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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law on 20 June 2013 in preparation for the Listing and is the holding company of our Group.

Over the past years, the shareholdings of some of our subsidiaries have undergone changes, and as a result of which, immediately following the completion of the Reorganisation, our Company was owned entirely by Mr. Cheung KH and Mr. Cheung KK through U Banquet (Cheung's) and the Minority Shareholder. For further details on the changes in the shareholding structure of our operating subsidiaries and our corporate structure, see “— Corporate history of our operating subsidiaries”.

Immediately following the completion of the Capitalisation Issue and the Placing, Mr. Cheung KH and Mr. Cheung KK, will together through U Banquet (Cheung's), control approximately 68.9% and the Minority Shareholder will own 6.1% of the voting rights in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the options which may be granted under the Share Option Scheme).

### OUR BUSINESS DEVELOPMENT

#### Our history and origin

##### *Co-operation with Ex-Partners*

In 2000, Mr. Cheung KH and Mr. Cheung KK of one part, and the Ex-Partners of the other part formed a company for operating a restaurant in Fortress Hill, which signified the commencement of the co-operation (the “**Co-operation**”) between Mr. Cheung KH, Mr. Cheung KK and the Ex-Partners (the “**Parties**”). Under the Co-operation, a chain of restaurants was established across various districts in Hong Kong, some of which later became our Group's restaurants. Over the few years after 2000, four additional restaurants were opened in North Point, Hung Hom, North Point and Tai Po successively in the course of the Co-operation.

In 2006, two additional restaurants were opened in Mong Kok under the Co-operation. At or about the same time, the Parties started to rebrand their image as a Chinese wedding banquet specialist which, apart from serving quality traditional Cantonese cuisine to cater for all-day dining needs, also provided Chinese wedding banquet services in modern and creatively-designed restaurant environment, so as to distinguish their restaurants from other local traditional Chinese restaurants.

In the next three years that follow, three other restaurants were opened in Tsim Sha Tsui, Causeway Bay and Jordan in the course of the Co-operation. In 2009, Choi Fook Group, being the ultimate holding company of the companies carrying out the business and operations of the then restaurants, was owned as to 25% by Mr. Cheung KH, 25% by Mr. Cheung KK and an aggregate of 50% by the Ex-Partners.

##### *Settlement Agreement*

In 2009, Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part went into disputes which had subsequently escalated into three legal proceedings in the same year, and the Co-operation then ceased. All the legal proceedings were finally discontinued with the consent of the Parties. The Parties agreed to split and allocate the restaurants then in operation between them by drawing lots. Pursuant to the Settlement Agreement which, among others, dealt with such allocation of restaurants among the Parties, 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 the Ex-Partners took up the remaining restaurants respectively located in Tai Po, Hung Hom, Jordan and Fortress Hill (the “**Allocation**”).

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The Allocation was mainly implemented by way of transfer of the share capital of the relevant company(ies) which operated the restaurant(s) from Choi Fook Group to the relevant Party according to the results of the drawing lots. Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part expressly acknowledged in the Settlement Agreement that Choi Fook Group owned the eight restaurants respectively located in Tai Po, Hung Hom, Jordan, Fortress Hill, Mong Kok (located on two separate floors of the same commercial building), Tsim Sha Tsui, Causeway Bay and North Point. These eight restaurants were firstly divided into four groups with two restaurants for each group. The Parties were then invited to draw lots to determine the groups of restaurants to be allocated to each of them.

Apart from setting out the mechanism for the allocation of restaurants to the Parties set out above, the Settlement Agreement also contained, inter alia, the following key terms:—

- Choi Fook Group should repay all outstanding bank loans and accrued interests, debts and liabilities due and owing by it and the companies operating the eight restaurants set out above as well as the salaries and severance payments of the staff of Choi Fook Group up to completion of the Allocation;
- Once the result of the drawing lots was known, the relevant Party shall be responsible for all the business and affairs of those restaurants allocated to him, including paying the amounts due from the restaurant to its suppliers, payment of rental and utilities deposit, filing of tax return, payment of salaries and severance payments, if any, to the employees of the restaurant;
- The balance in the bank accounts held by Choi Fook Group and the money kept at the companies operating the eight restaurants set out above after deduction of the loans due to the banks shall be distributed to Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part in equal shares;
- After the result of the drawing lots was known, the Parties should procure the transfer of the relevant restaurant licence and liquor licence and the transfer of shares and directorship of the respective companies to the relevant Party according to the result of the drawing lots and terminate all personal guarantees in favours of the banks for Choi Fook Group accordingly;
- Upon completion of the Allocation, the Parties shall apply for the discontinuance of all the two ongoing legal proceedings between them and bear their own legal costs;
- After completion of the Allocation, the Parties shall have the right to continue to use the trade name of the relevant restaurant to carry on business. However, the Settlement Agreement was silent as to the distribution of the Choi Fook Trademarks; and
- The Parties shall apply for the winding-up of Choi Fook Group and share the costs incurred thereof as soon as after completion of the Allocation.

Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part took steps to comply with all the terms of the Settlement Agreement. However, dispute had subsequently arisen related to the distribution of the balance in Choi Fook Group's bank accounts and the money kept at the companies operating the restaurants, which had been escalated to the third legal proceeding between the Parties. This third legal proceeding, which was finally settled by consent of the Parties, had impeded the voluntary winding-up of Choi Fook Group as contemplated in the Settlement Agreement. In light of the above, as at the Latest Practicable Date, all terms and conditions of the Settlement Agreement have been complied with save and except for the winding-up of Choi Fook Group.

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### *Winding-up proceedings against Choi Fook Group and the stay of the winding-up order*

After completion of the Allocation, Choi Fook Group has not carried on any business. Choi Fook Group terminated the services of those employees whose employments were not taken up by any of the eight restaurants. A few ex-employees of Choi Fook Group claimed against Choi Fook Group at the Labour Tribunal due to their disagreements with Choi Fook Group on the calculation of long service payments, paid holidays and payments in lieu of notice of termination payable to them by Choi Fook Group. The Controlling Shareholders advised that the dispute between the Parties, who had together made up the board of directors of Choi Fook Group at that time, hindered the board of directors of Choi Fook Group in handling both the ex-employees' claims to the Labour Tribunal and the subsequent winding-up petition against Choi Fook Group on a timely basis. As a result, a winding-up order was made against Choi Fook Group on 10 March 2010 (the "**Winding-up Order**"). Mr. Cheung KH and Mr. Cheung KK, together with other contributories, injected sufficient fund into Choi Fook Group to pay off all its debts due to its creditors. Upon the application of Mr. Cheung KH and Mr. Cheung KK and two other contributories on 7 August 2012 and on satisfaction that all the then outstanding debts of Choi Fook Group had been duly settled and Choi Fook Group was solvent, an order for stay of the Winding-up Order without imposing any time limit was granted by the court on 27 September 2012. Hence, as at the Latest Practicable Date, the Winding-up Order against Choi Fook Group and all proceedings in relation thereto were effectively stayed and the liquidator appointed pursuant to the Winding-up Order had been duly released and discharged following the stay of the Winding-up Order. Our Company's Legal Advisers opined that once a winding-up against a company is sealed, the court does not have jurisdiction to order a rescission or withdrawal of the Winding-up Order and thus, the contributories can only seek a permanent stay of the winding-up proceedings pursuant to section 209(1) of the Companies Ordinance. Our Company's Legal Advisers opined that as a result of the permanent stay of the Winding-up Order, Choi Fook Group was no longer in liquidation. Our Company's Legal Advisers also opined that once the Winding-up Order has been stayed permanently, the Winding-up Order cannot be reactivated or restored. As at the Latest Practicable Date, Choi Fook Group remained to be owned as to 25% by Mr. Cheung KH, 25% by Mr. Cheung KK and an aggregate of 50% by the Ex-Partners.

### *Restaurants opened after termination of the Co-operation*

In December 2009, we opened a restaurant in Kwun Tong, namely U Banquet (Kwun Tong). It was the first restaurant opened after cessation of the Co-operation.

In 2010, we opened U Banquet (Wan Chai) and Choi Fook Club (Wan Chai), both of which ceased operations in April 2013. For details, see "Business — Our restaurants — Wan Chai operations".

In 2011, we established and promoted our "*U Banquet* (譽宴)" brand and started consolidating and promoting our restaurants under this brand.

During the Track Record Period, all our restaurants were operated under our "*U Banquet* (譽宴)" brand save and except for U Banquet (North Point) which had been operated under the trade name of "*Choi Fook Royal Banquet* (彩福皇宴)" until May 2013. Since May 2013, all our restaurants have been operated under our "*U Banquet* (譽宴)" and "*Hot Pot Cuisine* (涮得棧)" brands.

### *Our use of the Choi Fook Trademarks*

Though the Settlement Agreement was silent as to the distribution of the Choi Fook Trademarks, according to the advice of our Company's Legal Advisers, as it was expressly provided in the Settlement Agreement that Mr. Cheung KH and Mr. Cheung KK can continue to operate the restaurants allocated to them, namely, U Banquet (North Point), U Banquet (Mong Kok)(1), U Banquet (Mong Kok)(2), U Banquet (Tsim Sha Tsui) and U Banquet (Causeway Bay) using their then trade names, we were therefore entitled to use the trade name of "*Choi Fook Royal Banquet* (彩福皇宴)" for these restaurants during the Track Record Period. As for the two restaurants we opened after the date of the Settlement Agreement, i.e. U Banquet (Kwun Tong) which was opened in December 2009 and U Banquet (Wan Chai) which was opened in June 2010, we had used the trade

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name of “*Choi Fook Royal Banquet* (彩福皇宴)” in order to associate these two new restaurants with the other restaurants operated by us at that time as a chain of restaurants, before we changed their respective trade name to “*U Banquet* (譽宴)” in January 2011. Our use of the trade name of “*Choi Fook Royal Banquet* (彩福皇宴)”, which was registered under the name of Choi Fook Group, for these two restaurants was therefore not covered by the Settlement Agreement.

Notwithstanding the above and the fact that the Choi Fook Trademarks are currently registered under Choi Fook Group, to the best knowledge of our Directors, Choi Fook Group had ceased the use of these Choi Fook Trademarks following the cessation of all of its restaurant business in June 2009. In particular, since then, it has not taken any action to restrain or restrict both our Group and the Ex-Partners in using the Choi Fook Trademarks in all respects. To the best knowledge and belief of Mr. Cheung KH and Mr. Cheung KK who are currently the 50% shareholder of Choi Fook Group and directors of Choi Fook Group and pursuant to the underlying arrangement and spirit of the Settlement Agreement, Choi Fook Group has no intent to resume the use of the Choi Fook Trademarks in restaurant business in the future.

As such, after the date of the Settlement Agreement, both our Group and, to the best knowledge of our Directors, the Ex-Partners had been using the Choi Fook Trademarks for their restaurants concurrently beyond the scope of the Settlement Agreement without any restriction or restraint from Choi Fook Group. As opined by our Company’s Legal Advisers, Choi Fook Group’s exclusive right on the use of the Choi Fook Trademarks set out above shall be deemed to have been lost and thus, our use of the trade name “*Choi Fook Royal Banquet* (彩福皇宴)” from December 2009 to January 2011 for U Banquet (Kwun Tong) and U Banquet (Wan Chai) should not have constituted any infringement of the intellectual property rights of Choi Fook Group. In light of the above, as opined by our Company’s Legal Advisers, we should have complied with all relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date insofar as our use of our brand name “*U Banquet* (譽宴)” and the trade name of “*Choi Fook Royal Banquet* (彩福皇宴)” is concerned.

Our Company’s Legal Advisers further opined that our use of the trade name “*Choi Fook Royal Banquet* (彩福皇宴)” for the operation of U Banquet (Kung Tong) and U Banquet (Wan Chai) from December 2009 to January 2011 should not be regarded as having infringed the intellectual property rights of Choi Fook Group or the Ex-Partners, including the passing off action of the trademarks of the restaurants operated by them in view of the above reasons, in particular the facts that Choi Fook Group had ceased using the Choi Fook Trademarks since the completion of the Settlement Agreement and we had been using the trade name of “*Choi Fook Royal Banquet* (彩福皇宴)” concurrently with the similar trade name bearing “*Choi Fook* (彩福)” of the Ex-Partners after the date of the Settlement Agreement without any restraint or restriction from Choi Fook Group. Thus, based on (i) the term of the Settlement Agreement which expressly authorised us to use the trade name of “*Choi Fook Royal Banquet* (彩福皇宴)” for U Banquet (North Point), U Banquet (Mong Kok) (1), U Banquet (Mong Kok) (2), U Banquet (Tsim Sha Tsui) and U Banquet (Causeway Bay); (ii) the concurrent use of the relevant Choi Fook Trademarks by our Group and the Ex-Partners which were beyond the scope of the Settlement Agreement without any restriction or interference from Choi Fook Group and the Ex-Partners; and (iii) Choi Fook Group’s cessation of business and the use of the Choi Fook Trademarks following the Settlement Agreement in 2009, our Company’s Legal Advisers opined that our Company will not be subject to any liability as a result of the use of the relevant Choi Fook Trademarks after the Settlement Agreement and up to January 2011.

Despite the aforesaid, Mr. Cheung KH and Mr. Cheung KK, each a Controlling Shareholder and an executive Director, together with U Banquet (Cheung’s), a Controlling Shareholder, have undertaken to indemnify us, on a joint and several basis, against any costs, expenses, claims, liabilities, penalties, loss and damages incurred or suffered by us in respect of any liability which might be payable by us arising from our use of the trade name “*Choi Fook Royal Banquet* (彩福皇宴)” from December 2009 to January 2011.

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### *Establishment of “U Weddings” and “Hot Pot Cuisine (涮得棧)” brands*

Our “*U Banquet (譽宴)*” brand denotes that we are committed to integrate innovative ideas into traditional Chinese wedding banquets. By virtue of our experiences in providing innovative and stylish wedding banquet services, we also market ourselves as “*new era wedding expert (新世代婚宴專家)*” to position our brand with our target customers.

In 2010 and 2012, we started providing Wedding Services through U Weddings (Wedding Attire Shop) and U Weddings (Wedding Photography Studio) under our “*U Weddings*” brand, respectively.

In 2013, we opened two new restaurants in Wong Tai Sin namely, U Banquet (Wong Tai Sin) and Hot Pot Cuisine Restaurant. U Banquet (Wong Tai Sin) is currently the largest restaurant of our Group in terms of gross floor area and can accommodate 70 12-seat banquet-style tables. Hot Pot Cuisine Restaurant, which is under our new “*Hot Pot Cuisine (涮得棧)*” brand, can accommodate 20 12-seat banquet-style tables.

Apart from advertising our wedding banquet services and other Wedding Services in mass media, we also participate in different competitions in culinary and wedding banquets to enhance the acceptability and recognition of our “*U Banquet (譽宴)*” brand in the market. Our Group won the Hong Kong Emerging Service Brand in 2011 and has been awarded the Hong Kong Top Service Brand since 2012 by the Hong Kong Brand Development Council and The Chinese Manufacturers’ Association of Hong Kong.

Besides, our Group also won the Best Chinese Restaurant Wedding Banquet — Hong Kong Island East (新婚生活易大獎 — 新人至愛酒樓婚宴 — 港島東區) by ESDlife for three consecutive years from 2011 to 2013. Our Group also won the following prizes of the Best of the Best Culinary Awards 2011 by the Hong Kong Tourism Board and Hong Kong and China Gas Company:

- Gold with Distinction Award — Dim Sum Category,
- King of Shrimp Dumplings, and
- Most Creative Dessert

Mr. Cheung KH and Mr. Cheung KK have led our Group to expand into a chain operation of eight full-service Chinese restaurants as at the Latest Practicable Date. All of them are located in densely populated areas with high number of pedestrian flow, under our “*U Banquet (譽宴)*” and “*Hot Pot Cuisine (涮得棧)*” brands.

### **Milestones of our Group**

The key events of the development of our “*U Banquet (譽宴)*” and “*Hot Pot Cuisine (涮得棧)*” brands are as follows:

- |               |  |
|---------------|--|
| November 2004 | Opened U Banquet (North Point) under the trade name of “ <i>Superior Choice Restaurant (彩臨門酒家)</i> ”, which was subsequently changed to “ <i>Choi Fook Royal Banquet (彩福皇宴)</i> ” in 2010, and was further changed to “ <i>U Banquet (譽宴)</i> ” in May 2013  |
| April 2006    | <ul style="list-style-type: none"><li>• Opened U Banquet (Mong Kok) (1) and U Banquet (Mong Kok) (2) both under the trade name of “<i>Choi Fook Royal Banquet (彩福皇宴)</i>”, which was subsequently changed to “<i>U Banquet (譽宴)</i>” in January 2011</li><li>• Rebranded as full-service Chinese restaurants specialised in Chinese wedding banquet services</li></ul> |

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May 2007	Opened U Banquet (Tsim Sha Tsui) under the trade name of “ <i>Choi Fook Royal Banquet</i> (彩福皇宴)”, which was subsequently changed to “ <i>U Banquet</i> (譽宴)” in January 2011
September 2008	Opened U Banquet (Causeway Bay) under the trade name of “ <i>Choi Fook Royal Banquet</i> (彩福皇宴)”, which was subsequently changed to “ <i>U Banquet</i> (譽宴)” in January 2011
December 2009	Opened U Banquet (Kwun Tong), being the first restaurant opened after the cessation of the Co-operation under the trade name of “ <i>Choi Fook Royal Banquet</i> (彩福皇宴)”, which was subsequently changed to “ <i>U Banquet</i> (譽宴)” in January 2011
June 2010	Opened U Banquet (Wan Chai) under the trade name of “ <i>Choi Fook Royal Banquet</i> (彩福皇宴)”, which was subsequently changed to “ <i>U Banquet</i> (譽宴)” in January 2011, and Choi Fook Club (Wan Chai), both of which ceased business in April 2013
August 2010	Started providing Wedding Services under our “ <i>U Weddings</i> ” brand
April 2013	Opened U Banquet (Wong Tai Sin) under the trade name of “ <i>U Banquet</i> (譽宴)” and Hot Pot Cuisine Restaurant under the trade name of “ <i>Hot Pot Cuisine</i> (涮得棧)”

### CORPORATE HISTORY OF OUR OPERATING SUBSIDIARIES

Details of our Group’s major subsidiaries which contributed materially to our results during the Track Record Period are set out below.

#### **Choi Fook Seafood**

Choi Fook Seafood was incorporated with limited liability in Hong Kong on 9 January 2002 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. The issued share capital of Choi Fook Seafood was initially owned as to 50% by Mr. Cheung KH and as to 50% by a member of the Ex-Partners. In June 2004, Choi Fook Seafood increased its authorised share capital to HK\$800,000 divided into 800,000 shares of HK\$1 each and allotted 199,999 shares to Mr. Cheung KH, 200,000 shares to Mr. Cheung KK and 399,999 shares to the Ex-Partners in July 2004.

On 14 January 2005, Mr. Cheung KK and the Ex-Partners transferred their entire shares in Choi Fook Seafood to Choi Fook Group, and Mr. Cheung KH transferred 199,999 shares in Choi Fook Seafood to Choi Fook Group. In consideration thereof, each of them was allotted and issued shares in Choi Fook Group in the same proportion as that in Choi Fook Seafood.

Pursuant to the underlying arrangement under the Settlement Agreement, Choi Fook Group should transfer its entire shareholding interest or beneficial interest in each of Choi Fook Seafood, Step Up, Million Talent and Vast Rainbow to Mr. Cheung KH and Mr. Cheung KK, and Choi Fook Group should transfer its entire shareholding in the subsidiaries operating the remaining four restaurants to the Ex-Partners. The consideration was therefore determined on arm’s length basis among the parties. Accordingly, on 19 June 2009, Choi Fook Group transferred its (a) 407,999 shares in Choi Fook Seafood, representing approximately 51.0% interest in Choi Fook Seafood, to Mr. Cheung KH at a nominal consideration of HK\$1; and (b) 392,000 shares in Choi Fook Seafood, representing approximately 49.0% interest in Choi Fook Seafood, to Mr. Cheung KK at a nominal consideration of HK\$1. The transfers were properly and legally completed and settled.

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On 10 August 2009, each of Mr. Cheung KH and Mr. Cheung KK transferred their respective shareholding interests in Choi Fook Seafood to Choi Fook Holdings for a consideration of HK\$1.

Following the completion of the transfers, Choi Fook Seafood became a wholly-owned subsidiary of Choi Fook Holdings.

Choi Fook Seafood is principally engaged in the operation of U Banquet (North Point).

### **Step Up**

Step Up was incorporated with limited liability in Hong Kong on 2 December 2005 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. The entire issued share capital of Step Up was owned by Mr. Cheung KH initially. On 15 December 2006, the authorised capital of Step Up was increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to HK\$3,000,000 by the addition of 2,990,000 shares of HK\$1 each. Step Up allotted and issued 2,999,999 shares to Choi Fook Group at par value. On 2 January 2008, Mr. Cheung KH transferred his one share in Step Up to Choi Fook Group for a consideration of HK\$1.

Pursuant to the underlying arrangement under the Settlement Agreement as set out above, on 19 June 2009, Choi Fook Group transferred its (a) 1,530,000 shares in Step Up, representing 51% of the issued share capital of Step Up, to Mr. Cheung KH for a nominal consideration of HK\$1; and (b) 1,470,000 shares in Step Up, representing 49% of the issued share capital of Step Up, to Mr. Cheung KK for a nominal consideration of HK\$1. The transfers were properly and legally completed and settled.

On 13 August 2009, each of Mr. Cheung KH and Mr. Cheung KK transferred his respective shareholding interests in Step Up to Choi Fook Holdings for a consideration of HK\$1. The transfers were properly and legally completed and settled.

Following completion of the transfers, Step Up has become a wholly-owned subsidiary of Choi Fook Holdings.

Step Up is principally engaged in the operation of U Banquet (Mong Kok)(1) and U Banquet (Mong Kok)(2).

### **Million Talent**

Million Talent was incorporated with limited liability in Hong Kong on 4 November 2006 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. The issued share capital of HK\$1 was initially owned by Mr. Cheung KH.

On 12 March 2008, (a) Mr. Cheung KH transferred his one share in Million Talent to Choi Fook Group at a consideration of HK\$1 which was properly and legally completed and settled; and (b) the authorised share capital of Million Talent was then increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to HK\$4,000,000 by the addition of 3,990,000 shares of HK\$1 each. In March 2008, Million Talent allotted and issued 3,999,999 shares to Choi Fook Group at par value.

Pursuant to the underlying arrangement under the Settlement Agreement as set out above, on 19 June 2009, Choi Fook Group transferred its (a) 2,040,000 shares in Million Talent to Mr. Cheung KH for a nominal consideration of HK\$1; and (b) 1,960,000 shares in Million Talent to Mr. Cheung KK for a nominal consideration of HK\$1. On 10 August 2009, Mr. Cheung KH and Mr. Cheung KK transferred their entire shareholding interests in Million Talent to Choi Fook Holdings at a consideration of HK\$1. All of these transfers were properly and legally completed and settled.

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Following the completion of the transfers, Million Talent became a wholly-owned subsidiary of Choi Fook Holdings.

Million Talent is principally engaged in the operation of U Banquet (Tsim Sha Tsui).

### **Vast Rainbow**

Vast Rainbow was incorporated with limited liability in Hong Kong on 16 August 2007 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each initially. The issued share capital of HK\$1 was initially held by Mr. Cheung KH on behalf of Choi Fook Group, Choi Fook Group's ownership in Vast Rainbow was acknowledged by Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-partners of the other part in the Settlement Agreement.

According to the result of drawing lots under the Settlement Agreement, Vast Rainbow, which operated U Banquet (Causeway Bay), was allocated to Mr. Cheung KH and Mr. Cheung KK. As the entire issued share capital had already been issued to Mr. Cheung KH solely since incorporation, pursuant to the underlying arrangement under the Settlement Agreement, Mr. Cheung KH should continue to hold the share issued to him and he no longer hold the share for and on behalf of Choi Fook Group as from 19 June 2009.

On 12 August 2009, the authorised share capital of Vast Rainbow was increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to HK\$5,000,000 by the addition of 4,990,000 shares of HK\$1 each. Vast Rainbow then allotted and issued 4,999,999 shares to Choi Fook Holdings at par value. On 23 August 2013, as part of the Reorganisation, Mr. Cheung KH as trustee transferred his one share in Vast Rainbow to Choi Fook Holdings at nil consideration, and the transfer was properly and legally completed and settled.

Following the completion of the transfer, Vast Rainbow became a wholly-owned subsidiary of Choi Fook Holdings.

Vast Rainbow is principally engaged in the operation of U Banquet (Causeway Bay).

### **Elite Rainbow**

Elite Rainbow was incorporated with limited liability in Hong Kong on 27 March 2009 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each initially. Its entire issued share capital was at first owned as to 51% by Mr. Cheung KH and as to 49% by Mr. Cheung KK.

As part of the Reorganisation, on 2 July 2013, Mr. Cheung KH transferred his entire shareholding interest in Elite Rainbow to Choi Fook Holdings at a consideration of HK\$51 and Mr. Cheung KK transferred his entire shareholding interests in Elite Rainbow to Choi Fook Holdings at a consideration of HK\$49, and these transfers were properly and legally completed and settled. Thus, Elite Rainbow became a wholly-owned subsidiary of Choi Fook Holdings.

Elite Rainbow is principally engaged in the operation of U Banquet (Kwun Tong).



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### **Choi Fook Royal Banquet**

Choi Fook Royal Banquet was incorporated with limited liability in Hong Kong on 6 July 2009 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Its entire issued share capital was at first held as to 51% by Mr. Cheung KH and 49% by Mr. Cheung KK. As part of the Reorganisation, on 6 November 2013, Mr. Cheung KH and Mr. Cheung KK transferred their entire shareholding interests in Choi Fook Royal Banquet to Choi Fook Holdings and in consideration thereof, Choi Fook Holdings allotted and issued one consideration share to U Banquet (HK), and these transfers were properly and legally completed and settled. Thus, Choi Fook Royal Banquet became a wholly-owned subsidiary of Choi Fook Holdings.

Choi Fook Royal Banquet is principally engaged in the operations of U Banquet (Wong Tai Sin) and Hot Pot Cuisine Restaurant.

### **Smiling Profit**

Smiling Profit was incorporated with limited liability in Hong Kong on 11 December 2009 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Its entire issued share capital was at first owned as to 51% and 49% by Mr. Cheung KH and Mr. Cheung KK, respectively.

As part of the Reorganisation, on 6 November 2013, Mr. Cheung KH and Mr. Cheung KK transferred their entire shareholding interests in Smiling Profit to Choi Fook Holdings and in consideration thereof, Choi Fook Holdings allotted and issued one consideration share to U Banquet (HK), and these transfers were properly and legally completed and settled. Thus, Smiling Profit became a wholly-owned subsidiary of Choi Fook Holdings.

Smiling Profit was principally engaged in the operation of U Banquet (Wan Chai) and Choi Fook Club (Wan Chai), both of which ceased business in April 2013.

### **Choi Fook Holdings**

Choi Fook Holdings was incorporated with limited liability in Hong Kong on 25 June 2009 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Its entire issued share capital was owned by Mr. Cheung KH. On 13 July 2009, Choi Fook Holdings allotted and issued 50 and 49 shares to Mr. Cheung KH and Mr. Cheung KK respectively at par value. On 21 August 2009, the authorised share capital of Choi Fook Holdings was increased from HK\$10,000 to HK\$1,000,000 by the addition of 990,000 shares of HK\$1 each. Choi Fook Holdings then allotted and issued 509,949 shares and 489,951 shares to Mr. Cheung KH and Mr. Cheung KK respectively at par value. At this stage, the issued share capital of Choi Fook Holdings was owned as to 51% by Mr. Cheung KH and as to 49% by Mr. Cheung KK.

For the purpose of retaining the key employees to continue to work for our Group after our co-operation with the Ex-Partners had ceased, in September 2009, Mr. Cheung KH transferred an aggregate of 55,000 shares in Choi Fook Holdings to Mr. Fung Wing Kwong (馮榮光), Mr. Ma Wing Tak (馬榮德) and Mr. To Tak Wing, Genness (杜德榮) who were employees of our Group for a nominal consideration of HK\$1.00 each for each transfer. Also in September 2009, for the purpose of retaining the key employees to continue to work for our Group after our co-operation with the Ex-Partners had ceased, Mr. Cheung KK transferred an aggregate of 60,000 shares in Choi Fook Holdings to six transferees, namely Mr. Cheng Chiu Ho (鄭照豪), Ms. Lam Ka Ying (林珈瑩) (currently known as Lam Cheuk Hei, Elki (林倬希)), Mr. Law Chi Man (羅志文), Mr. Suen Chi Keung (孫志強), Mr. Wong Hok Chung (黃學松) and Mr. Wong Kar Leung (黃家良), who were the employees of our Group members for a nominal consideration of HK\$1.00 for each transfer. These

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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transfers were properly and legally completed and settled. Pursuant to each of the transfer agreements entered into between Mr. Cheung KH or Mr. Cheung KK (as the case may be) as transferor and each of the aforesaid employees as transferee, the transferee agreed to, among other things, vote at the general meetings of Choi Fook Holdings according to the instruction of the transferor and transfer back his respective shares in Choi Fook Holdings to the transferor for a nominal value of HK\$1 if his employment with our Group is terminated due to whatever reasons.

During the period between April 2010 and February 2013, the above transferees transferred the aggregate of 115,000 shares in Choi Fook Holdings back to Mr. Cheung KH and Mr. Cheung KK following their cessation of employment with our Group save for two employees, one of them had volunteered to transfer back the Shares to the Controlling Shareholders due to his personal reasons while the other transferred back the Shares to the Controlling Shareholders upon the Controlling Shareholders' requests. These transfers were properly and legally completed and settled. As a result, Choi Fook Holdings was owned as to 51% by Mr. Cheung KH and 49% by Mr. Cheung KK.

On 10 May 2013, 75,000 new shares in Choi Fook Holdings were allotted and issued to the Minority Shareholder pursuant to the Confirmatory Deed entered into between Choi Fook Holdings and the Minority Shareholder. The Minority Shareholder, its shareholder(s) and director(s) are Independent Third Parties.

As part of the Reorganisation, on 6 November 2013, Mr. Cheung KH and Mr. Cheung KK and the Minority Shareholder transferred their respective shareholding interest in Choi Fook Holdings to U Banquet (HK) and in consideration thereof, U Banquet (HK) procured to YuYan (HK) to issue proportionate number of shares in YuYan (HK) to each of Mr. Cheung KH, Mr. Cheung KK and the Minority Shareholder. These transfers were properly and legally completed and settled. Choi Fook Holdings is the immediate holding companies of all our subsidiaries which operate full-service Chinese restaurants in Hong Kong, namely, Elite Rainbow, Smiling Profit, Step Up, Million Talent, Vast Rainbow, Choi Fook Seafood, Choi Fook Royal Banquet and Good Fortress.

### **U Weddings Studio Ltd**

U Weddings Studio Ltd was incorporated with limited liability in Hong Kong on 26 April 2013 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. It is wholly-owned by YuYan Wedding.

On 16 October 2013, U Weddings Studio Ltd as transferee entered into the Asset Transfer Agreement with Billion Treasure as transferor, a company owned as to approximately 53.1% by Mr. Cheung KH and approximately 46.9% by Mr. Cheung KK, which was engaged in the provision of Wedding Services including shooting of wedding photos, rental and sale of wedding gowns and decoration and rental of wedding halls under the trade name of "*U Weddings*" (the "**Business**") and property investment. Pursuant to the Asset Transfer Agreement, Billion Treasure transferred all its tangible and intangible rights, assets and contracts under the Business to U Weddings Studio Ltd for a consideration of HK\$1. In addition, pursuant to the Asset Transfer Agreement, Billion Treasure should surrender the premises where U Weddings (Wedding Attire Shop) and U Weddings (Wedding Photography Studio) are respectively located to the landlord and terminate the tenancy agreements with the landlord. U Weddings Studio Ltd will thereafter execute a new tenancy agreement in similar terms with these tenancy agreements in respect of the two premises with the landlord. As at the Latest Practicable Date, Billion Treasure and the landlord had executed a surrender agreement. U Weddings Studio Ltd and the landlord had entered into the new tenancy agreement thereof. The Asset Transfer Agreement was completed on 25 November 2013.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Smart Award

Smart Award was incorporated with limited liability in Hong Kong on 23 April 2012 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On 22 April 2013, Smart Award increased its authorised share capital to HK\$10,001 divided to 10,001 shares of HK\$1 each and allotted one share to Mr. Cheung KH. It was owned as to 50.005% by Mr. Cheung KH and as to 49.995% by Mr. Yip. On 6 November 2013, as part of the Reorganisation, Mr. Cheung KH transferred his entire 50.005% shareholding interests in Smart Award to Modern Management, which was properly and legally completed and settled. In consideration thereof, Modern Management allotted and issued one new share to YuYan Distribution at the direction of Mr. Cheung KH.

Smart Award is engaged in the distribution and sale of frozen food and high value dried food to local restaurants in Hong Kong.

### General Corporation

General Corporation was incorporated with limited liability in Hong Kong on 16 August 2012 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. It was owned as to 50.005% by Mr. Cheung KH and as to 49.995% by Mr. Yip. On 26 July 2013, General Corporation increased its authorised share capital to HK\$10,001 divided to 10,001 shares of HK\$1 each and allotted one share to Mr. Cheung KH. On 6 November 2013, as part of the Reorganisation, Mr. Cheung KH transferred his entire 50.005% shareholding interests in General Corporation to Modern Management, which was properly and legally completed and settled. In consideration thereof, Modern Management allotted and issued one new share to YuYan Distribution at the direction of Mr. Cheung KH.

General Corporation is engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood to mainly local restaurants and other food ingredient suppliers in Hong Kong.

We set out below particulars of all our subsidiaries as at the Latest Practicable Date:

Name of subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group	Authorised share capital	Issued share capital
Choi Fook Seafood	Operation of U Banquet (North Point)	9 January 2002 (Hong Kong)	100%	HK\$800,000 divided into 800,000 shares of HK\$1 each	HK\$800,000 divided into 800,000 shares of HK\$1 each
Step Up	Operation of U Banquet (Mong Kok) (1) and U Banquet (Mong Kok) (2)	2 December 2005 (Hong Kong)	100%	HK\$3,000,000 divided into 3,000,000 shares of HK\$1 each	HK\$3,000,000 divided into 3,000,000 shares of HK\$1 each
Million Talent	Operation of U Banquet (Tsim Sha Tsui)	4 November 2006 (Hong Kong)	100%	HK\$4,000,000 divided into 4,000,000 shares of HK\$1 each	HK\$4,000,000 divided into 4,000,000 shares of HK\$1 each

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group	Authorised share capital	Issued share capital
Vast Rainbow	Operation of U Banquet (Causeway Bay)	16 August 2007 (Hong Kong)	100%	HK\$5,000,000 divided into 5,000,000 shares of HK\$1 each	HK\$5,000,000 divided into 5,000,000 shares of HK\$1 each
Elite Rainbow	Operation of U Banquet (Kwun Tong)	27 March 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
Choi Fook Royal Banquet	Operation of U Banquet (Wong Tai Sin) and Hot Pot Cuisine Restaurant	6 July 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
Smiling Profit	Operation of U Banquet (Wan Chai) and Choi Fook Club (Wan Chai), both of, which ceased business in April 2013	11 December 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
Choi Fook Holdings	Investment holding	25 June 2009 (Hong Kong)	100%	HK\$1,100,000 divided into 1,100,000 shares of HK\$1 each	HK\$1,075,003 divided into 1,075,003 shares of HK\$1 each
U Banquet (HK)	Investment holding	18 June 2010 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
Great Business	Distribution and sale of fixtures and furniture	17 April 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Smart Award	Distribution and sale of frozen food and high value dried food	23 April 2012 (Hong Kong)	50.005% (Note 1)	HK\$10,001 divided into 10,001 shares of HK\$1 each	HK\$10,001 divided into 10,001 shares of HK\$1 each

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group	Authorised share capital	Issued share capital
General Corporation	Distribution and sale of fresh vegetables and fruits and fresh seafood	16 August 2012 (Hong Kong)	50.005% <i>(Note 2)</i>	HK\$10,001 divided into 10,001 shares of HK\$1 each	HK\$10,001 divided into 10,001 shares of HK\$1 each
Credit Bonus	Owner of motor vehicle	1 November 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	One share of HK\$1
Good Fortress	Not yet commence business	11 December 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
YuYan Distribution	Investment holding	1 March 2013 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	One share of US\$1
YuYan (HK)	Investment holding	1 March 2013 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	10,000 shares of US\$1
YuYan Trading	Investment holding	1 March 2013 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	One share of US\$1
YuYan Wedding	Investment holding	1 March 2013 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	One share of US\$1
Modern Management	Investment holding	26 April 2013 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	Four shares of HK\$1
U Weddings Studio Ltd	Studio business	26 April 2013 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	One share of HK\$1

*Note 1:* The remaining 49.995% shareholding interests in Smart Award is held by Mr. Yip, an Independent Third Party.

*Note 2:* The remaining 49.995% shareholding interests in General Corporation is held by Mr. Yip, an Independent Third Party.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### MINORITY SHAREHOLDER

On 10 May 2013, Choi Fook Holdings allotted and issued 75,000 new shares to the Minority Shareholder for a consideration of HK\$75,000. Upon completion of the allotment, Choi Fook Holdings was owned as to 47.44% by Mr. Cheung KH, 45.58% by Mr. Cheung KK and 6.98% by the Minority Shareholder. Details of the above arrangements were set out in the Confirmatory Deed.

The following table sets out a summary of the details of the Minority Shareholder's investment:

<b>Name of Minority Shareholder</b>	Century Great Investments Limited
<b>Date of investment</b>	10 May 2013
<b>Amount of consideration paid</b>	HK\$75,000
<b>Number of shares subscribed</b>	75,000 shares of Choi Fook Holdings
<b>Payment date of the consideration</b>	4 May 2013
<b>Cost per Share paid by the Minority Shareholder</b>	Approximately HK\$0.003
<b>Discount to the Placing Price</b>	Based on the indicative Placing Price range, the investment cost of the Minority Shareholder represents a discount of 99.69% to HK\$1.00 per Share, being the lower end of the indicative Placing Price range, and a discount of 99.74% to HK\$1.20 per Share, being the upper end of the indicative Placing Price range.
<b>Use of proceeds from the investment</b>	The proceeds from the investment have been fully utilised for our Group's general working capital.
<b>Strategic benefits</b>	We aim to leverage the experience and business network of the Minority Shareholder and its associates to reach out to potential investors.
<b>Number of Shares held and shareholding in our Company after the Reorganisation</b>	75,000 Shares, representing approximately 6.98% of the total issued share capital of our Company
<b>Number of Shares held and shareholding in our Company immediately after the Placing and the Capitalisation Issue</b>	24,430,000 Shares, representing approximately 6.1% of the total issued share capital of our Company

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The Minority Shareholder is an investment holding company incorporated under the laws of the BVI and is wholly-owned by Mr. Law, who controls and operates a number of companies which provide a wide range of corporate services including accounting and taxation services, company secretarial services, valuation services and marketing services to corporations in Hong Kong. Other than being our Shareholder, the Minority Shareholder and its ultimate beneficial owner are Independent Third Parties. A company controlled by Mr. Law entered into a consultancy agreement with U Banquet (HK) in January 2013 for the provision of strategic planning consultancy services. Another company controlled by Mr. Law also provides secretarial services to us. Mr. Law is a shareholder and director of Brilliant Norton Securities Company Limited, one of the Joint Lead Managers and Joint Bookrunner. Save as the aforesaid, Mr. Law did not have any other relationship with our Company and/or our Controlling Shareholders or any business transaction with our Company as at the Latest Practicable Date.

The consideration of HK\$75,000 was determined based on the costs of issuing the shares of Choi Fook Holdings, being the paid-up capital of the shares. The issue of 75,000 shares of Choi Fook Holdings to the Minority Shareholder was arrived at after arm's length negotiations between the Minority Shareholder and our Group taking into account the services to be rendered by the Minority Shareholder or its associates to our Group for a term of five full financial years after the Listing, which include, inter alia, reviewing our Group's business operation and development and management policy(ies) from time to time, devising our Group's marketing plan(s), seeking strategic investors for our Group through the connections and business network of the Minority Shareholder and its associates and arranging for regular training for our Directors and members of the senior management (the "Services"). The number of shares issued to the Minority Shareholder was determined with an intention to make the Minority Shareholder become a significant shareholder of our Company immediately after the Reorganisation, the Placing and the Capitalisation Issue, in order to provide the Minority Shareholder sufficient incentive to work towards the objective of adding value to our Shareholders after Listing. If the Minority Shareholder or its associates fails to provide the Services to our Group at any time within five full financial years after the Listing, the Minority Shareholder shall be liable to compensate our Group for all loss and damages resulted from its failure pursuant to the common law rules. These loss and damages should represent an amount which is sufficient to put our Group in the same financial position as if the Minority Shareholder or its associates has fully provided the Services during the term set out in the Confirmatory Deed. The amount of damages would be subject to the ruling of the court. To this end, once we have proved on the balance of probabilities that the Minority Shareholder or its associates has failed or is anticipated to fail to provide the Services to our Group at any time within five full financial years after the Listing, the Minority Shareholder shall be liable to pay to us an amount of damages which shall represent all or part of the fair value of 6.1% of the then share capital of our Company as at Listing (the quantum of which would depend on, among other things, the extent of the breach of the Confirmatory Deed by the Minority Shareholder and the loss we have suffered as a result of the Minority Shareholder's breach, etc), and if the said amount is not sufficient to cover the damages suffered by us and/or the expenditure actually incurred by us in engaging another service provider to provide the Services, the Minority Shareholder shall be liable to compensate us with further amount and such additional expenditure, if any, so as to put us in the same financial position as if the Confirmatory Deed has been fully performed.

No special right is granted to the Minority Shareholder in connection with its investment.

The investment made by the Minority Shareholder is subject to lock-up. The Minority Shareholder has undertaken to our Group that for a period of six months after Listing, it shall not sell, dispose of, nor enter into any agreement to dispose of or otherwise create any interests or encumbrances in respect of any of the Shares which are beneficially owned by it upon the Listing. The Minority Shareholder further undertakes that within the five full financial years after the Listing, it will not, for each year, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any interests or encumbrances for more than 20% of the entire Shares which are beneficially owned by it upon the Listing. The Shares held by the Minority Shareholder will form part of our Company's public float upon Listing.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The investment constitutes share-based payment according to Hong Kong Financial Reporting Standard 2 (“HKFRS2”).

Under HKFRS2, the fair value of the services received in exchange for the equity shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity shares. 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.

As our Company is not a listed company which market price is not available, our Company shall estimate the fair value of the equity instruments issued using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm’s length transaction between knowledgeable, willing parties. The valuation technique shall be consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

By virtue of the allotment and issue of new Shares to the Minority Shareholder set out above, share-based payment expenses of approximately HK\$3.8 million will be charged to our Group’s consolidated statement of comprehensive income for each of the five full financial years after the Listing.

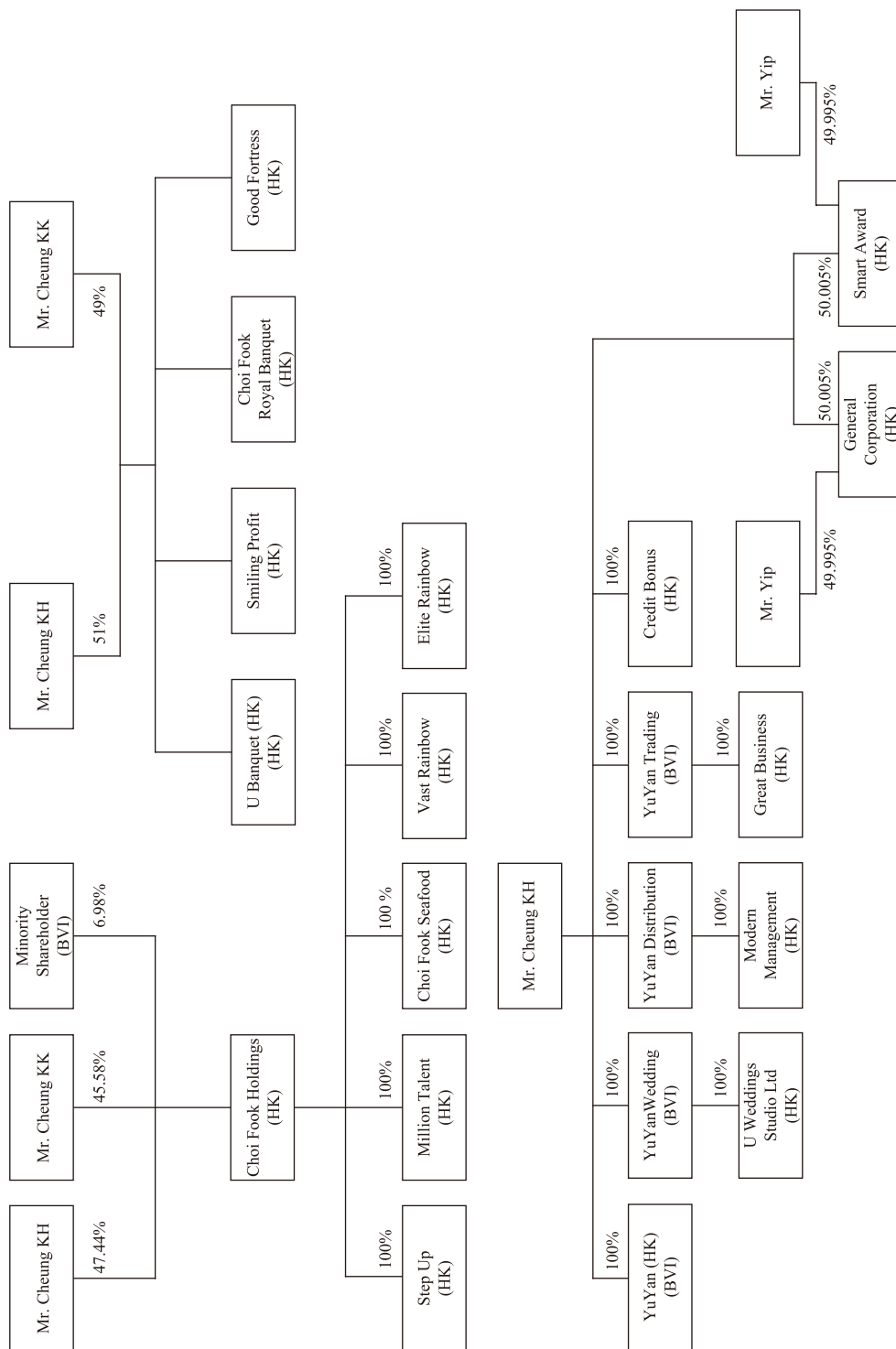
Our Directors consider the share-based payment as part of our Group’s overall corporate strategic plan which allows us to receive the Services rendered by the Minority Shareholder (or its associates) to us for a fixed period (i.e. five full financial years after the Listing), which include, inter alia, seeking strategic investors for our Group through the connections and business network of the Minority Shareholder and its associates and to align the interest of the Minority Shareholder and the Shareholders without affecting our Company’s immediate cash reserves. Our Directors consider that in view of the experience of Mr. Law in corporate services, the services to be provided by the Minority Shareholder (or its associates), including reviewing our Group’s business operation development policies, devising our Group’s marketing plans and seeking strategic investors, are expected to help expand our Group’s business and to promote our Company among potential investors, which are important to our Company as a newly listed company. Our Directors consider that the issue of Shares provides incentive to the Minority Shareholder to work towards the objective of adding value to our Shareholders. In view of the foregoing, our Directors consider the share-based payment to the Minority Shareholder is in the interest of our Company despite that it will adversely impact our financial performance after Listing.

Given that (i) no special rights have been granted to the Minority Shareholder in respect of its investment; (ii) our Directors confirmed that the terms of the investment by the Minority Shareholder (including the consideration) were determined on arm’s length basis; and (iii) the investment of the Minority Shareholder was completed on 10 May 2013, which is more than 28 clear days before the date of submission of application for the Listing, the Sponsor is of the view that the issue of the Shares to the Minority Shareholder was conducted in a fair and orderly manner and the Minority Shareholder is not exposed to risks significantly different from those assumed by investors investing in the Placing. Therefore, the Sponsor confirms that the Minority Shareholder’s investment is in compliance with the guidance letters HKEx-GL29-12 (January 2012) and HKEx-GL43-12 (October 2012) (Updated in July 2013) issued by the Stock Exchange.



SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE AND AFTER COMPLETION OF THE REORGANISATION, THE PLACING AND THE CAPITALISATION ISSUE

Shareholding structure of our Group immediately before the Reorganisation



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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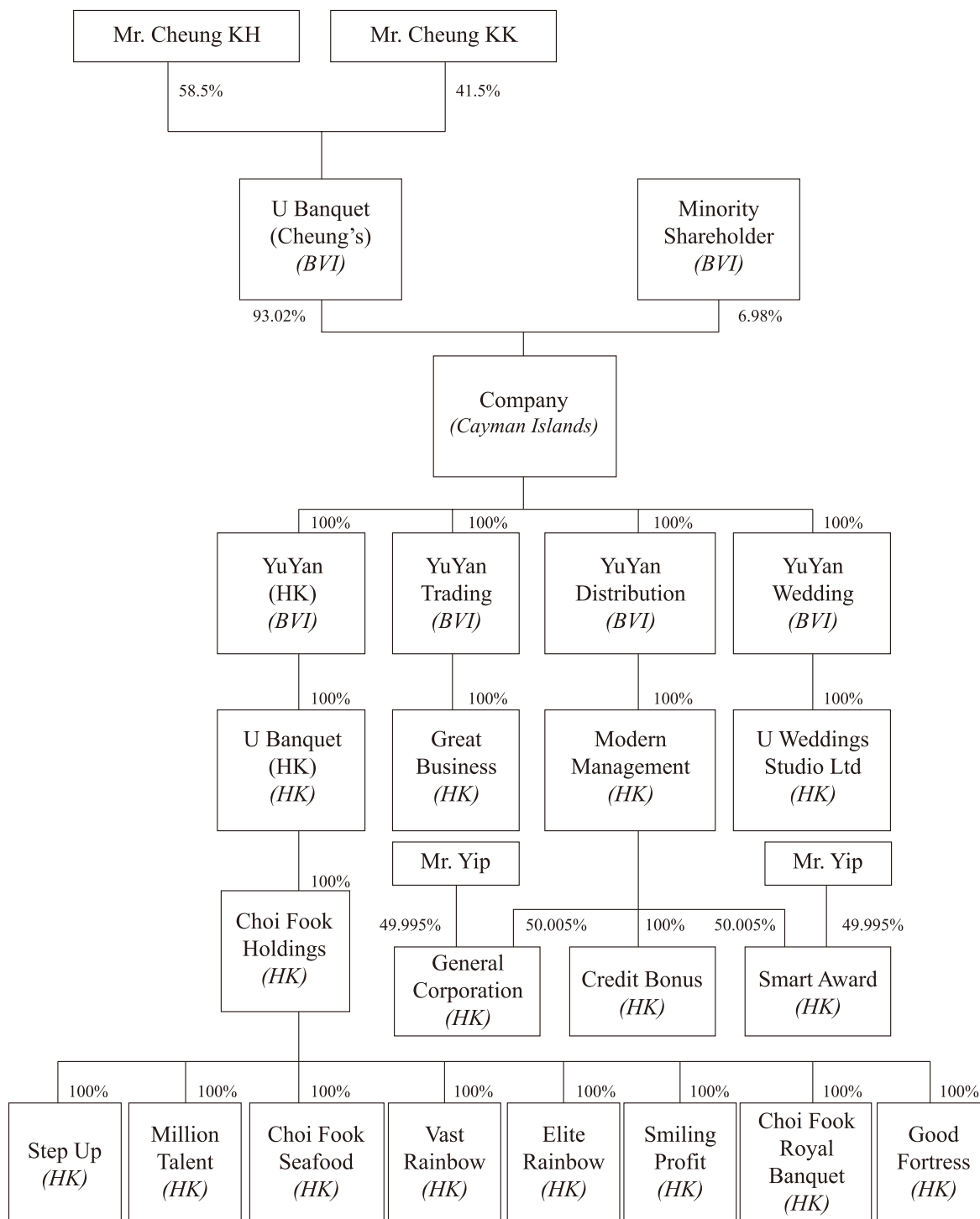
Our Group underwent the Reorganisation in preparation for the Listing. The principal steps involved in the Reorganisation are summarised as follows:

- (a) On 6 November 2013, YuYan (HK) acquired the entire issued share capital of U Banquet (HK) from each of Mr. Cheung KH and Mr. Cheung KK. In consideration thereof, YuYan (HK) allotted and issued 50 consideration shares and 49 consideration shares in YuYan (HK) to Mr. Cheung KH and Mr. Cheung KK, respectively. After such acquisition, U Banquet (HK) became a wholly-owned subsidiary of YuYan (HK) and YuYan (HK) was owned as to 51% by Mr. Cheung KH and 49% by Mr. Cheung KK.
- (b) On 6 November 2013, U Banquet (HK) acquired the entire issued share capital of Choi Fook Holdings from each of Mr. Cheung KH, Mr. Cheung KK and the Minority Shareholder. In consideration thereof, U Banquet (HK) procured YuYan (HK) to issue and allot 4,693 consideration shares to Mr. Cheung KH, 4,509 shares to Mr. Cheung KK and 698 shares to the Minority Shareholder. After such acquisition, Choi Fook Holdings became a wholly-owned subsidiary of U Banquet (HK).
- (c) On 6 November 2013, Choi Fook Holdings acquired the entire issued share capital of each of, Smiling Profit, Choi Fook Royal Banquet and Good Fortress from each of Mr. Cheung KH and Mr. Cheung KK. In consideration thereof, Choi Fook Holdings allotted and issued one consideration share in Choi Fook Holding to U Banquet (HK) for each transfer at the direction of Mr. Cheung KH and Mr. Cheung KK. After such acquisition, each of, Smiling Profit, Choi Fook Royal Banquet and Good Fortress became a wholly-owned subsidiary of Choi Fook Holdings.
- (d) On 6 November 2013, Modern Management acquired 50.005% shareholding interest in each of General Corporation and Smart Award from Mr. Cheung KH. In consideration thereof, Modern Management allotted and issued one consideration share in Modern Management to YuYan Distribution for each acquisition at the direction of Cheung KH. After such acquisition, each of General Corporation and Smart Award was owned as to 50.005% by Modern Management and 49.995% by Mr. Yip.
- (e) On 6 November 2013, Modern Management acquired the entire issued share capital in Credit Bonus from Mr. Cheung KH. In consideration thereof, Modern Management allotted and issued one consideration share in Modern Management to YuYan Distribution at the direction of Mr. Cheung KH. After such acquisition, Credit Bonus became a wholly-owned subsidiary of Modern Management.
- (f) On 20 June 2013, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares with par value of HK\$0.10 each. On the same day, one subscriber share with par value of HK\$0.10 was transferred to Mr. Cheung KH. On 15 November 2013, each of the issued and unissued share of HK\$0.10 each in the share capital of our Company was subdivided into 10 Shares of HK\$0.01 each. Upon completion of the share subdivision, the authorised share capital of our Company was HK\$100,000,000 divided into 10,000,000,000 Shares.
- (g) Pursuant to the reorganisation agreement dated 19 November 2013, our Company acquired the entire issued share capital of each of YuYan Distribution, YuYan Trading and YuYan Wedding from Mr. Cheung KH and the entire issued share capital of YuYan (HK) from Mr. Cheung KH, Mr. Cheung KK and the Minority Shareholder and in consideration of which, our Company allotted and issued 999,990 Shares, credited as fully paid to U Banquet (Cheung's), and 75,000 Shares credited as fully paid to the Minority Shareholder.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding structure of our Group immediately after the Reorganisation but prior to completion of the Placing and the Capitalisation Issue.

### Shareholding structure of our Group immediately after the Reorganisation but prior to completion of the Placing and the Capitalisation Issue



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart sets forth the shareholding structure of our Group after the Reorganisation and immediately following the Placing and the Capitalisation Issue:

### Shareholding structure of our Group after the Reorganisation and immediately following the Placing and the Capitalisation Issue

