
INDUSTRY OVERVIEW

Certain information and statistics relating to our industry provided in this section have been derived from official government sources. In addition, this section and elsewhere in the prospectus contains information extracted from a commissioned report, the Euromonitor Report, prepared by Euromonitor International, for purposes of this prospectus. See “— About this section”. We believe that the sources of the information in this “Industry Overview” section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is materially false or misleading, and no fact has been omitted that would render such information materially false or misleading. The information has not been independently verified by us, U Banquet (Cheung’s), the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters or any other party involved in the Placing, and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

ABOUT THIS SECTION

General

This section contains information extracted from the commissioned Euromonitor Report prepared by Euromonitor International for the purposes of preparing this prospectus. We paid a total of USD45,000 to Euromonitor International for the preparation and use of the Euromonitor Report.

Research methodology

Euromonitor International undertook top-down central research and bottom-up intelligence with a view to present a comprehensive and accurate picture of the Chinese full-service restaurant and wedding banquet industries. The following research methodologies were utilised. The information extracted from the Euromonitor Report reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. Research by Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing in our Company.

Primary research

Euromonitor International has conducted independent trade-level interviews with trade associations and industry experts, Chinese full-service restaurant operators, hotels and wedding banquet specialists that are involved in the Chinese full-service restaurant and wedding banquet industries. Trade interviews and official published data were used to ensure industry consensus and accuracy.

Secondary research

Euromonitor International utilised Chinese full-service restaurant operators, hotels and wedding banquet specialists’ annual reports, industry reports and Euromonitor International’s syndicated database “Passport” to support findings.

Quality of research

Euromonitor International has utilised data from both primary and secondary researches to validate all data and information collected, with no reliance on any single source. Furthermore, a test of each respondent’s information and views against those of others and any official published data is applied to ensure reliability and eliminate bias from these sources. Where irregularities are found between data collected, supplementary research is conducted to confirm or amend those findings.

INDUSTRY OVERVIEW

Projection

Euromonitor International deployed its standard practice of both quantitative and qualitative analysis of market size, growth trends on the basis of a comprehensive and in-depth review of the market's historical and postulated performance, with data cross-checked with established industry figures, trade interviews and statistical tools where applicable.

About Euromonitor International

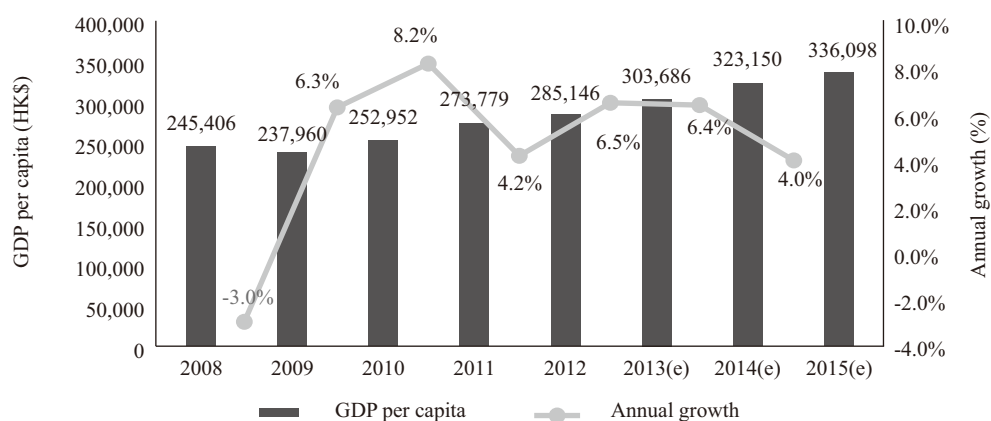
Established in 1972, Euromonitor International is a global research organisation with offices in London, Chicago, Singapore, Shanghai, Vilnius, Dubai and Cape Town. Euromonitor International's mission is to build on its position as the leading provider of quality international market intelligence on consumer products, services and lifestyle. Euromonitor International's policy of continuous innovation, new product development and embracing new technologies ensures it remains at the cutting edge of information solutions. Euromonitor International researches a range of consumer, industrial, service and business-to-business markets and remains independent and privately owned.

OVERVIEW OF HONG KONG ECONOMY

GDP per capita

As a result of the economic crisis in 2008 which caused a fall in general trade and export levels, Hong Kong's GDP per capita decreased by approximately 3.0% in 2009. Despite the economic contraction in 2009, Hong Kong's GDP per capita rebounded by approximately 6.3% in 2010 and approximately 8.2% in 2011. This was because of the increased demand for Hong Kong's exports and the Government's initiatives to boost the Hong Kong economy. However, as a result of the Eurozone crisis, demand from western countries slowed down, affecting the level of Hong Kong exports and decreased the amount of financial activities in Hong Kong. Hong Kong's growth in GDP per capita eased to approximately 4.2% in 2012. According to the Euromonitor Report, GDP per capita in Hong Kong is expected to reach about HK\$336,098 in 2015, representing a CAGR of approximately 5.2% from 2013 to 2015.

The following chart illustrates the growth trend of GDP per capita in Hong Kong from 2008 to 2012 and projected growth from 2013 to 2015:



Source: Census and Statistics Department, Hong Kong

Note: "e" denotes forecasted figures.

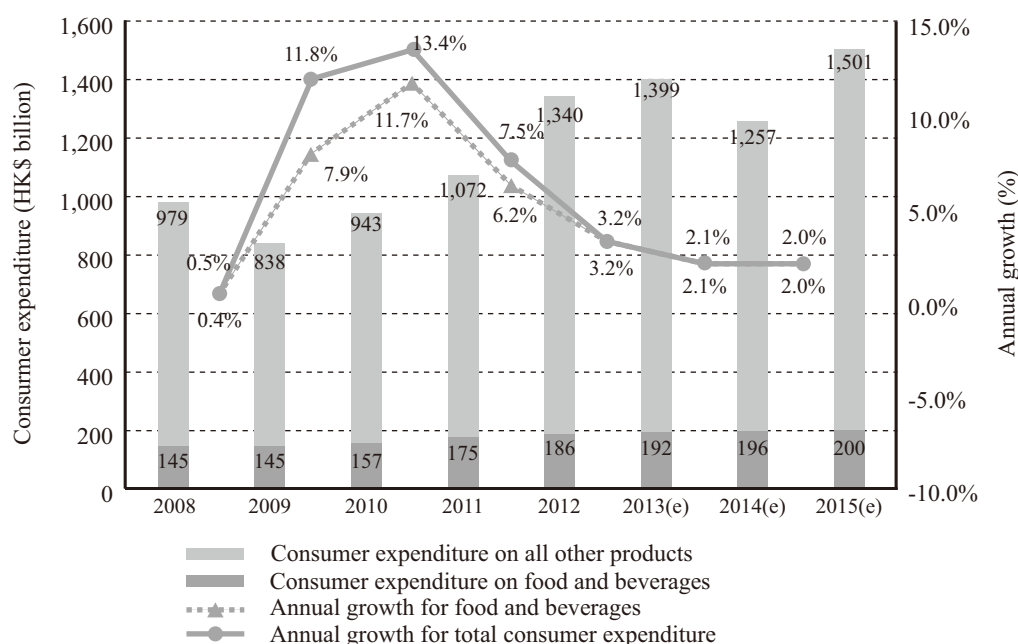
INDUSTRY OVERVIEW

Consumer expenditure

According to the Euromonitor Report, total consumer expenditure in Hong Kong grew at a CAGR of approximately 8.2% from 2008 to 2012, totalling about HK\$1,340 billion in 2012. In spite of the financial crisis in 2008, total consumer expenditure in 2009 still recorded a positive growth level of about 0.5%. Although growth rebounded quickly in subsequent years, it then tapered down to about 7.5% in 2012 due to a decrease in consumer confidence, as a result of the Eurozone crisis.

According to the Euromonitor Report, consumer expenditure on food and beverages grew from 2008 to 2012 at a CAGR of approximately 6.5%. Consumers were more cautious in their spending and cut their expenditure on food and beverage services due to a poor economic outlook in 2008, leading to a growth of only approximately 0.4% in 2009. Consumer confidence gradually increased over the years with consumer expenditure on food and beverages registering a growth of about 6.2% in 2012.

The following chart illustrates the growth trend of total consumer expenditure and consumer expenditure on food and beverages in Hong Kong from 2008 to 2012 and projected growth from 2013 to 2015:



Source: The Euromonitor Report

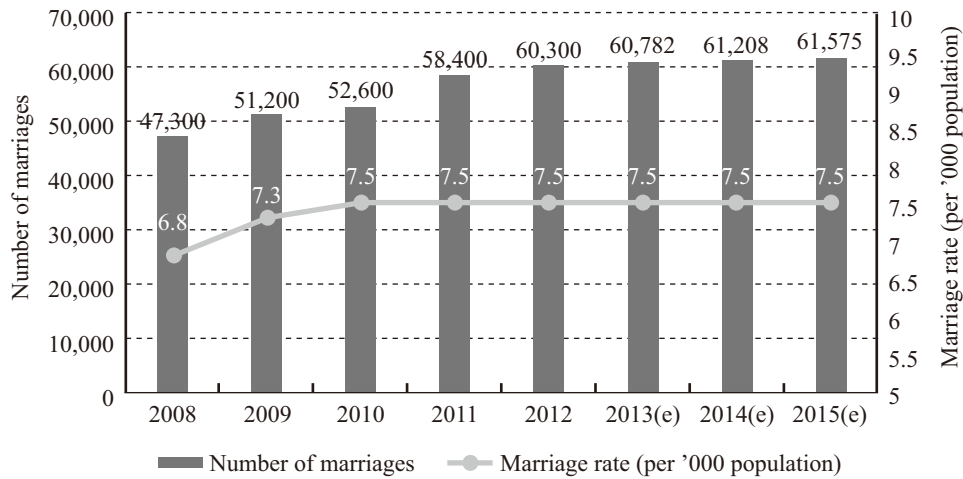
Note: "e" denotes forecasted figures.

Number of marriages and marriage rate

According to the Euromonitor Report, the number of marriages increased at a CAGR of approximately 6.3% over the period from 2008 to 2012, reaching around 60,300 marriages in 2012. However, the marriage rate of Hong Kong has stagnated at 7.5 marriages per 1,000 population since 2010, according to the Euromonitor Report. This is due to the increasing number of citizens who are staying longer in education and prioritising their career development, thus placing less importance in getting married or starting a family. Euromonitor International expects that the increase in the number of marriages in the future will be proportional to the increases in Hong Kong's population, rather than the increase in marriage rate of Hong Kong.

INDUSTRY OVERVIEW

The chart below illustrates the marriage numbers and rates in Hong Kong from 2008 to 2012 and projected marriage numbers and rates in Hong Kong from 2013 to 2015:



Source: *The Euromonitor Report*

Note: "e" denotes forecasted figures.

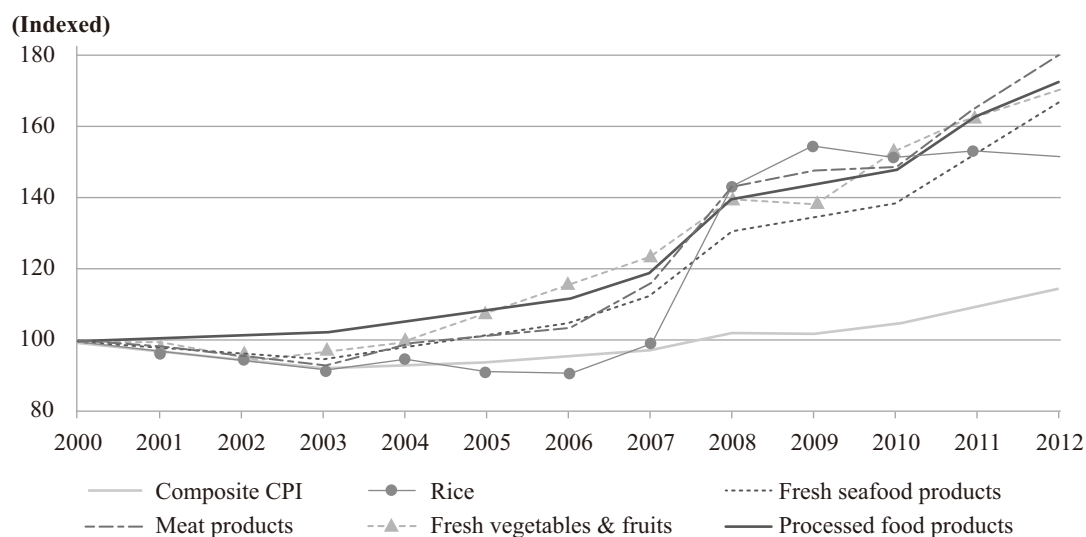
CPI

As many of the products are imported from mainland China, the appreciation of Renminbi has an impact on the CPI of food ingredients in Hong Kong. During the period between 2000 and 2012, CPIs of food ingredients increased at a rate higher than the overall inflation rate in Hong Kong. According to the Euromonitor Report, prices of meat, vegetables and fruits and processed food products showed the greatest increases, climbing more than 60% over the past 12 years.

Euromonitor International expects rising CPI will likely add to cost of living for Hong Kong consumers. Although food and beverage operators' cost of operation will increase, it is expected that some of the cost increases might be transferred to consumers via higher foodservice prices.

INDUSTRY OVERVIEW

The chart below illustrates the CPI and prices of food ingredients in Hong Kong from 2000 to 2012:



Source: *The Euromonitor Report*

CONSUMER FOODSERVICE MARKET IN HONG KONG

Overview

According to the Euromonitor Report, the consumer foodservice industry in Hong Kong consists of all eating places that are available to consumers. The different types of eating establishments covered within the consumer foodservice industry includes, full-service restaurants, fast food shops, bars, as well as other eating and drinking places. Full-service restaurants encompass all sit-down establishments where the focus is on food rather than on drink. They are characterised by table service and a relatively higher quality of food offering relative to quick-service units. They also include à la carte, all-you-can-eat and sit-down buffets within full-service restaurants. Full-service restaurants in Hong Kong serve a wide range of cuisines, from Chinese, other Asian cuisines like Japanese, Korean and Thai, along with Western and European cuisines. Chinese full-service restaurants include Hong Kong-style tea cafés, Guangdong cuisine full-service restaurants, full-service restaurants featuring the cuisine of Beijing, Sichuan or Shanghai, vegetarian food shops and Chinese full-service restaurants serving other Chinese cuisines.

The Chinese full-service restaurants are also reviewed by price positioning in the Euromonitor Report. Euromonitor International considers Chinese full-service restaurants can be divided into mass-market Chinese full-service restaurants and mid-range to high-end Chinese full-service restaurants. Mass-market Chinese full-service restaurants include casual dining restaurants or Hong Kong-style tea cafés, which are also known as Cha Chaan Teng, where the average spending is less than HK\$80 per meal. Mid-range to high-end Chinese full-service restaurants, on the other hand, provide full services and serve general Chinese cuisine or provincial cuisines such as those found in Guangdong, Shanghai or Beijing. These restaurants — positioned in the mid-to high-level range, with guest checks averaging more than HK\$80 per meal — serve dim sum, hotpots, mid-priced Chinese dishes and premium delicacies with food materials or ingredients such as abalone, shark's fin and sea cucumber. Banquets are occasionally held in these restaurants with average spending of HK\$3,000 or more per table. Our Group's restaurants are classified as mid-range to high-end Chinese full-service restaurants.

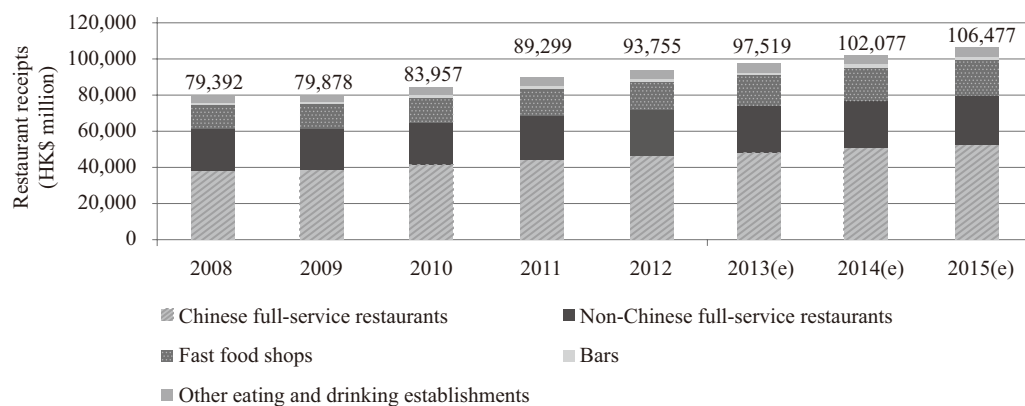
INDUSTRY OVERVIEW

Restaurant receipts

According to the Euromonitor Report, the total restaurant receipts in the consumer foodservice industry grew at a CAGR of about 4.2%, from approximately HK\$79 billion in 2008 to approximately HK\$94 billion in 2012. The economic crisis in 2008 resulted in a low growth rate from 2008 to 2009 across all groups within the consumer foodservice industry, and total restaurant receipts grew by only approximately 0.6% during the period. However, increased consumer confidence and tourist arrivals led to a quick recovery of the consumer food service industry, and total restaurant receipts registered healthy annual growth rates from 2009 to 2012. The total full-service restaurant receipts in the consumer foodservice industry is expected to grow at a CAGR of approximately 4.5% from approximately HK\$97,519 million in 2013 to approximately HK\$106,477 million in 2015, according to Euromonitor International.

According to the Euromonitor Report, Chinese full-service restaurants revenue recorded a higher than market CAGR of approximately 4.5% from about HK\$38,291 million in 2008 to about HK\$45,730 million in 2012. Euromonitor International considers the high tourists traffic from mainland China as well as their increasing spending power is the key growth drivers to the sales of Chinese full-service restaurants. The Chinese full-service restaurant receipts continuously accounts for the largest segment of total restaurant receipts from approximately 48.2% in 2008 to approximately 48.8% in 2012. Euromonitor International expects this trend will continue and Chinese full-service restaurant receipts will account for about 48.9% of total restaurant receipts in 2015.

The following chart illustrates the trend of consumer foodservice industry receipts in Hong Kong from 2008 to 2012 and projected growth from 2013 to 2015:



Source: The Euromonitor Report

Note: "e" denotes forecasted figures.

INDUSTRY OVERVIEW

Number of Chinese full-service restaurants in Hong Kong

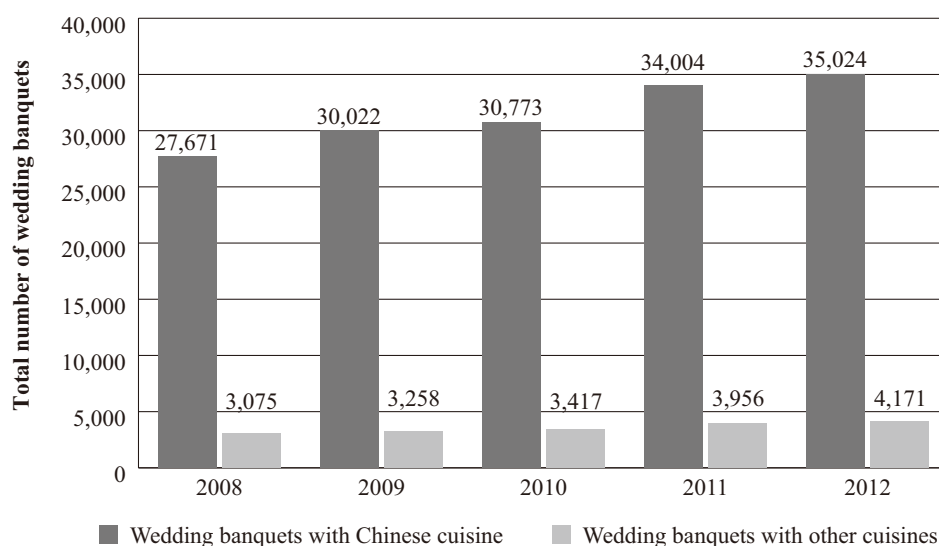
According to the Euromonitor Report, there were 4,781 Chinese full-service restaurants located within Hong Kong in 2012. Of which, majority of these outlets were owned by independent single outlet operators, making up about 84.6% of the number of Chinese full-service restaurants in 2012. However, in an environment of increasing rental and manpower costs, there are a growing percentage of outlets operated by chained operators or large dining groups. Percentage of chained Chinese full-service restaurants increased from about 13.6% in 2008 to about 15.4% in 2012, growing at a CAGR of approximately 8.7% due to their higher tolerance to hiking expenses on the back of more solid financial background. Chained operators will also fare better than independent operators in terms of economies of scale and a more systematic management, leading to lower food cost by a centralised purchasing team and superior staff training mechanisms. Large dining groups also have closer relationships with major landlords in Hong Kong, offering them better access to key traffic locations and beneficial rental rates. As a result, Euromonitor International expects that more independent stand-alone restaurants will be replaced by chain operations which will also drive the growth of total Chinese full-service restaurant industry revenue to be driven by chain operations.

WEDDING BANQUET MARKET IN HONG KONG

Wedding banquets are the celebrations of a new marriage and usually involve the newlywed couples families and friends attending parties where meals are served. According to the Euromonitor Report, about 70% of wedding couples in Hong Kong choose to organise wedding banquets while the remaining would opt to celebrate their marriage in other forms, for instance wedding holiday. Wedding banquets in Hong Kong can be classified by cuisine, consisting of Chinese banquets and non-Chinese banquets. Chinese banquets are wedding banquets served with Chinese cuisine in more traditional venues such as traditional Chinese full-service restaurants, Chinese wedding banquet specialists, hotels or club houses. Non-Chinese wedding banquets are held in formations that do not follow Chinese tradition, including buffet, cocktail parties or served banquets in other cuisines. These banquets are mostly held in hotels and club houses and occasionally specialised restaurants.

According to Euromonitor International, due to the cultural and demographic background, about 87.1% of the wedding banquets are Chinese banquets. Chinese banquets are generally held with 20 to 35 round tables, seating 10 to 12 people per table and serving traditional Guangdong delicacies with average spending per Chinese banquet of about HK\$147,000 in 2012.

The chart below illustrates the total number of Chinese and non-Chinese wedding banquets held in Hong Kong from 2008 to 2012:

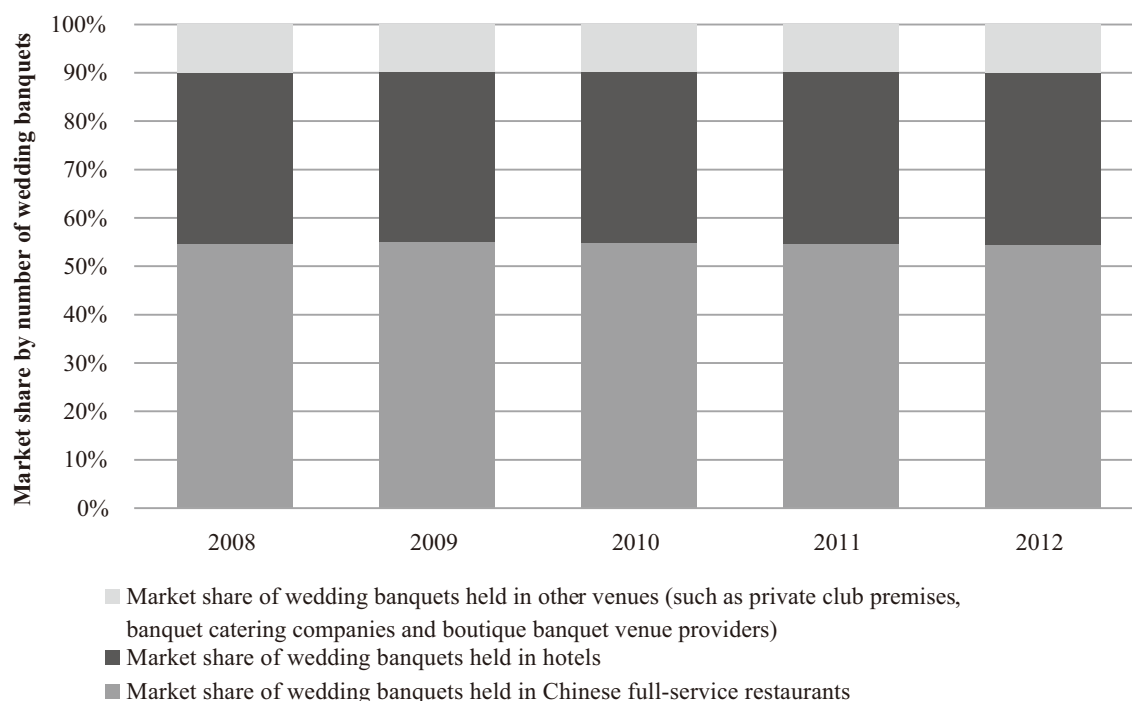


Source: The Euromonitor Report

INDUSTRY OVERVIEW

Beginning in the 1990s, the trend of organising wedding banquets in hotels developed. This trend was supported by an improving economy which made couples more willing to spend on their weddings. In addition, couples started focusing more on the quality of service as well as the grandness of the wedding banquets hosted. According to Euromonitor International, the CAGR of the number of wedding banquets held in hotels from 2008 to 2012 is about 6.4% which is slightly above the CAGR of the number of wedding banquets held in Chinese full-service restaurants of about 6.2% in the corresponding period. In 2012, holding wedding banquets in Chinese full-service restaurants is still very popular in Hong Kong, representing approximately 54.5% of the total number of wedding banquets held in Hong Kong, compared to approximately 35.5% of that of hotels. Among wedding banquets held in hotels in 2012, more than 80% of the banquets are based on Chinese tradition, with the remainder non-Chinese.

The chart below illustrates the market share of Chinese full-service restaurants, hotels and other venues by number of wedding banquets in Hong Kong.



In the past, wedding banquets were usually held in traditional Chinese full-service restaurants or catered at destined locations such as open area of estates or the back yard of homes with table numbers as many as 100. However, as family size in Hong Kong shrinks and the cost per table increases, the average number of tables in banquets has decreased to about 20 to 35 nowadays.

In the recent decades, wedding couples tend to enjoy organising weddings in 5 to 6 stars and middle-class hotels with modernised decorations and attentive services. In recent years, the popularity of Chinese wedding banquet specialists has grown. These specialists are usually traditional Chinese full-service restaurant operators who refurbished their restaurants with modernised decorations and setting suited for wedding celebrations. Some of the specialists also included thematic concepts and set-ups within the location. Modern wedding banquet specialists also focus on hotel-like services on table waiting while serving traditional Chinese cuisine.

INDUSTRY OVERVIEW

This kind of banquet venues has gain popularity in the 2000's with the aggressive entrance of market participants, stealing the market shares from hotels and traditional Chinese full-service restaurants and also helped boost the market share of Chinese wedding banquets. The success of wedding banquet specialists has attracted other traditional Chinese full-service restaurants to follow suit in developing some of their branches into thematic wedding venues. Wedding banquet specialists attract newlywed couples by modernised and thematic decoration compared to traditional Chinese full-service restaurants and a more affordable pricing and sometimes quality of food compared to hotels. They also provide aggressive promotion to attract potential clients. According to the Euromonitor Report, Chinese wedding banquet specialists and traditional Chinese full-service restaurants account for 50 to 55% of the wedding banquets held annually in Hong Kong by number of wedding banquets.

COMPETITIVE LANDSCAPE

Competitive landscape for Chinese full-service restaurants

Euromonitor International considered the key entry barriers for the Chinese full-service restaurant industry are (i) large capital investment required for setup, (ii) difficulty in acquiring desirable locations when core districts have been developed and managed by major landlords with significant rental surges, and (iii) difficulty to remain in business due to the increase in rental, human resources expenses and rising food costs.

The following table sets forth the market share of the top five mid-range to high-end Chinese full-service restaurant brands in Hong Kong in the entire Chinese full-service restaurant market in terms of sales receipts:

Rank	Brand	2010	2011	2012
1	Brand A	4.1%	4.1%	4.2%
2	Brand B	2.5%	2.7%	3.1%
3	Brand C	2.2%	2.1%	2.0%
4	Brand D	1.7%	1.7%	1.7%
5	Brand E	1.7%	1.7%	1.6%
Others		87.8%	87.7%	87.4%
Total		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: The Euromonitor Report

The competitive landscape of Chinese full-service restaurants moved towards consolidation from 2010 to 2012, with the top five brands' combined market share increasing from approximately 12.2% in 2010 to approximately 12.6% in 2012. Each of the top two brands operates more than 40 and 30 outlets, respectively. The market share of "U Banquet (譽宴)" was approximately 0.6% in each of 2010, 2011 and 2012.

Euromonitor International expects chained Chinese full-service restaurant brands will continue to gain market share going forward despite facing increasing saturation among Chinese full-service restaurants. Small and independent operators will find it even harder to compete, leading to the shuttering down of small and independent outlets and their replacement by chained stores.

INDUSTRY OVERVIEW

Competitive landscape for wedding banquets

Euromonitor International identified key entry barriers for the wedding banquet industry are (i) large capital investment required for banquet halls and large-scale thematic decor, (ii) difficulty in renting appropriate locations because major landlords are reluctant to lease out large areas rather than split up an area to multiple tenants, and (iii) the pre-requisite of previous large-scale catering experience for better management of banquet operations.

The wedding banquet market is competitive with chained banquet operators representing the top five players, taking about 12.6% of market share in 2012 (based on the total number of banquets held). We are unable to obtain information on the market share landscape of the wedding banquet market in Hong Kong in terms of the amount of sales receipt. The following table sets forth the market share of the top five Chinese full-service restaurant brands in Hong Kong in terms of the number of wedding banquets in the wedding banquet market (including all full-service restaurants, hotels and club houses):

Rank	Brand	2010	2011	2012
1	Brand F	3.2%	4.0%	5.1%
2	Brand G	3.5%	2.9%	2.2%
3	U Banquet 譽宴	2.4%	1.8%	1.8%
4	Brand H	1.7%	1.7%	1.8%
5	Brand I	1.6%	1.5%	1.7%
Others		87.6%	88.1%	87.4%
Total		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: The Euromonitor Report

Note: In building its estimates, Euromonitor International applied key metrics such as number of outlets per player, average wedding banquets held per week by player/outlet, number of outlet growth through trade interviews with the key players for the past three years. Additionally, Euromonitor International sourced official records such as number of marriages from Hong Kong Census and Statistics Department as a logic check on the number of wedding banquets held. Euromonitor International assessed relevant background information that is publicly available and compared these sources against any existing information and knowledge from us.

Euromonitor International expects the wedding banquet market to remain fragmented going forward. Due to better profitability and easier management, more existing Chinese full-service restaurant operators are expected to tap into the wedding banquet specialist market. In the future, there should be an increased number of chained or independent non-Chinese wedding banquet operators who are able to offer customised and non-conventional banquet solutions.

CURRENT MARKET DRIVERS AND DEVELOPMENT TRENDS

Chinese full-service restaurant market

Customers seeking higher quality and attentive services

Diners continue to demand higher quality and more attentive services. This trend comes along as the number of restaurants increases, resulting in higher competition and increased bargaining power of customers within the restaurant industry. Euromonitor International considers competition leads to difficulty in acquiring appropriate talent. As a result, there is a drop of human resource and service quality within the industry. Customers now prefer restaurants with stable service quality compared to those with declining ones. This need to maintain service quality would result in higher manpower costs for restaurant operators. However, restaurants that exert outstanding quality in this aspect should outperform its peers.

INDUSTRY OVERVIEW

Higher-end and specialised Chinese cuisines are growing segments

Upon the entrance of Michelin Guide into Hong Kong in 2008, diners have another well regarded guide for their dining experience where better-ranked restaurants tend to enjoy popularity and better businesses. Chinese restaurant operators have increasing interest in higher-end position by obtaining the acknowledgement from the Michelin Guide or other awards and developing a more classy cuisine niche to attract a new group of diners.

Sales growth steamed by tourists from mainland China

With the further relaxation of the Individual Visit Scheme in mainland China, Euromonitor International expected tourists from mainland China will continue to increase constantly and support the growth of Chinese full-service restaurants. Furthermore, the spending pattern of mainland Chinese tourists is expected to change from shopping to leisure, and in turn benefit high-end Chinese full service restaurants, particularly with special dish offerings such as Sichuan, Shanghai, Beijing and other Chinese cuisines. Euromonitor International expected higher spending per meal in Chinese full-service restaurants will translate into growth in foodservice sales, with an estimated CAGR of about 4.6% from 2013 to 2015, with total foodservice value sales amounting to approximately HK\$52 billion in 2015.

Increase in labour cost

In May 2011, Hong Kong saw the implementation of a Minimum Wage Ordinance of HK\$28 per hour. The amount has been further increased to HK\$30 per hour in 2013. Euromonitor International considers the cost of operation for restaurant operators rose due to increased labour costs and several restaurants were even forced to shut down outlets or branches which were no longer profitable. The effect is more pronounced in Chinese restaurants, where salaries are usually lower than that of other cuisines and would hence see a more direct cost increment upon implementation of such law. The impact was mitigated in the case of some larger operators which managed to keep prices low and benefited from strong demand. Euromonitor International considered most companies chose to pass on these higher costs to consumers, thereby inflating prices and resulting in higher restaurant receipts collected.

Resource constraints and high rental costs

The property market rally in Hong Kong has come with the expense of a hiking rental rate. Despite rental terms being generally as long as 4 to 6 years, Euromonitor International considered shops that are renewing their rents in the coming years will find a large increase in rental expenses and may have to be forced to seek for alternative locations. Although rents are fixed in the contract period, landlords can still increase management fees without mutual consent.

Ingredient costs are driven up by the inflation of food prices, mainly in China. As most of the basic food ingredients are imported from mainland China, the appreciation of Renminbi also implies a higher cost for local restaurants.

Therefore, even if a relatively stable growth in the receipts of restaurants, an erosion of profit margins is possible going forward in consideration of the rising cost factors. Euromonitor International expected it will result in a market consolidation where large restaurant dining groups can survive with ample capital used to tolerate increase in cost, wiping out smaller players, while small independent and niche operators can survive under good cost controls and flexible management styles.

INDUSTRY OVERVIEW

Wedding banquet market

Growth in number of wedding banquets in line with population and auspicious years

With the marriage rate in Hong Kong stable at 7.5 marriages per 1,000 population, the growth in number of marriages is expected to be directly proportional with the growth of the city's population in the long run. In the more immediate future, due to the demographic dominance of Chinese, the number of marriages will be largely influenced by the effect of fortunate years according to the Chinese tradition. For example, 2013 is considered a 'blind year' according to the lunar calendar, deeming marriage unfavourable. Therefore, growth in the number of marriages is not expected to be high in 2013. In contrast, 2014 will be a fortunate year for weddings and consequently growth should rise. Similarly, growth in the number of wedding banquets is expected to be low at about 0.5% in 2013 and to pick up to about 3.5% in 2014. Growth in wedding banquet numbers is expected to be approximately 2.2% in 2015, in line with general population growth.

The use of social media for promotion

With a wider use of online resources, wedding couples rely more on the Internet to choose their banquet venues. One of the most popular wedding intelligence websites is ESDLife. The website had a penetration rate of 92% among engaged couples in 2012, providing a single-stop, comprehensive wedding and marriage information channel, as well as a platform for couples to share tips and ideas. Gourmet websites Openrice.com also provides information on full-service restaurants and wedding venues with various diners rating their enjoyment of the food and experience.

Evolution of the Chinese banquet menu

As Hong Kong citizens gain increasing awareness about environmentally friendly behaviour, there are changes to the traditional Chinese banquet menu. For example, some wedding couples have given up their demand for shark's fin dish (a traditionally dish considered to be a precious delicacy and showing of generosity of host family) at banquets nowadays. To cope with this trend, Chinese wedding banquet operators have incorporated alternative delicacies, such as bird's nest soup or seafood soup, to replace the use of shark's fin. Another example is some wedding operators provide menu choices without main dishes of fried rice or noodles, as these dishes are usually unfinished and ending up as waste. This not only supports the environment, but operators also benefit from lower costs for food and waste handling.

Threats to the higher margin of banquet operator

Banquet operations usually generate a higher profit margin than traditional Chinese dining operations, turning in a gross margin of 60% versus 20% from Chinese full-service restaurant operations, for example. Due to banquets' highly manageable nature of operations with a predetermined number of attendants, it is easier to control the amount of food portions, providing better management of food costs. Manpower is also managed more efficiently as temporary staff members are usually hired for banquets, incurring a lower human resource expense and higher degree of personnel flexibility.

Despite the lower impact from rising labour costs compared to traditional Chinese full-service restaurants, the implementation of a higher minimum wage will increase operational expenses for banquet operations. The skyrocketing rental market has harmed full-service restaurant operations, more specifically on the banquet industry due to the need for ample business floor space, eroding the profit margins of operators.