	22,967	22,170
Deposits received for wedding related services	776	882
Other deposits received	514	789
Total deposits received	24,257	23,841
Less: Non-current portion		
— deposits received for banquets	(1,330)	(790)
Current portion of deposits received	22,927	23,051

15. ACCRUALS AND PROVISIONS AND DEPOSITS RECEIVED *(continued)*

The carrying amounts of accruals and provisions and deposits received approximate their fair values and are denominated in Hong Kong dollars.

16. COMMITMENTS

a. Operating lease commitments

The Group leases various restaurant properties and equipment under non-cancellable operating lease agreements. The lease agreements are between two and nine years, and majority of lease arrangements are renewable at the end of the lease period with either pre-set increment rate or market rate to be agreed with the landlord.

The operating leases of certain restaurant properties also call for additional rentals, which will be based on a certain percentage of the revenue of the operation being undertaken therein pursuant to the terms and conditions as stipulated in the respective rental agreements. As the future revenue of these restaurants could not be accurately determined as at the balance sheet date, the relevant contingent rentals have not been included.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of properties and equipment are as follows:

	30 June 2016 (Unaudited) *HK$'000*	**31 December 2015** (Audited) *HK$'000*
No later than 1 year	70,899	64,516
Later than 1 year and no later than 5 years	116,278	125,399
	187,177	189,915

The future aggregate lease payments under optional operating leases in respect of properties are as follows:

	30 June 2016 (Unaudited) *HK$'000*	**31 December 2015** (Audited) *HK$'000*
No later than 1 year	5,760	1,440
Later than 1 year and no later than 5 years	99,940	55,751
Over 5 years	23,547	37,388
	129,247	94,579

16. COMMITMENTS *(continued)*

b. Capital Commitments

In addition to the operating lease commitments above, at the end of the reporting period, the Group had the capital commitments contracted, but not provided for property, plant and equipment of HK$11,046,000 (31 December 2015: Nil).

17. RELATED PARTIES TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) Related parties — Group and Company

The Directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the six months period ended 30 June 2016 and the corresponding period in 2015:

Name	Relationship with the Group
Ka Ho Educational Paper Company Limited (“Ka Ho Educational”)	A Company owned by connected person of Mr. Cheung Ka Ho
Tai Cheong Hong	Controlled by Mr. Cheung Ka Kei

17. RELATED PARTIES TRANSACTIONS *(continued)*

(b) Transactions with related parties

The Group had the following significant transactions with its related parties during the six months period ended 30 June 2016 and the corresponding period in 2015:

	For six months ended 30 June 2016 (Unaudited) *HK$´000*	For six months ended 30 June 2015 (Unaudited) *HK$´000*
Continuing transactions:		
Purchase of stationery from a related company, Ka Ho Educational Paper *(Note (i))*	136	245
Purchase of cleaning and sanitary materials from a related company, Tai Cheong Hong *(Note (i))*	826	779

Note:

(i) Purchases of goods or services from related companies were carried out at a rate mutually-agreed between the parties involved in the transactions.

(c) Balances with related parties

(i) Amounts due to related parties

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
Non-trade payable to related companies:		
— Ka Ho Educational Paper	29	47
— Tai Cheong Hong	272	273
	301	320

IV. INDEBTEDNESS

Borrowings

As at the close of business on 31 July 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had outstanding borrowings amounted to approximately HK$49,128,000 comprising: (i) secured bank loans of approximately HK$48,645,000; and (ii) obligations under finance leases of approximately HK$483,000.

Pledge of assets

At the close of business on 31 July 2016, the Group had provided the following securities for the bank loans of approximately HK$48,645,000 and obligation under finance leases of approximately HK$483,000 granted to the Company and its wholly owned subsidiaries:

(a) pledge of certain investment properties and certain properties, plant and equipment, with carrying amounts of approximately HK$24,000,000 and HK$8,187,000 respectively;

(b) all monies earned by the above pledged investment properties of the Group; and

(c) pledge of certain motor vehicles with carrying amounts of approximately HK$415,000.

Save as set out above and apart from intra-group liabilities and guarantees, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness or acceptance credits or hire purchase commitments or any guarantees or other material contingent liabilities as at 31 July 2016.

V. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up to, and including the Latest Practicable Date:

1. the Group's unaudited interim result for the six months ended 30 June 2016 published on 19 August 2016 where it disclosed that, among other things, the Group recorded a loss attributable to the owners of the Company for the six months ended 30 June 2016 as compared to a profit attributable to the owners of the Company for the corresponding period in 2015; and

2. the Group's unaudited interim result for the six months ended 30 June 2016 published on 19 August 2016 where it disclosed that, the Group recorded a material increase in borrowings as at 30 June 2016 as compared to 31 December 2015.

(A) RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with him (including Mr. Xu and Mr. Cui)) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendors and parties acting in concert with any one of them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Group, the Vendors and parties acting in concert with any one of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

(B) SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.01 each as at 31 December 2015 and the Latest Practicable Date were as follows:

Authorised		*HK$*
10,000,000,000	Shares	100,000,000
Issued		
465,000,000	Shares	4,650,000

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right on the holder thereof to subscribe for, convert or exchange into Shares or any agreement or arrangement to issue Shares.

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Company has not issued any Shares since 31 December 2015, the date to which the latest audited financial statements of the Company were made up.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

(C) DISCLOSURE OF INTERESTS BY DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers had been notified to the Company and the Stock Exchange were as follows:

Long position in Shares

Name of Director	Capacity	Number of Shares held/interested	Approximate % of the total issued Shares
Mr. Cheung Ka Kei	Beneficial owner	3,281,250	0.71%
Mr. Kan Yiu Pong	Beneficial owner	370,000	0.08%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(D) DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name	Capacity	Number of Shares held/interested *(Note)*	Approximate % of the total issued Shares
The Offeror	Beneficial owner	184,288,750	39.63%
Mr. Xu	Beneficial owner	100,000,000	21.51%
Mr. Cui	Beneficial owner	5,000,000	1.07%

Note: Interests in Shares stated above represent long positions. Mr. Xu and Mr. Cui are parties acting in concert with the Offeror, and by virtue of the SFO, each of the Offeror, Mr. Xu and Mr Cui is deemed to be interested in the Shares held by the other Purchasers. As such, each of the Offeror, Mr. Xu and Mr Cui is deemed to be interested in approximately 62.21% of the issued share capital in the Company.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

(E) INTERESTS OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH HIM IN THE SHARES

As at the Latest Practicable Date, details of interests in the Shares, the underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with him were as follows:

Name of Shareholder	Type of interest	Number of Shares held (Long position)	Approximate % of the issued Shares
The Offeror *(Note 1)*	Beneficial owner	184,288,750	39.63%
Mr. Xu *(Note 1)*	Beneficial owner	100,000,000	21.51%
Mr. Cui *(Note 1)*	Beneficial owner	5,000,000	1.07%

Notes:

(1) Mr. Xu and Mr. Cui are parties acting in concert with the Offeror and by virtue of the SFO, each of the Offeror, Mr. Xu and Mr Cui is deemed to be interested in the Shares held by the other Purchasers. As such, each of the Offeror, Mr. Xu and Mr Cui is deemed to be interested in approximately 62.21% of the issued share capital in the Company.

(2) As at the Latest Practicable Date, there were 465,000,000 Shares in issue.

(F) ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

(a) save as disclosed in the section headed "Interests of the Offeror and parties acting in concert with him in the Shares" in this appendix and other than the Sale Shares, the Offeror and parties acting in concert with him, had no interests in any shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities, or had dealt for value in any shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;

(b) save as disclosed in the section headed "Dealings and interest in the Company's securities" in the "Letter from Deloitte Corporate Finance" and the section headed "Interests of the Offeror and parties acting in concert with him in the Shares" in this appendix, none of the Offeror or any persons acting in concert with him owned or controlled any shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities or had dealt for value in any shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;

(c) there was no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired in pursuance of the Offer to any other persons;

(d) no person had irrevocably committed himself to accept or reject the Offer;

(e) save for the Share Purchase Agreement, none of the Offeror or any party acting in concert with him had entered into any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons in relation to the Shares during the Relevant Period;

(f) none of the Offeror or any party acting in concert with him had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

(g) save for the Share Purchase Agreement and the arrangement as disclosed in the section headed "Proposed change of the Board composition" in the "Letter from Deloitte Corporate Finance" in this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any party acting in concert with him and any of the Directors, recent Directors, the Shareholders or recent Shareholders having any connection with or dependence upon the Offer;

(h) there was no agreement or arrangement to which the Offeror or any party acting in concert with him is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(i) save as disclosed in the section headed "Disclosure of interests by directors of the Company" in this appendix, none of the Directors had any interest in the shares, convertible securities, warrants or options of the Company and had dealt for value in any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period;

(j) none of (i) the subsidiaries of the Company; (ii) the pension funds of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interests in the Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities, and none of them had dealt in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Offer Period and up to the Latest Practicable Date;

(k) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code. Save for the Sale Shares, none of the Offeror and parties acting in concert with him had dealt for value in any shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Offer Period and up to the Latest Practicable Date;

(l) no shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities were managed on a discretionary basis by any fund managers connected with the Company and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Company during the Offer Period and up to the Latest Practicable Date;

(m) no shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities had been borrowed or lent by any of the Directors or by the Company;

(n) no benefit (other than statutory compensation, if applicable) was or will be given to any of the Directors as compensation for loss of office in any members of the Group or otherwise in connection with the Offer;

(o) there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(p) there was no material contract entered into by the Offeror in which any of the Directors has a material personal interest;

(q) save as disclosed in the section headed "Disclosure of interests by directors of the Company" in this appendix, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer. The Directors who held Shares as at the Latest Practicable Date (being Mr. Cheung Ka Kei and Mr. Kan Yiu Pong) intend (i) not to accept the Offer if the market price of the Shares continues to be above the Offer Price and would consider selling some or all of their respective Shares in the market or (ii) to accept the Offer in respect of some or all of their respective Shares if the market price of the Shares falls below the Offer Price; and

(r) there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

(G) MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share *(HK$)*
2016	
29 January	0.38
29 February	0.405
31 March	0.65
29 April	0.77
31 May	0.84
30 June	0.84
29 July	1.16
31 August	1.22
Last Trading Day	1.26
30 September	1.34
Latest Practicable Date	1.35

During the Relevant Period, the highest closing price of the Shares was HK$1.38 per Share as quoted on the Stock Exchange on 3 October 2016 and the lowest closing price of the Shares was HK$0.365 per Share as quoted on the Stock Exchange on 11 February 2016 and 12 February 2016, respectively.

(H) DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service contracts and letters of appointment with the Directors:

(a) the service agreement dated 19 November 2013 entered into between the Company and Mr. Cheung, pursuant to which Mr. Cheung was appointed as an executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a salary of HK$2,880,000 per annum;

(b) the service agreement dated 19 November 2013 entered into between the Company and Mr. Cheung Ka Kei, pursuant to which Mr. Cheung Ka Kei was appointed as an executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a salary of HK$2,160,000 per annum;

(c) the service agreement dated 19 November 2013 entered into between the Company and Mr. Kan Yiu Pong, pursuant to which Mr. Kan was appointed as an executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a salary of HK$600,000 per annum;

(d) the letter of appointment dated 19 November 2013 entered into between the Company and Mr. Chung Kong Mo *JP*, pursuant to which Mr. Chung was appointed as an independent non-executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a director's fee of HK$120,000 per annum;

(e) the letter of appointment dated 19 November 2013 entered into between the Company and Ms. Wong Tsip Yue, Pauline, pursuant to which Ms. Wong was appointed as an independent non-executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a director's fee of HK$120,000 per annum; and

(f) the letter of appointment dated 19 November 2013 entered into between the Company and Mr. Wong Sui Chi, pursuant to which Mr. Wong was appointed as an independent non-executive Director for a period of three years commencing from 10 December 2013 and entitled to receive a director's fee of HK$120,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

(I) EXPERTS AND CONSENTS

The followings are the qualification of the experts whose letter or opinion is contained in this Composite Document:

Name	Qualifications
Deloitte Corporate Finance	a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror in respect of the Offer
Octal Capital	a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee

Each of Deloitte Corporate Finance and Octal Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or opinion and/or references to its name in the form and context in which they are respectively included.

(J) LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any members of the Group.

(K) MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within two years immediately preceding 4 July 2016 and up to the Latest Practicable Date which are or may be material:

(a) the sale and purchase agreement dated 10 October 2014 entered into among Mr. Cheung and Mr. Cheung Ka Kei (as vendors), Kind Access Development Limited (as purchaser) and the Company in relation to the acquisition of 3,200,000 shares in Billion Treasure Property Development Limited (represented the then entire issued share capital in Billion Treasure Property Development Limited) at a consideration of HK$4,900,000;

(b) the sale and purchase agreement dated 4 July 2014 entered into among Mr. Yip Wang Kwong (as vendor), Modern Management (Restaurant) Limited (as purchaser) and the Company in relation to the acquisition of 5,000 shares in General Corporation Limited (represented approximately 49.995% interest in General Corporation Limited) at a consideration of HK$20,240,000; and

(c) the sale and purchase agreement dated 4 July 2014 entered into among Mr. Yip Wang Kwong (as vendor), Modern Management (Restaurant) Limited (as purchaser) and the Company in relation to the acquisition of 5,000 shares in Smart Award Limited (represented approximately 49.995% interest in Smart Award Limited) at a consideration of HK$11,660,000.

(L) GENERAL

(a) The registered office of the Company is at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Unit F, 28/F, Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is at Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The principal share registrar and transfer office in the Cayman Islands is at Appleby Trust (Cayman) Ltd. at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

(e) The English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

(f) The principal members of the Offeror's concert group include the Offeror, Mr. Cui and Mr. Xu.

(g) The correspondence address of the Offeror is 7-3 Banshan Fenglin, 85 Xiang Shan Road, Haidian District, Beijing, the PRC (中國北京市海淀區香山路85號半山楓林7-3).

(h) The correspondence address of Mr. Cui is Flat A, 12/F, High West, 36 Clarence Terrace, Western District, Hong Kong.

(i) The correspondence address of Mr. Xu is Unit 1201, 12th Floor, Cityplaza, Block 1, Hong Kong.

(j) The principal place of business of Deloitte Corporate Finance is at 39th Floor, One Pacific Place, 88 Queensway, Hong Kong.

(M) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at Unit F, 28/F, Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong; (ii) on the website of the Company (www.u-banquetgroup.com); and (iii) on the website of the SFC (www.sfc.hk), during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Offer Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two years ended 31 December 2015;

(c) the letter from Deloitte Corporate Finance, the text of which is set out on pages 5 to 15 of this Composite Document;

(d) the letter from the Board, the text of which is set out on pages 16 to 20 of this Composite Document;

(e) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this Composite Document;

(f) the letter from Octal Capital, the text of which is set out on pages 23 to 41 of this Composite Document;

(g) the service contracts and letters of appointment referred to in the paragraph headed "Directors' Service Contracts" in this appendix;

(h) the written consents referred to under the paragraph headed "Experts and Consents" in this appendix; and

(i) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix.