
FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES

Our primary objectives are to become a premier Chinese restaurant chain operator offering full-service wedding planning capabilities and creatively-designed venues for wedding banquets and events in Hong Kong.

BUSINESS STRATEGIES

We will endeavour to achieve our business objectives by implementing the following business strategies in accordance with the schedule set out in “— Implementation plan”. The respective scheduled completion times are based on certain bases and assumptions as set out in “— Bases and assumptions”. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in “Risk Factors”. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all. We currently have no intention to change our operating and management system, including our procurement procedures, human resources management, quality control system and management reporting system.

1. Opening more restaurants

We operate in an industry where market domination may be indicated by the number of restaurants in a certain area. We believe that continuing to expand our restaurant network and geographical footprint will further solidify our position in the Chinese full-service restaurant industry in Hong Kong. In April 2013, we opened two restaurants, namely Hot Pot Cuisine Restaurant and U Banquet (Wong Tai Sin). We plan to strengthen our presence and further expand our network in Hong Kong by opening one more new restaurant in November 2013 (the “**2013 Restaurant**”) and one new restaurant in each of 2014 (the “**2014 Restaurant**”) and 2015 (the “**2015 Restaurant**”). The lease agreement for the 2013 Restaurant was entered into in October 2013. We expect that the lease agreements for the 2014 Restaurant and 2015 Restaurant will be entered into in the second quarter of 2014 and the first quarter of 2015, respectively. It is currently expected that these new restaurants will be operated under our “*U Banquet* (饗宴)” brand, provide both dining and wedding banquet services and be creatively-designed. The 2013 Restaurant is expected to be located in Causeway Bay and the 2014 Restaurant and 2015 Restaurant are expected to be located in Kowloon. The three new restaurants are expected to have an average gross floor area of approximately 1,877 sq.m. with a maximum seating capacity of 50 12-seat banquet-style tables. The monthly rental rate of the 2014 Restaurant is expected to be similar to that of U Banquet (Mong Kok)(1) and U Banquet (Mong Kok)(2) in 2014 since it is expected to be located in similar location (such as in terms of target customer demographics and purchasing power) and have similar scale of operation as that of U Banquet (Mong Kok)(1) and U Banquet (Mong Kok)(2).

We plan to continue to adopt our existing site selection strategy (for details, see “Business — Restaurant network expansion — Site selection strategy”) when considering the choices of location for our new restaurants. We plan to open 2013 Restaurant, 2014 Restaurant and 2015 Restaurant in prime locations connected to public transportation systems, large shopping spots or other commercial or residential establishments which could attract heavy pedestrian flow and customer traffic. We expect that the 2013 Restaurant, 2014 Restaurant and 2015 Restaurant will be wedding-banquet-focused restaurants and as such we will continue to explore locations with high ceilings which are generally favoured by our target wedding banquet customers. We expect to apply our current procurement procedures and quality controls to and set up the same management system as we currently use for the 2013 Restaurant, 2014 Restaurant and 2015 Restaurant.

We will use our internal resources to satisfy the capital needs for opening the 2013 Restaurant which is estimated to be approximately HK\$15.0 million. We expect the 2014 Restaurant and 2015 Restaurant will require, on average, a total capital expenditure of approximately HK\$25.6 million. The total capital expenditure primarily includes leasehold

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improvements, furniture and fixtures, equipment and kitchen utensils. The capital expenditure for the 2014 Restaurant and 2015 Restaurant is expected to be financed out of the net proceeds from the placing of the New Shares up to approximately HK\$20.0 million and internal resources generated from our operating activities from time to time, or through external financing where our Directors consider necessary and appropriate. The expected breakeven period of these three new restaurants is approximately 0.5 year calculated based on the average historical breakeven periods of our existing restaurants. The expected average payback period of those three new restaurants is approximately 4.1 years calculated based on the average payback period of our existing restaurants.

2. Refurbishing our existing restaurants

Our Directors believe that venue design and decoration of our restaurants are vital to the customers' overall dining experience, and that our innovative and stylish venue design and decoration distinguishes us from other Chinese full-service restaurants which provide standardised or traditional Chinese wedding banquet venues. We will refurbish our existing restaurants approximately every three years with an aim to provide our customers with stylish and trendy dining experience and to provide special surprises to the guests of wedding banquets. During the seven months ended 31 July 2013, we refurbished U Banquet (North Point). We plan to refurbish U Banquet (Mong Kok) (1) and U Banquet (Mong Kok) (2) during the first half of 2014 and we expect a total capital expenditure of HK\$12.0 million is required for such refurbishment. Such capital expenditure is expected to be financed out of the net proceeds from the placing of the New Shares up to approximately HK\$9.1 million and internal resources generated from our operating activities from time to time, or through external financing where our Directors consider necessary and appropriate.

3. Strengthening our marketing efforts

Our Directors believe competition in the industry we operate is fierce and one of the ways to increase our market share in such industry is by strengthening marketing efforts. We will continue to promote our brand image and maintain our brand recognition amongst our target customers. We will also continue deploying different marketing strategies to add creative features to our existing and new restaurants. We will continue to promote our restaurants and our brands through different types of media, such as newspapers, magazines, television, outdoor advertising or online advertising. We will also continue to selectively participate in and sponsor promotional events when opportunities arise to enhance the brand exposure to the public, such as participating in wedding exhibitions. Following the Listing, we plan to engage external professional public relation officer to enhance brands awareness and investors relationship.

4. Continuing to strengthen our quality control standards

Quality control is one of the most important aspects of our business operations. As we continue to grow and expand our business operations, maintaining the same level of quality control is crucial. Our Directors consider our quality control standards have partially contributed to our success in the past and we will continue to follow such standards in the future. Following the Listing, we plan to continue to improve our quality control system, such as providing continuous training to our staff. We also plan to continuously participate in the mystery customer scheme organised by HKQAA.

IMPLEMENTATION PLAN

We will endeavour to achieve the following milestone events during the period from the Latest Practicable Date to 31 December 2016, and their respective scheduled completion time are based on certain bases and assumptions as set out in “— Bases and assumptions”.

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	From the Latest Practicable Date to		For the six months ending				Total HK\$ (in million)
	30 June 2014 HK\$ (in million)	31 December 2014 HK\$ (in million)	30 June 2015 HK\$ (in million)	31 December 2015 HK\$ (in million)	30 June 2016 HK\$ (in million)	31 December 2016 HK\$ (in million)	
1. Open more restaurants	Progress payment for the capital expenditure of new restaurants	Progress payment for the capital expenditure of new restaurants	Progress payment for the capital expenditure of new restaurants	Progress payment for the capital expenditure of new restaurants	—	—	
<i>Amount to be applied from the net proceeds from the placing of New Shares</i>	5.0	5.0	5.0	5.0	—	—	20.0
2. Refurbish our existing restaurants	Progress payment for refurbishment and acquisition, upgrading or replacement of existing furniture and fixtures, equipment and kitchen utensils	Progress payment for refurbishment and acquisition, upgrading or replacement of existing furniture and fixtures, equipment and kitchen utensils	—	—	—	—	
<i>Amount to be applied from the net proceeds from the placing of New Shares</i>	6.1	3.0	—	—	—	—	9.1
3. Strengthen our marketing efforts	—	Launch marketing activities for promoting brand image	Launch marketing activities for promoting brand image	Launch marketing activities for promoting brand image	Launch marketing activities for promoting brand image	Launch marketing activities for promoting brand image	
<i>Amount to be applied from the net proceeds from the placing of New Shares</i>	—	0.4	0.4	0.4	0.4	0.4	2.0
4. Continue to strengthen our quality control standards	—	Provision of training to staff and participation in the mystery customer scheme	Provision of training to staff and participation in the mystery customer scheme	Provision of training to staff and participation in the mystery customer scheme	Provision of training to staff and participation in the mystery customer scheme	Provision of training to staff and participation in the mystery customer scheme	
<i>Amount to be applied from the net proceeds from the placing of New Shares</i>	—	0.2	0.2	0.2	0.2	0.2	1.0
Total	<u>11.1</u>	<u>8.6</u>	<u>5.6</u>	<u>5.6</u>	<u>0.6</u>	<u>0.6</u>	<u>32.1</u>

BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business objectives depends on a number of assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;

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- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our business relationship with our major suppliers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined in “— Implementation plan”; and
- we will not be materially affected by the risk factors as set out in “Risk Factors”.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Our Company intends to raise funds by the Placing in order to pursue our business objectives as set out in “— Business objectives”. Our Directors believe that the Listing will enhance our Group’s profile and the net proceeds from the placing of New Shares will strengthen our Group’s financial position.

Assuming a Placing Price of HK\$1.10 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$1.00 to HK\$1.20 per Placing Share, the net proceeds from the placing of New Shares, after deducting the underwriting commission and related expenses payable by our Company in the aggregate amount of HK\$22.9 million (assuming a Placing Price of HK\$1.10 per Placing Share, being the mid-point of the indicative price range), are estimated to be approximately HK\$32.1 million. We estimate that U Banquet (Cheung’s) will receive net proceeds of approximately HK\$52.8 million from the sale of the Sale Shares after deducting the underwriting commission payable by U Banquet (Cheung’s) of approximately HK\$2.2 million, which therefore will not be available to our Group. We intend to apply such net proceeds from the placing of New Shares as follows:

- approximately 62.3% of the net proceeds from the placing of New Shares, or approximately HK\$20.0 million, for the opening of more restaurants, among which;
 - approximately 31.2% of the net proceeds from the placing of New Shares, or approximately HK\$10.0 million, will be applied for the opening of the 2014 Restaurant; and
 - approximately 31.2% of the net proceeds from the placing of New Shares, or approximately HK\$10.0 million, will be applied for the opening of the 2015 Restaurant;
- approximately 28.4% of the net proceeds from the placing of New Shares, or approximately HK\$9.1 million, for refurbishing our existing restaurants;
- approximately 6.2% of the net proceeds from the placing of New Shares, or approximately HK\$2.0 million, for strengthening our marketing efforts; and
- approximately 3.1% of the net proceeds from the placing of New Shares, or approximately HK\$1.0 million, for continuing to strengthen our quality control standards.

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In the event that any part of the future plans does not materialise or proceed as planned, we will carefully evaluate the situation and may reallocate the intended funding to our other future plans and/or to place the proceeds on short-term interest bearing deposit accounts with licenced banks and/or financial institutions in Hong Kong so long as we consider it to be in the best interest of our Company and our Shareholders taken as a whole. Should our Directors decide to allocate the net proceeds from the placing of New Shares to business plans and/or new projects of our Group other than those disclosed in this prospectus after the Listing, we will make an announcement to notify our Shareholders and investors of the changes in compliance with the GEM Listing Rules.

According to current estimates, our Directors anticipate that the net proceeds from the placing of New Shares of approximately HK\$32.1 million (based on a Placing Price of HK\$1.10 per Placing Share, being the mid-point of the indicative Placing Price range), the cash and cash equivalents as at the Latest Practicable Date together with the projected cashflows from operations will be sufficient to finance the implementation of our Company's future plans up to 31 December 2016.

If the final Placing Price is set at the highest or lowest point of the indicative Placing Price range, the net proceeds of the placing of New Shares will increase or decrease by approximately HK\$4.8 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Placing Price is determined at the highest or lowest of the indicative Placing Price range.

In summary, the implementation of the future plans for the period from the Latest Practicable Date to 31 December 2016 will be funded by the net proceeds from the placing of New Shares as follows (based on a Placing Price of HK\$1.10 per Placing Share, being the mid-point of the indicative Placing Price range):

	From the Latest Practicable Date to		For the six months ending				Total
	30 June 2014	31 December 2014	30 June 2015	31 December 2015	30 June 2016	31 December 2016	
	HK\$ (in million)	HK\$ (in million)	HK\$ (in million)	HK\$ (in million)	HK\$ (in million)	HK\$ (in million)	HK\$ (in million)
Open more restaurants	5.0	5.0	5.0	5.0	—	—	20.0
Refurbish our existing restaurants	6.1	3.0	—	—	—	—	9.1
Strengthen our marketing efforts	—	0.4	0.4	0.4	0.4	0.4	2.0
Continue to strengthen our quality control standards	—	0.2	0.2	0.2	0.2	0.2	1.0
Total	11.1	8.6	5.6	5.6	0.6	0.6	32.1