THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **U Banquet Group Holding Limited**, you should at once hand this circular and the accompany form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

U BANQUET GROUP HOLDING LIMITED
譽宴集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8107)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF THE REMAINING 49.995% INTEREST IN EACH OF GENERAL CORPORATION AND SMART AWARD AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

高銀融資有限公司
GOLDIN FINANCIAL LIMITED

A Letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 17 of this circular. A letter from Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 35 of this circular.

A notice convening the extraordinary general meeting (the "**EGM**") of U Banquet Group Holding Limited to be held at Units 2201-03, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong on 3 September 2014, Wednesday, at 11:00 a.m. is set out on pages 62 to 64 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from its date of publication and on the Company's website at www.u-banquetgroup.com

18 August 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisitions"	the General Corporation Acquisition and the Smart Award Acquisition
"Agreements"	the General Corporation Agreement and the Smart Award Agreement
"associate(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	means a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
"close associate(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Company"	U Banquet Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM (stock code: 8107)
"Completion"	completion of the Acquisitions in accordance with the Agreements
"connected person(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Consideration"	the total consideration for the Acquisitions of HK$31,900,000, being the sum of the General Corporation Consideration and the Smart Award Consideration
"Consideration Shares"	58,000,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon Completion, and each "Consideration Share"
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting to be convened by the Company to consider, and if thought fit, pass the resolutions to approve, the Agreements and the transactions contemplated thereunder (including the issue of the Consideration Shares)
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"General Corporation"	General Corporation Limited (浩淩有限公司), a company incorporated in Hong Kong and is owned as to 50.005% by Modern Management and 49.995% by the Vendor
"General Corporation Acquisition"	acquisition of approximately 49.995% interest in General Corporation by Modern Management from the Vendor pursuant to the General Corporation Agreement
"General Corporation Agreement"	the sale and purchase agreement dated 4 July 2014 entered into among the Vendor, Modern Management and the Company in relation to the General Corporation Acquisition
"General Corporation Completion"	completion of the General Corporation Acquisition in accordance with the General Corporation Agreement
"General Corporation Consideration"	HK$20,240,000, the consideration for the General Corporation Acquisition pursuant to the General Corporation Agreement
"General Corporation Consideration Shares"	36,800,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon General Corporation Completion
"General Corporation Sale Shares"	5,000 shares in General Corporation, representing approximately 49.995% of the entire issued share capital of General Corporation
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Financial Adviser" or "Goldin Financial"	Goldin Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
"Independent Board Committee"	the independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than those who are required by the GEM Listing Rules to abstain from voting on the resolutions for approving the Acquisitions and the allotment and issue of the Consideration Shares

"Last Trading Day"	4 July 2014, the last trading day on which the Shares were traded on the Stock Exchange immediately preceding the publication of the announcement of the Company dated 4 July 2014 in relation to, among others, the Acquisitions
"Latest Practicable Date"	12 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Long Stop Date"	30 September 2014 (or such later date as the Vendor, Modern Management and the Company may agree in writing)
"Modern Management"	Modern Management (Restaurant) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Sale Shares"	collectively the General Corporation Sale Shares and the Smart Award Sale Shares
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Smart Award"	Smart Award Limited (灃美有限公司), a company incorporated in Hong Kong and is owned as to 50.005% by Modern Management and 49.995% by the Vendor
"Smart Award Acquisition"	acquisition of approximately 49.995% interest in Smart Award by Modern Management from the Vendor pursuant to the Smart Award Agreement
"Smart Award Agreement"	the sale and purchase agreement dated 4 July 2014 entered into among the Vendor, Modern Management and the Company in relation to the Smart Award Acquisition
"Smart Award Completion"	completion of the Smart Award Acquisition in accordance with the Smart Award Agreement
"Smart Award Consideration"	HK$11,660,000, the consideration for the Smart Award Acquisition pursuant to the Smart Award Agreement

"Smart Award Consideration Shares"	21,200,000 new Shares to be issued and allotted by the Company to the Vendor or his nominee upon Smart Award Completion
"Smart Award Sale Shares"	5,000 shares in Smart Award, representing approximately 49.995% of the entire issued share capital of Smart Award
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed thereto under the GEM Listing Rules
"Vendor"	Mr. Yip Wang Kwong 葉宏光
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

U BANQUET GROUP HOLDING LIMITED
譽宴集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8107)

Executive Directors
Mr. Cheung Ka Ho *(Chairman and Chief Executive Officer)*
Mr. Cheung Ka Kei
Mr. Kan Yiu Pong

Independent Non-executive Directors
Mr. Chung Kong Mo JP
Ms. Wong Tsip Yue, Pauline
Mr. Wong Sui Chi

Registered Office
Offshore Incorporations (Cayman) Limited
Floor 4, Willow House,
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Head office and principal place of business in Hong Kong
Unit F, 28/F, Block 2
Vigor Industrial Building
49-53 Ta Chuen Ping Street
Kwai Chung, New Territories
Hong Kong

18 August 2014

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF THE REMAINING 49.995% INTEREST IN EACH OF GENERAL CORPORATION AND SMART AWARD AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The Company announced on 4 July 2014 that Modern Management, an indirect wholly-owned subsidiary of the Company, the Company and the Vendor entered into:

(i) the General Corporation Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the General Corporation Sale Shares at an aggregate consideration of HK$20,240,000, which shall be satisfied by the issue and allotment of the General Corporation Consideration Shares to the Vendor or his nominee upon General Corporation Completion; and

(ii) the Smart Award Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the Smart Award Sale Shares at an aggregate consideration of HK$11,660,000, which shall be satisfied by the issue and allotment of the Smart Award Consideration Shares to the Vendor or his nominee upon Smart Award Completion.

The purpose of this circular is to provide you with further information regarding, among other things, the Agreements; the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisitions; the advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions; and the notice of the EGM.

THE GENERAL CORPORATION AGREEMENT

Date

4 July 2014

Parties

1.	Purchaser	:	Modern Management, an indirect wholly-owned subsidiary of the Company
2.	Vendor	:	Mr. Yip Wang Kwong
3.	Holding company of the purchaser	:	the Company

Assets to be sold and purchased

The General Corporation Sale Shares, representing approximately 49.995% of the entire issued share capital of General Corporation.

Consideration

The General Corporation Consideration is HK$20,240,000, which shall be satisfied by the issue and allotment of 36,800,000 General Corporation Consideration Shares at an issue price of HK$0.55 each to the Vendor or his nominees at General Corporation Completion.

The General Corporation Consideration was arrived at after arm's length negotiations between Modern Management and the Vendor and on normal commercial terms with reference to:

(i) the fair value of 49.995% equity interest of General Corporation of HK$21,054,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by International Valuation Limited, an independent valuer appointed by the Company;

(ii) the audited net assets value as at 31 December 2013 and prospects of General Corporation; and

(iii) the factors described under the section headed "Reasons for and benefits of the Acquisitions" below.

Conditions

Completion is conditional upon, among other things, the following conditions precedent having been fulfilled:

(1) if necessary, all approvals by the Shareholders, government and regulatory authorities (including but not limited to the Stock Exchange and the passing of relevant resolution(s) for approving the Acquisitions by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the General Corporation Agreement being obtained;

(2) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;

(3) the Stock Exchange granting the listing of, and permission to deal in, the General Corporation Consideration Shares;

(4) the Smart Award Acquisition having become unconditional; and

(5) the warranties given by the Vendor under the General Corporation Agreement having remained true and accurate in all material respects.

None of the above conditions precedent can be waived. In the event that the above conditions are not fulfilled on or before the Long Stop Date, the General Corporation Agreement shall be terminated and neither party shall have any rights or obligations against each other under the General Corporation Agreement except for any antecedent breach. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

Completion

Completion under the General Corporation Agreement will take place within 7 Business Days after the fulfillment of the conditions under the General Corporation Agreement or at such other date as may be agreed by the parties.

After the Completion, General Corporation will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON GENERAL CORPORATION

General Corporation was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the General Corporation Agreement. General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood.

Financial Information of General Corporation

Set out below is the audited financial information of General Corporation for the two financial periods ended 31 December 2012 and 2013 respectively:

	From 16 August 2012 (date of incorporation) to 31 December 2012 (audited) *Approximately HK$'000*	**For the year ended 31 December 2013 (audited)** *Approximately HK$'000*
Revenue	2,355	17,835
Net profit before taxation	478	1,927
Net profit after taxation	426	1,592

The audited net assets value of General Corporation as at 31 December 2013 was approximately HK$28,000.

For the year ended 31 December 2013, revenue of General Corporation increased by approximately 657.3% to approximately HK$17.84 million from approximately HK$2.36 million of the prior year and net profit after taxation of General Corporation increased by approximately 273.7% to approximately HK$1.59 million from approximately HK$0.43 million of the prior year. Approximately 75.4% and approximately 65.0% of the revenue of General Corporation for the period from 16 August 2012 to 31 December 2012 and the financial year ended 31 December 2013 respectively were derived from the sales to the restaurants under the Group. The increase in revenue and profit were mainly due to the contribution from the newly opened restaurant in Wong Tai Sin under the Group and full year operation results compared to approximately five months results in 2012.

THE SMART AWARD AGREEMENT

Date

4 July 2014

Parties

1.	Purchaser	:	Modern Management, an indirect wholly-owned subsidiary of the Company
2.	Vendor	:	Mr. Yip Wang Kwong
3.	Holding company of the purchaser	:	the Company

Assets to be sold and purchased

The Smart Award Sale Shares, representing approximately 49.995% of the entire issued share capital of Smart Award.

Consideration

The Smart Award Consideration is HK$11,660,000, which shall be satisfied by the issue and allotment of 21,200,000 Smart Award Consideration Shares at an issue price of HK$0.55 each to the Vendor or his nominees at Smart Award Completion.

The Smart Award Consideration was arrived at after arm's length negotiations between Modern Management and the Vendor and on normal commercial terms with reference to:

(i) the fair value of 49.995% equity interest of Smart Award of HK$12,127,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by International Valuation Limited, an independent valuer appointed by the Company;

(ii) the audited net assets value as at 31 December 2013 and prospects of Smart Award; and

(iii) the factors described under the section headed "Reasons for and benefits of the Acquisitions" below.

Conditions

Completion is conditional upon, among other things, the following conditions precedent having been fulfilled:

(1) if necessary, all approvals by the Shareholders, government and regulatory authorities (including but not limited to the Stock Exchange and the passing of the relevant resolution(s) for approving the Acquisitions by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the Smart Award Agreement being obtained;

(2) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;

(3) the Stock Exchange granting the listing of, and permission to deal in, the Smart Award Consideration Shares;

(4) the General Corporation Acquisition having become unconditional; and

(5) the warranties given by the Vendor under the Smart Award Agreement having remained true and accurate in all material respects.

None of the above conditions precedent can be waived. In the event that the above conditions are not fulfilled on or before the Long Stop Date, the Smart Award Agreement shall be terminated and neither party shall have any rights or obligations against each other under the Smart Award Agreement except for any antecedent breach. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

Completion

Completion under the Smart Award Agreement will take place within 7 Business Days after the fulfillment of the conditions under the Smart Award Agreement or at such other date as may be agreed by the parties.

After the Completion, Smart Award will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON SMART AWARD

Smart Award was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the Smart Award Agreement. Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food.

Financial Information of Smart Award

Set out below is the audited financial information of Smart Award for the two financial periods ended 31 December 2012 and 2013 respectively:

	From 23 April 2012 (date of incorporation) to 31 December 2012 (audited)	For the year ended 31 December 2013 (audited)
	Approximately HK$'000	*Approximately HK$'000*
Revenue	17,087	40,318
Net profit before taxation	2,762	2,354
Net profit after taxation	2,316	1,966

The audited net assets value of Smart Award as at 31 December 2013 was approximately HK$92,000.

For the year ended 31 December 2013, revenue of Smart Award increased by approximately 136.0% to approximately HK$40.32 million from approximately HK$17.09 million of the prior year and net profit after taxation of Smart Award decreased by approximately 15.1% to approximately HK$1.97 million from approximately HK$2.32 million of the prior year. Approximately 100% and approximately 81.4% of the revenue of Smart Award for the period from 23 April 2012 to 31 December 2012 and the financial year ended 31 December 2013 respectively were derived from the sales to the restaurants under the Group. The increase in revenue was mainly due to the contribution from the newly opened restaurant in Wong Tai Sin under the Group and full year operation results compared to approximately nine months results in 2012 and the decrease in profit was mainly due to management fee paid to the Group amounting to HK$3.24 million.

Financial effects

Prior to the Completion, General Corporation and Smart Award are indirect non wholly-owned subsidiaries of the Company and their financial results have been consolidated in the Group's accounts.

Upon the Completion, General Corporation and Smart Award will become indirect wholly-owned subsidiaries of the Company, and their financial results will be wholly consolidated into the Group's accounts without deducting any non-controlling interests.

Consideration Shares

Pursuant to the General Corporation Agreement and the Smart Award Agreement, the Company shall issue and allot, credited as fully paid, an aggregate 58,000,000 Consideration Shares at the issue price of HK$0.55 per Consideration Share to the Vendor or his nominee as settlement of the Consideration for the Acquisitions. The issue price was arrived at after arm's length negotiation among Modern Management, the Company and the Vendor with reference to the recent market prices of the Shares.

The issue price of HK$0.55 per Consideration Share represents:

(i) a discount of approximately 30.38% to the closing price of HK$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 22.54% to the average closing price of approximately HK$0.71 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Agreements;

(iii) a discount of approximately 22.54% to the average closing price of approximately HK$0.71 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Agreements;

(iv) a premium of approximately 210.73% to the net asset value of the Company per Share attributable to the owners of the Company of approximately HK$0.177 as at 31 December 2013 based on the audited consolidated net asset value of the Company as at 31 December 2013; and

(v) a discount of approximately 38.89% to the closing price of HK$0.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The aggregate Consideration Shares comprising 58,000,000 Shares represents approximately 14.50% of the issued share capital of the Company as at the Latest Practicable Date and approximately 12.66% of the enlarged issued share capital of the Company immediately following the Completion.

The Consideration Shares will be issued and allotted pursuant to a specific mandate to be obtained by the Board from the Independent Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

There is no restriction for the subsequent sale of the Consideration Shares and the Consideration Shares will rank pari passu in all respects with all other Shares in issue on Completion.

The Directors, having taking into account the financial position and working capital requirement of the Group, are of the view that the settlement of the Consideration by way of allotment and issue of the Consideration Shares does not incur any interest or finance expenses on the Group and affect the cash and liquidity positions of the Group as compared with other financing alternatives. Notwithstanding the potential dilution effect of the Consideration Shares on the shareholding of the Company upon Completion, taking into account the allotment and issue of the Consideration Shares is beneficial to the Group in maintaining its cash and liquidity position (other than payment of related expenses) while releasing the Group from the liabilities and the interest burden of other financing alternatives (as such as debt financing), the Directors consider that the settlement of the Consideration by the allotment and issue of the Consideration Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (assuming no other changes in the issued share capital of the Company) are set out below:

	As at the Latest Practicable Date		**Immediately after Completion** *(Note 3)*	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
U Banquet (Cheung's) Holdings Company Limited ("**U Banquet (Cheung's)**") *(Note 1)*	255,570,000	63.89	255,570,000	55.80
WONG Tsip Yue, Pauline *(Note 2)*	200,000	0.05	200,000	0.04
The Vendor	—	—	58,000,000	12.66
Public Shareholders	144,230,000	36.06	144,230,000	31.50
Total	400,000,000	100.00	458,000,000	100.00

Notes:

1. U Banquet (Cheung's), a company incorporated in the British Virgin Islands and is owned as to 58.5% by Mr. Cheung Ka Ho and 41.5% by Mr. Cheung Ka Kei. Both Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are executive Directors.

2. The 200,000 Shares represent beneficial interest of the spouse of Ms. WONG Tsip Yue, Pauline, an independent non-executive Director.

3. Assuming there is no change in the existing shareholding of the Company except for the issue of the Consideration Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

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

General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood and Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food. The Directors noted the growth of the Chinese restaurants in Hong Kong during the past few years and traditional Chinese restaurants have been the major purchasers of General Corporation and Smart Award's products and they are likely to remain in the foreseeable future.

In line with the increasing trend of the revenue the Group as a result of the expansion and opening of new restaurant(s) of the Group, it is expected that the revenue and financial results of General Corporation and Smart Award will also likely be improved. Further, the number of new customers of each of General Corporation and Smart Award increased during the past year, and though no specific written contracts signed with those new customers, General Corporation and Smart Award supplied goods to those new customers on a continuous basis during the previous year. Hence, the Directors considered that the Acquisitions are in the interest of the Company and its Shareholders as a whole.

The Directors are of the view that the Acquisitions provide a valuable opportunity for the Company to increase its interest in each of General Corporation and Smart Award by acquiring the remaining 49.995% shareholding in each of General Corporation and Smart Award and thus enable the Group to exercise absolute and more effective control over the business and operations of each of General Corporation and Smart Award, to fully capture the profit in General Corporation and Smart Award and further enhance its capabilities in the business of distribution and sale of fresh vegetables, fruits and seafood, frozen food and high value dried food.

Having considered that (i) the Acquisitions would enable the Group to exercise absolute and more effective control over the business and operations of each of General Corporation and Smart Award; (ii) the profitable track record of each of General Corporation and Smart Award; (iii) the Shareholders could fully capture the profit of each of General Corporation and Smart Award after Completion; (iv) the market of the Chinese restaurants in Hong Kong and future development of General Corporation and Smart Award; and (v) the settlement of the Consideration by the issue of Consideration Shares is beneficial to the Group in maintaining its cash and liquidity position, the Directors consider that the Acquisitions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of the Agreements, the Company owned approximately 50.005% indirect interest in each of General Corporation and Smart Award through Modern Management and the Vendor owned approximately 49.995% interest in each of General Corporation and Smart Award. Upon Completion, each of General Corporation and Smart Award will become an indirect wholly-owned subsidiary of the Company.

The Vendor, a director of each of General Corporation and Smart Award, currently owns 49.995% interest in each of General Corporation and Smart Award, and is a connected person of the Company and the Acquisitions constitute connected transactions for the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute discloseable and connected transactions of the Company under the GEM Listing Rules and are subject to announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The Independent Board Committee comprising the independent non-executive Directors has been appointed to consider the terms of the Agreements and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares). Goldin Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

EGM

A notice convening the EGM to be held at Units 2201-03, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong on 3 September 2014, Wednesday, at 11:00 a.m. is set out on pages 62 to 64 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve the Agreements and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares.

The votes of the Shareholders regarding the resolutions for approval of the Agreements and the transactions contemplated thereunder will be taken by way of poll at the EGM. As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has any material interest in the Acquisitions, and no Shareholder is required to abstain from voting at the EGM in respect of the Acquisitions and the transactions contemplated thereunder.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

Your attention is drawn to the Letter from the Independent Board Committee set out on page 17 of this circular and the letter of advice from Goldin Financial which contains, among other things, their advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, and the principal factors and reasons considered by them in arriving at such advice. The text of the Letter from Independent Financial Adviser is set out on pages 18 to 35 of this circular.

The Independent Board Committee, having taken into account the advice of Goldin Financial, considers that the Acquisitions are not in the ordinary and usual course of business of the Company and the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Directors consider that the terms of the Agreements are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolutions relating to the Agreements and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares. None of the Directors (including the independent non-executive Directors) has any interest in the Acquisitions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
U Banquet Group Holding Limited
Cheung Ka Ho
Chairman and Executive Director

U BANQUET GROUP HOLDING LIMITED
譽宴集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8107)

18 August 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF THE REMAINING 49.995% INTEREST IN EACH OF GENERAL CORPORATION AND SMART AWARD

We refer to the circular issued by the Company to the Shareholders dated 18 August 2014 (the "**Circular**") of which this letter forms part. Unless the context otherwise defines, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the terms of the Acquisitions. Goldin Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

We wish to draw your attention to the Letter from the Board as set out on pages 5 to 16 and the Letter from the Independent Financial Adviser as set out on pages 18 to 35 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of Goldin Financial as set out in its letter of advice, we consider that the Acquisitions are not in the ordinary and usual course of business of the Company and the terms of the Agreements are on normal commercial terms, and the Acquisitions and the issue and allotment of the Consideration Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder, including the issue of the Consideration Shares.

Yours faithfully,

Independent Board Committee

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

Independent
Non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the relevant transactions contemplated therein, prepared for the purpose of incorporation in this circular.

高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

18 August 2014

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITIONS OF THE REMAINING 49.995% INTEREST IN EACH OF GENERAL CORPORATION AND SMART AWARD

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the relevant transaction contemplated therein, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 18 August 2014 issued by the Company (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 4 July 2014 (after trading hours), Modern Management, an indirect wholly-owned subsidiary of the Company, the Company and the Vendor entered into: (i) the General Corporation Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the General Corporation Sale Shares at an aggregate consideration of HK$20,240,000, which shall be satisfied by the issue and allotment of the General Corporation Consideration Shares to the Vendor or his nominee upon General Corporation Completion; and (ii) the Smart Award Agreement pursuant to which Modern Management conditionally agreed to purchase and the Vendor conditionally agreed to sell the Smart Award Sale Shares at an aggregate consideration of HK$11,660,000, which shall be satisfied by the issue and allotment of the Smart Award Consideration Shares to the Vendor or his nominee upon Smart Award Completion.

As at the date of the Agreements, the Company owned approximately 50.005% indirect interest in each of General Corporation and Smart Award (the "**Target Companies**") through Modern Management and the Vendor owned approximately 49.995% interest in each of General Corporation and Smart Award. Upon Completion, each of General Corporation and Smart Award will become an indirect wholly-owned subsidiary of the Company.

The Vendor, a director of each of General Corporation and Smart Award, currently owns 49.995% interest in each of General Corporation and Smart Award, and is a connected person of the Company and the Acquisitions constitute connected transactions for the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute connected and discloseable transactions of the Company under the GEM Listing Rules and are subject to announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chung Kong Mo JP, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Agreements and the relevant transactions contemplated therein are normal commercial terms and fair and reasonable and whether the Agreements and the relevant transactions contemplated therein is in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the Agreements and the relevant transactions contemplated therein taking into account the recommendations of Goldin Financial.

We, Goldin Financial, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the relevant transactions contemplated therein and to make a recommendation as to, among others, whether the terms of the Agreements and the relevant transactions contemplated therein are fair and reasonable and as to voting in respect of the relevant resolution(s) at the EGM.

As at the Latest Practicable Date, Goldin Financial did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Goldin Financial.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Agreements, the Valuation Report, the annual report of the Company for the year ended 31 December 2013 (the "**Annual Report 2013**") and the first quarterly report 2014 of the Group. We have also reviewed certain information provided by the management of the Company relating to the operation, financial condition and prospect of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the financials, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Agreements and the relevant transactions contemplated therein and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material facts or information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Company, the Vendor, the Target Companies or their respective subsidiaries or associates. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the relevant transactions contemplated therein, we have taken into account the following principal factors and reasons:

1. Business and financial information of the Group

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

Set out below is certain audited financial information of the Group for the two years ended 31 December 2012 and 2013 as extracted from the Annual Report 2013 and certain unaudited financial information of the Group for the three months ended 31 March 2013 and 2014 as extracted from the first quarterly report 2014 of the Group:

Table 1: Financial highlights of the Group

	For the year ended 31 December		For the three months ended 31 March	
	2013	**2012**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	361,771	304,164	102,701	89,780
Profit and total comprehensive income attributable to owners of the Company	8,358	22,231	988	10,590

	As at 31 December	
	2013	**2012**
	HK$'000	*HK$'000*
Non-current assets	97,741	50,349
Current assets	81,656	68,464
Current liabilities	94,986	70,921
Net current liabilities	13,330	2,457
Total equity attributable to owners of the Company	70,697	35,227

As illustrated in Table 1 above, the Group's revenue for the year ended 31 December 2013 increased to approximately HK$361.8 million, representing an increase of approximately 18.9% from approximately HK$304.2 million of the prior year. The increase in revenue was mainly attributable to the strong growth in comparable restaurant sales, the contribution from the newly opened restaurants in Wong Tai Sin and the full-year contribution from the distribution business. Profit and total comprehensive income attributable to owners of the Company for the year end 31 December 2013 decreased by approximately 62.4% to approximately HK$8.4 million from approximately HK$22.2 million of the prior year. Such decrease was mainly due to the one-off listing expenses of approximately HK$17.0 million incurred during the year ended 31 December 2013.

As at 31 December 2013, the Group had audited net current liabilities and total equity attributable to owners of the Company of approximately HK$13.3 million and approximately HK$70.7 million respectively.

For the three months ended 31 March 2014, revenue of the Group increased to approximately HK$102.7 million, representing an increase of approximately 14.4% from approximately HK$89.8 million of the corresponding period in 2013. The increase in revenue was primarily due to the contribution from the newly opened restaurants in Wong Tai Sin and Sino Plaza. Profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2014 decreased by approximately 90.6% to approximately HK$1.0 million from approximately HK$10.6 million of the corresponding period in 2013. The significant drop in profit and total comprehensive income attributable to owners of the Company was mainly due to decrease in proportion of revenue from wedding banquet to the revenue from operation of restaurants which normally wedding banquet generate a higher profit margin than dining services and increases in employee benefit expenses, operating lease payments and other expenses for the three months ended 31 March 2014 as compared to the same period in 2013.

2. Information on the General Corporation and Smart Award

General Corporation

General Corporation was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the General Corporation Agreement. General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood.

Set out below is the audited financial information of General Corporation for the two financial periods ended 31 December 2012 and 2013 respectively:

	For the year ended 31 December 2013 Approximately *HK$'000*	**From 16 August 2012 (date of incorporation) to 31 December 2012** Approximately *HK$'000*
Revenue	17,835	2,355
Net profit before taxation	1,927	478
Net profit after taxation	1,592	426

For the year ended 31 December 2013, revenue of General Corporation increased by approximately 657.3% to approximately HK$17.84 million from approximately HK$2.36 million of the prior year and net profit after taxation of General Corporation increased by approximately 273.7% to approximately HK$1.59 million from approximately HK$0.43 million of the prior year. As advised by the management of the Company, the increase in revenue and profit were mainly due to the contribution from the newly opened restaurant in Wong Tai Sin under the Group and full year operation results compared to five months results in 2012 .

As advised by the management of the Company, approximately 75.4% and approximately 65.0% of the revenue of General Corporation for the period from 16 August 2012 to 31 December 2012 and the financial year ended 31 December 2013 respectively were derived from the sales to the restaurants under the Group.

The audited net assets value of General Corporation as at 31 December 2013 was approximately HK$28,000.

Smart Award

Smart Award was incorporated in Hong Kong with limited liability and is owned as to 50.005% by Modern Management and 49.995% by the Vendor as at the date of the Smart Award Agreement. Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food.

Set out below is the audited financial information of Smart Award for the two financial periods ended 31 December 2012 and 2013 respectively:

	For the year ended 31 December 2013	**From 23 April 2012 (date of incorporation) to 31 December 2012**
	Approximately *HK$'000*	Approximately *HK$'000*
Revenue	40,318	17,087
Net profit before taxation	2,354	2,762
Net profit after taxation	1,966	2,316

For the year ended 31 December 2013, revenue of Smart Award increased by approximately 136.0% to approximately HK$40.32 million from approximately HK$17.09 million of the prior year and net profit after taxation of Smart Award decreased by approximately 15.1% to approximately HK$1.97 million from approximately HK$2.32 million of the prior year. As advised by the management of the Company, the increase in revenue was mainly due to the contribution from the newly opened restaurant in Wong Tai Sin under the Group and full year operation results compared to nine months results in 2012 and the decrease in profit was mainly due to management fee paid to the Group amounting to HK$ 3.24 million.

As advised by the management of the Company, approximately 100% and approximately 81.4% of the revenue of Smart Award for the period from 23 April 2012 to 31 December 2012 and the financial year ended 31 December 2013 respectively were derived from the sales to the restaurants under the Group.

The audited net assets value of Smart Award as at 31 December 2013 was approximately HK$92,000.

3. Reasons for and benefits of the Acquisitions

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

General Corporation is principally engaged in the distribution and sale of fresh vegetables and fruits and fresh seafood and Smart Award is principally engaged in the distribution and sale of frozen food and high value dried food.

The Directors are of the view that the Acquisitions provide a valuable opportunity for the Company to increase its interest in each of General Corporation and Smart Award by acquiring the remaining 49.995% shareholding in each of General Corporation and Smart Award and thus enable the Group to exercise absolute and more effective control over the business and operations of each of General Corporation and Smart Award, to fully capture the profit in General Corporation and Smart Award and further enhance its capabilities in the business of distribution and sale of fresh vegetables, fruits and seafood, frozen food and high value dried food.

As advised by the management of the Company, traditional Chinese restaurants have been the major purchasers of General Corporation and Smart Award's products and are likely to remain in the foreseeable future. We have conducted research on the public domain for the Chinese restaurant industry in Hong Kong as follows:

According to the Report on Quarterly Survey of Restaurant Receipts and Purchases published by the Census and Statistics Department of Hong Kong quarterly, the total receipts of restaurants in Hong Kong increased from approximately HK$83,959 million in 2010 to approximately HK$97,049 million in 2013, representing an increase of approximately 15.6% during such period. The total receipts of Chinese restaurant in Hong Kong increased from approximately HK$40,891 million in 2010 to approximately HK$45,704 million in 2013, representing an increase of approximately 11.8% during such period. The total restaurant purchases (the total Chinese restaurant purchases is not disclosed in the report) in Hong Kong increased from approximately HK$29,456 million to approximately HK$33,685 million, representing an increase of approximately 14.4% during such period. Based on the statistics, it is noted that the receipts of Chinese restaurants in Hong Kong recorded a stable growth and accounted for more than 40% of the total receipts of the food and beverage industry in Hong Kong during the previous four years.

Since the spending of the customers of the food and beverage industry so as the purchase of the food and beverage industry is closely related to the outlook of the economy, we have further conducted research on the public domain for the outlook of the economy of Hong Kong. According to the World Economic Outlook issued by the International Monetary Fund in April 2014, the real gross domestic product of Hong Kong is projected to be a growth of 3.7% and 3.8% for 2014 and 2015 respectively and unemployment rate of Hong Kong is projected to be 3.1% both for 2014 and 2015. Taking into account the projected stable growth rate of Hong Kong's economy and that the unemployment rate is projected to remain at a low level, we are of the view that the food and beverage industry so as the purchase of the food and beverage industry of Hong Kong is expected to grow alongside with the economy of Hong Kong, thereby the business of the Target Companies is expected to continue to capture on the growth of such industry.

We have discussed with the management of the Company in respect of other possible financing alternatives for the Acquisitions other than the issue of the Consideration Shares, such as debt financing and pre-emptive issues. Regarding pre-emptive issues such as rights issue and open offer, in view of the significant drop in profit of the Group for the first quarter of 2014 and the recent volatile global and local market conditions, the Directors are of the view that it will be difficult for the Company to identify underwriter for pre-emptive issues at favourable terms, and hence do not consider pre-emptive issues to be desirable alternatives to the issue of Consideration Shares. For debt financing, bank borrowings and issuance of bonds will inevitably increase the financing cost of the Group. Based on the above, together with the factor that the settlement of the Consideration in full by the Consideration Shares allows the Company to acquire the Target Companies without incurring any cash outlay (other than payment of related expenses), we concur with the view of the management of the Company that financing the Acquisitions by way of issue of the Consideration Shares is appropriate and beneficial to the Company.

Having considered that (i) the profitable track record of each of General Corporation and Smart Award; (ii) the Acquisitions enable the Group to exercise absolute and more effective control over the business and operations of each of General Corporation and Smart Award; (iii) the Shareholders could fully capture the profit of each of General Corporation and Smart Award after Completion; (iv) the target market of General Corporation and Smart Award, being the Chinese restaurants in Hong Kong, recorded a stable growth during the past four years and remained the market leader in the food and beverage industry in Hong Kong, supporting the future development of General Corporation and Smart Award of being a supplier; (v) the food and beverage industry so as the purchase of the food and beverage industry of Hong Kong is expected to grow alongside with the economy of Hong Kong; and (vi) the issue of Consideration Shares is an appropriate means for the Acquisitions, we are of the view that the acquisition of 49.995% shareholding in each of General Corporation and Smart Award is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Agreements

The General Corporation Consideration is HK$20,240,000, which shall be satisfied by the issue and allotment of 36,800,000 General Corporation Consideration Shares at an issue price of HK$0.55 each to the Vendor or his nominees at General Corporation Completion.

The General Corporation Consideration was arrived at after arm's length negotiations between the Modern Management and the Vendor and on normal commercial terms with reference to: (i) the fair value of 49.995% equity interest of General Corporation of HK$21,054,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by International Valuation Limited, an independent valuer appointed by the Company; (ii) the audited net assets value as at 31 December 2013 and prospects of General Corporation; and (iii) the factors described under the section headed "Reasons for and benefits of the Acquisitions" in the Letter from the Board.

The Smart Award Consideration is HK$11,660,000, which shall be satisfied by the issue and allotment of 21,200,000 Smart Award Consideration Shares at an issue price of HK$0.55 each to the Vendor or his nominees at Smart Award Completion.

The Smart Award Consideration was arrived at after arm's length negotiations between the Modern Management and the Vendor and on normal commercial terms with reference to: (i) the fair value of 49.995% equity interest of Smart Award of approximately HK$12,127,000 as at 31 March 2014 (which is based on market approach) based on a valuation report issued by International Valuation Limited, an independent valuer appointed by the Company; (ii) the audited net assets value as at 31 December 2013 and prospects of Smart Award; and (iii) the factors described under the section headed "Reasons for and benefits of the Acquisitions" in the Letter from the Board.

The Valuation Report

According to the valuation report (the "**Valuation Report**") prepared by International Valuation Limited (the "**Valuer**"), the respective appraised value of the General Corporation Sale Shares and the Smart Award Sale Shares (collectively known as the "**Valuations**") were approximately HK$21,054,000 and approximately HK$12,127,000 as at 31 March 2014. Therefore, the General Corporation Consideration represents a discount of approximately 3.87% to the valuation of the General Corporation Sale Shares and the Smart Award Consideration represents a discount of approximately 3.85% to the valuation of the Smart Award Sale Shares.

For our due diligence purpose, we reviewed and enquired the Valuer's qualification and experience in relation to the performance of the Valuations. We noted that the Valuer has a handful of experience in performing valuation for transactions of listed companies in Hong Kong. The Valuer confirmed that it is an independent third party to the Company. The Valuer also confirmed that all relevant material information provided by the Company had been incorporated into the Valuation Report and there were no other material relevant information or representations relating to General Corporation and Smart Award provided or made by the Company to it not having been included in the Valuations. In addition, we also reviewed the terms of the Valuer's engagement and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report.

We were given to understand that during the course in performing the Valuations, the Valuer has implemented the following steps to formulate the basis and assumptions adopted for the Valuation, including but not limited to: (i) discussed with the management in relation to the development and prospects of the frozen food, fresh seafood and vegetable distribution industry in Hong Kong, the business strategies, operations and other relevant information of General Corporation and Smart Award; and (ii) reviewed the financial information and other pertinent data concerning General Corporation and Smart Award provided by the management which the Valuer considered attainable and reasonable.

To determine the appraised value of the Sale Shares, we were given to understand that, of the three commonly adopted valuation approaches considered, namely the market approach, the asset approach and the income approach, the Valuer has adopted the market approach after considering the following factors:

(i) The market approach

The market approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory is that one would not pay more than one would have to pay for an equally desirable alternative.

The Valuer considered that the market approach is based on observable actual trading prices of the shares of comparable companies to derive indications of values and provides a more objective estimation of value. Therefore, the Valuer considered that the market approach to be appropriate for the Valuations.

(ii) The asset approach

The asset approach is based on the concept that the earning power of a business entity is derived primarily from its existing assets. The underlying assumption is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital.

The Valuer considered that the asset approach fails to consider the going concern and ignores the economic benefits of the business. Therefore, the Valuer considered that the asset approach to be inappropriate for the Valuations.

(iii) The income approach

The income approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity.

The Valuer considered that the income approach relies heavily on financial estimation and cash flow projection, which are highly uncertain as the future performance of General Corporation and Smart Award are subject to fluctuations of factors such as food prices, consumer's habit of dining, and other economic variables. Therefore, the Valuer considered that the income approach to be inappropriate for the Valuations.

Having considered the respective downsides of the asset approach and the income approach, we are of the view that the market approach is the preferred approach for the Valuations.

Under the market approach, the guideline public companies method is adopted to arrive at the fair values of the Sale Shares. The method involves (i) identifying a group of comparable listed companies; (ii) choosing one or more valuation multiples which best serves as a reasonable driver of the fair values of the subject assets; (iii) obtaining the corresponding multiples of the comparable listed companies as at the date of the Valuations from a reliable source; (iv) choosing an appropriate value of multiple to be applied in valuing the subject assets; and (v) reflect the premium on control and lack of liquidity discount to the calculated multiple.

In identifying comparable companies for the Valuations, the Valuer researched for listed food distributors by using the following criteria through the Bloomberg database: (i) shares of which is publicly traded on stock market with active trading volume as shown on Bloomberg; (ii) over 50% of revenue derived from the business of food distribution which is similar to that of the Target Companies; (iii) positive net profit over the last twelve months; and (iv) key financial data is obtainable from Bloomberg. Based on the aforesaid criteria, 6 companies have been identified (the "Comparables"), 2 of which are listed in Hong Kong, 1 in Japan, 2 in the United States of America and 1 in Italy. Bloomberg is a prestigious global provider of financial data which in our view is a reliable source in identifying the comparable companies needed.

In choosing the appropriate valuation multiple for the Valuations, the Valuer considered that trailing price-to-earnings ("**P/E**") is the most appropriate valuation multiple, having considered that (i) it is widely recognised and used by investors; (ii) earning power is usually regarded as the driver of investment value; and (iii) according to empirical research, differences in stocks' P/E may be related to differences in long-run average returns on investments in those stocks. It is noted that P/E multiple is one of multiples most commonly adopted in valuation, in particular for valuation of profit-making companies, which in our view is in alignment with market practice. Based on the selected comparable companies, the mean and median of P/E multiple are 13.8 and 13.57, respectively.

In order to assess the fairness and reasonableness of the P/E of the Comparables adopted for the Valuations, we have selected companies based on the following criteria on Bloomberg (i) shares of which is publicly traded on a stock market; (ii) principally engaged in the business of food distribution which is similar to that of the Target Companies; and (iii) positive net profit in the latest financial year. Based on the aforesaid selection criteria, we have indentified 83 companies, which is exhaustive, on the Bloomberg system. It is noted the mean of the P/E multiple of such selected companies is about 22. Since the P/E multiple of the Comparables is lower than that of the selected companies, we consider that the P/E multiple adopted for the Valuations is prudent and fair and reasonable.

In determining the earnings of General Corporation and Smart Award for the Valuations using P/E multiple, the earnings have been "normalised" for the purpose of, among others, the elimination of effects of non-recurring items and adjustment of abnormal depreciation charges. Based on our discussion with the management of the Company and the Valuer, it is noted that the Valuer has identified several expense items in the financial statements of General Corporation and Smart Award which are unusual, and acknowledged that some expenses were shared between General Corporation and Smart Award but recorded in the book of General Corporation only and the Valuer has adjusted such expenses (including but not limited to (i) employee benefits expenses; and (ii) other operating expenses) based on the scale of operation of each of them assuming they operated independently. Furthermore, it is noted that each of General Corporation and Smart Award has been paying a large sum of management fee to its parent company, being the Company which was non-operating in nature. According to the Valuation Report, the profit before tax of General Corporation and Smart Award for the year ended 31 March 2014 were approximately HK$1.83 million and approximately HK$2.52 million respectively, while the net normalisation adjustments for General Corporation and Smart Award amounted to approximately HK$3.39 million and approximately HK$0.49 million respectively, resulting in normalised profit before tax of General Corporation and Smart Award of approximately HK$5.22 million and approximately HK$3.01 million respectively. The normalised net profit, based on income tax rate of 16.5%, of General Corporation and Smart Award for the year ended 31 March 2014 were approximately HK$4.36 million and approximately HK$2.51 million respectively. Having reviewed the normalisation adjustments, we concur with the Valuer's view that the normalised earnings could more appropriately reflect the financial performance of General Corporation and Smart Award, and the adoption of which could accordingly better reflect the fair value of the Sale Shares.

In considering the lack of marketability discount, a discount rate of 30% is adopted for the Valuations, based on the average of 9 restricted stock studies which are well known in the industry. Such discount reflects the inherent cost and time that would have incurred for the liquidation of a position in a privately-held company. We are of the view that the inclusion of lack of marketability discount is appropriate as it could reflect both the discount in value for equity interest in privately-held company which lacks liquidity as well as cost and time needed to identify genuine buyers for such position.

After reviewing the data and the calculation work provided by the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the methodology, principal bases and assumptions used in arriving the Valuations. Having considered the above, we are of the view that the principal basis, valuation methods and assumptions adopted for the Valuations are fair, reasonable and complete and hence the reliability of the Valuation Report.

Having considered that (i) the General Corporation Consideration represents a discount of approximately 3.87% to the valuation of the General Corporation Sale Shares; and (ii) the Smart Award Consideration represents a discount of approximately 3.85% to the valuation of the Smart Award Sale Shares, we are of the view that the General Corporation Consideration and the Smart Award Consideration are normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

The Consideration Shares

Pursuant to the General Corporation Agreement and the Smart Award Agreement, the Company shall issue and allot, credited as fully paid, an aggregate 58,000,000 Consideration Shares at the issue price of HK$0.55 per Consideration Share (the "**Issue Price**") to the Vendor or his nominee as settlement of the Consideration for the Acquisitions. The Issue Price was arrived at after arm's length negotiation between Modern Management, the Company and the Vendor with reference to the recent market prices of the Shares.

The Issue Price of HK$0.55 per Consideration Share represents:

(i) a discount of approximately 30.38% to the closing price of HK$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 22.54% to the average closing price of approximately HK$0.71 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Agreements;

(iii) a discount of approximately 22.54% to the average closing price of approximately HK$0.71 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Agreements;

(iv) a premium of approximately 210.73% to the net asset value of the Company per Share attributable to the owners of the Company of approximately HK$0.177 as at 31 December 2013 based on the audited consolidated net asset value of the Company as at 31 December 2013; and

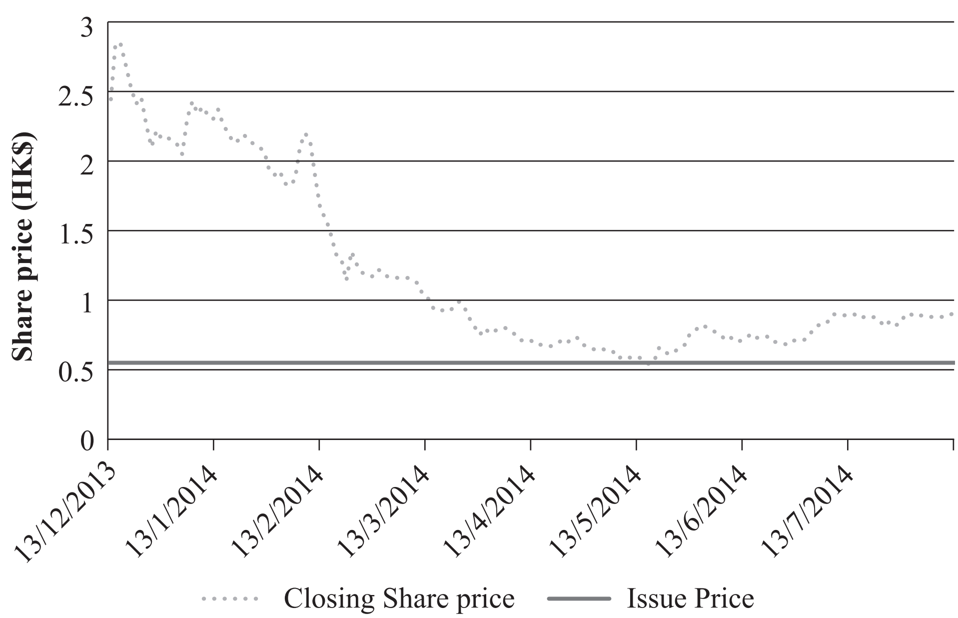
(v) a discount of approximately 38.89% to the closing price of HK$0.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The aggregate Consideration Shares comprising 58,000,000 Shares represents approximately 14.50% of the issued share capital of the Company as at the Latest Practicable Date and approximately 12.66% of the enlarged issued share capital of the Company immediately following the Completion.

Share price performance

Chart 1 below shows the daily closing price of the Shares versus the Issue Price for the period commencing from 10 December 2013 (being the first day of dealing in the Shares on GEM) up to the Latest Practicable Date (the "**Review Period**"):

Chart 1: Issue Price versus the closing Share price during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the Share price was on a general downward trend. The highest and the lowest closing price of the Shares during the Review Period were HK$2.85 and HK$0.54 respectively as quoted on the Stock Exchange. The average closing price of the Shares during the Review Period was approximately HK$1.19. The Issue Price represents (i) a discount of approximately 80.70% to the highest closing price of the Share; (ii) a discount of approximately 53.78% to the average closing price of the Share; and (iii) a premium of approximately 1.85% over the lowest closing price of the Share during the Review Period.

Comparison with other share subscription exercises

In order to assess the fairness and reasonableness of the Issue Price of HK$0.55 per Consideration Share, we have reviewed the transactions that involved the issue of consideration shares under specific mandate as whole/part of the consideration for an acquisition by listed companies on the Stock Exchange as announced in the past three months immediately preceding the Last Trading Day, which we believe represents a reasonable and meaningful period to reflect the recent market condition and sentiment for issuing shares as whole/part of the consideration for an acquisition (the "**Consideration Share Comparables**"). We have, to our best effort, identified and made references to, so far as we are aware, 11 Consideration Share Comparables which are exhaustive and the vendor of which consist of connected person(s) (as defined in the GEM Listing Rules) and/or independent third parties, both of which we consider appropriate in our analysis since their respective issue price/subscription price is determined after arm's length negotiation between the relevant parties. Independent Shareholders should note that the Consideration Share Comparables are not identical to the Company in terms of principal business, operations and financial position. Nevertheless, we consider that the Consideration Share Comparables could provide a general reference for the recent common market practice of companies listed on the Stock Exchange in relation to the issue of consideration shares under specific mandate as whole/part of the consideration under similar market conditions. Details of our analyses are set out in the following table:

Table 2: Analysis on consideration shares of the Consideration Share Comparables

Date of announcement	Company name	Stock code	Premium over/ (discount to) the closing share price on the last trading day	Whether the vendor is connected person	No. of shares issued over the issued share capital as at the date of announcement
			Approximate *%*	*(Y/N)*	*Approximate* *%*
7-Apr-14	Jun Yang Solar Power Investments Limited	397	0.00	Y	12.27
16-Apr-14	CITIC Pacific Limited	267	6.48	Y	454.28
17-Apr-14	Kiu Hung Energy Holdings Limited	381	(21.05)	N	30.10
21-Apr-14	Changhong Jiahua Holdings Limited	8016	(33.30)	Y	47.69
30-Apr-14	Technovator International Limited	1206	(13.00)	Y	22.90
19-May-14	China Public Procurement Limited	1094	19.40	N	5.90
26-May-14	Asian Capital Resources (Holdings) Limited	8025	0.00	Y	18.60
13-Jun-14	North Asia Strategic Holdings Limited	8080	(10.08)	N	20.00
5-Jun-14	China Investments Holdings Limited	132	(1.25)	Y	44.10
2-Jul-14	Hainan Meilan International Airport Company Limited	357	0.14	N	39.53
2-Jul-14	Symphony Holdings Limited	1223	20.00	Y	11.00
		Mean	(2.97)		
		Maximum premium	20.00		
		Maximum discount	(33.30)		
The Company			(30.38)	Y	14.50

Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in the table above, the issue price per consideration share issued under the respective Consideration Share Comparables to the respective closing share price on the last trading day ranges from a discount of approximately 33.30% to a premium of approximately 20.00%, with a mean of approximately 2.97% discount. It is noted that the discount of approximately 30.38% represented by the Issue Price over the closing price of the Share on the Last Trading Day falls within the range of that of the Consideration Share Comparables.

Despite that the Issue Price represents a discount of approximately 30.38% to the closing Share price on the Last Trading Day, taking into account that (i) the Group had recorded a significant drop in profit in the first quarter of 2014; (ii) the Share price was on a general downward trend and reached the lowest of HK$0.54 per Share during the Review Period; (iii) the discount under the closing price of the Shares on the Last Trading Day as represented by the Issue Price falls within the range of that of the Consideration Share Comparables; and (iv) the reasons for and benefits of the Acquisitions as described under the paragraphs headed "2. Reasons for and benefits of the Acquisitions" above, we are of the view that the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

5. Effects on shareholding structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (assuming no other changes in the issued share capital of the Company) are set out below:

Table 3: Shareholding structures of the Company

	As at the Latest Practicable Date		**Immediately after Completion**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
U Banquet (Cheung's) Holdings Company Limited *(Note 1)*	255,570,000	63.89	255,570,000	55.80
Wong Tsip Yue, Pauline *(Note 2)*	200,000	0.05	200,000	0.04
The Vendor	—	—	58,000,000	12.66
Public Shareholders	144,230,000	36.06	144,230,000	31.50
Total	400,000,000	100	458,000,000	100

Notes:

1. U Banquet (Cheung's) Holdings Company Limited, a company incorporated in the British Virgin Islands and is owned as to 58.5% by Mr. Cheung Ka Ho and 41.5% by Mr. Cheung Ka Kei. Both Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are executive Directors.

2. The 200,000 shares represent beneficial interest of the spouse of Ms. WONG Tsip Yue, Pauline, an independent non-executive Director.

3. Assuming there is no change in the existing shareholding of the Company except for the issue of the Consideration Shares.

As illustrated in the table above, the interest of the existing public Shareholders will be diluted from approximately 36.06% to approximately 31.50% immediately after Completion. Nevertheless, taking into account (i) the reasons for and the benefits of the Acquisitions as described under the paragraphs headed "2. Reasons for and benefits of the Acquisitions" above; and (ii) the terms of the General Corporation Agreement and Smart Award Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we consider that the possible dilution effect on the shareholding interests of the existing public Shareholders is justifiable.

6. Financial impacts of the Acquisitions

(i) Earnings

Upon Completion, the Target Companies will be treated as a wholly-owned subsidiary of the Group and its financial results will continue to be consolidated into the consolidated financial statements of the Group with its interest in the Target Companies increased from approximately 50.005% to 100%.

As each of General Corporation and Smart Award recorded a profit for the year ended 31 December 2013, it is expected that the Acquisitions would have positive financial effects on the profit attributable to the owners of the Company assuming the Completion had taken place on 31 December 2013.

(ii) Net assets value

Assuming that the Completion had taken place on 31 December 2013, the audited net assets value of the Group as at 31 December 2013 would remain unchanged.

(iii) Working capital

Given the Acquisitions will not involve any immediate cash outlay of the Group (save for the payment of related expenses), it is expected that the Acquisitions would not have any impact on the working capital of the Group upon Completion.

RECOMMENDATIONS

Based on the abovementioned principal factors and reasons, while the entering into the Agreements and the relevant transactions contemplated therein is not in the ordinary and usual course of business of the Company, the terms of the Agreements and the relevant transactions contemplated therein are normal commercial terms and the entering into the Agreements and the relevant transactions contemplated therein are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Agreements and the relevant transactions contemplated therein.

Yours faithfully,
For and on behalf of
Goldin Financial Limited

Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Goldin Financial Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance industry.

International Valuation Limited
國際評估有限公司

18 August 2014

The Director
U Banquet Group Limited
Unit F, 28/F, Block 2
Vigor Industrial Building
49-53 Ta Chuen Ping Street
Kwai Chung, New Territories
Hong Kong

Dear Sir,

Re: Valuation of the 49.995 Percent Equity Interest in the Subsidiaries (as Defined Herein) of U Banquet Group Limited

In accordance with your instructions for us to carry out an appraisal of the fair value of the 49.995 percent equity interest in Smart Award Limited and General Corporation Limited (hereinafter respectively referred to as "Smart Award", "General Corporation", and collectively the "Subsidiaries"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair values of the Subsidiaries as at 31 March 2014 (hereinafter referred to as the "Valuation Date").

This report states the purpose and basis of appraisal, scope of work, an overview of the Subsidiaries, financial performance review of the Subsidiaries, major assumptions, valuation methodology of our appraisal, limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF APPRAISAL

International Valuation Limited (hereinafter referred to as "IVL") acknowledges that this report is being prepared solely for the use of the directors and management of U Banquet Group Limited (hereinafter referred to as the "Company"). The Company is a public company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and engages in the restaurant business primarily in Hong Kong.

IVL acknowledges that this report may be made available to the Company for public inspection purpose and inclusion in the circular of the Company in relation to the proposed acquisition of the 49.995 percent equity interest in the Subsidiaries by the Company. This report is not to be used for any purpose other than that mentioned above, including issue to third parties, without our prior approval of the use, form and context in which it is released.

IVL assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 BASIS OF VALUATION

Our valuation is based on going concern premise and conducted on a fair value basis. Fair value is defined as "the estimated amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

3.0 SCOPE OF WORK

Our appraisal conclusions are based on the assumptions stated herein and on information provided by the management of the Subsidiaries and the Company, or their representatives (hereinafter referred to as the "Management"). In preparing this report, we have had discussions with the Management in relation to the development and prospects of the frozen good, fresh seafood and vegetable distribution industry in Hong Kong Special Administrative Region (hereinafter referred to as "Hong Kong"), and the business strategies, operations and other relevant information of the Subsidiaries.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Subsidiaries provided to us by the Management and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Subsidiaries will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation. In applying these projections to the appraisal of the fair values of the Subsidiaries, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

4.0 THE SUBSIDIARIES

Name of Subsidiaries	Interest Held	Principal Activities
Smart Award Limited	50.005%	Sales of frozen food and high value dried food
General Corporation Limited	50.005%	Sales of fresh vegetable and seafood

4.1 Historical Financial Performance

4.1.1 Smart Award (in HKD)

	Jan - Mar 2013 (a)	Jan - Dec 2013 (b)	Jan - Mar 2014 (c)	Apr 13 - Mar 14 (b-a+c)
Sales	7,935,378	40,317,864	10,765,836	43,148,322
Cost of sales	(6,653,629)	(34,570,670)	(9,332,096)	(37,249,137)
Gross Profit (Loss)	1,281,749	5,747,194	1,433,740	5,899,185
Other Income	0	3,323	0	3,323
Employee benefits	(9,000)	(30,000)	0	(21,000)
Depreciation	0	0	0	0
Operating lease rental	0	0	0	0
Utilities expenses	0	0	0	0
Other operating expenses	(21,675)	(3,366,205)	(18,100)	(3,362,630)
Operating profit	1,251,074	2,354,312	1,415,640	2,518,878
Interest income/(expenses)	2	80	0	78
Profit before tax	1,251,076	2,354,391	1,415,640	2,518,955

4.1.2 General Corporation (in HKD)

	Jan - Mar 2013	Jan - Dec 2013	Jan - Mar 2014	Apr 13 - Mar 14
	(a)	(b)	(c)	(b-a+c)
Sales	4,472,457	17,835,442	4,528,500	17,891,485
Cost of sales	(2,828,799)	(10,967,025)	(2,681,802)	(10,820,029)
Gross Profit (Loss)	1,643,658	6,868,417	1,846,698	7,071,457
Other Income	0	164	2,639	2,803
Employee benefits	(349,281)	(902,836)	(138,220)	(691,775)
Depreciation	(7,300)	(29,346)	(7,337)	(29,383)
Operating lease rental	(37,698)	(141,464)	(37,698)	(141,464)
Utilities expenses	(13,418)	(95,036)	(21,461)	(103,078)
Other operating expenses	(65,389)	(3,773,288)	(571,438)	(4,279,337)
Operating profit	1,170,572	1,926,612	1,073,183	1,829,224
Interest income/(expenses)	0	29	0	29
Profit before tax	1,170,572	1,926,641	1,073,183	1,829,252

4.2 Normalization

Normalization is a process of applying adjustments to financial statements for items not representative of the present going concern status of the business. Normalizing adjustments could include elimination of the effects of discontinued operations or nonrecurring items, or the adjustment of abnormal depreciation charges. With reference to the International Glossary of Business Valuation Terms, normalized earnings are "economic benefits adjusted for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparison".

We have discussed with the Management in relation to several expense items appear in the Subsidiaries' historical income statements which we found unusual, and have been acknowledged that since Smart Award and General Corporation were sister companies, some expenses were shared between them but recorded in only one of the Subsidiaries' books. Smart Award and General Corporation respectively paid management fee of HKD3,240,000 and HKD2,040,000 to its parent company, of which was non-operating in nature. The normalization made to the Subsidiaries' income statements for the period from April 2013 to March 2014 are shown as follows:

4.2.1 Smart Award (in HKD)

	Unadjusted Statement Apr 2013 - Mar 2014	Normalization	Normalized Statement Apr 2013 - Mar 2014
Sales	43,148,322	—	43,148,322
Cost of sales	(37,249,137)	—	(37,249,137)
Gross Profit (Loss)	5,899,185	—	5,899,185
Other Income	3,323	-3,323	0
Employee benefits	(21,000)	-1,048,921	(1,069,921)
Depreciation	0	-29,383	(29,383)
Operating lease rental	0	-141,464	(141,464)
Utilities expenses	0	-75,257	(75,257)
Other operating expenses	(3,362,630)	+1,786,892 *(Note)*	(1,575,739)
Operating profit	2,518,878		3,007,421
Interest income/(expenses)	78	—	78
Profit before tax	2,518,955		3,007,499
Income taxes @ 16.5%			(496,237)
Normalized Net Profit			2,511,262

Note: Details of the normalization amount HKD1,786,892 are presented in the table below:

Expenses item	Amount booked	Normalization Amount	Reason for normalization
Cleaning and sanitary expenses	—	-24,263	To operate individually, Smart Award would need to rent certain office space and incur cleaning and sanitary expenses at an amount which we assume to be the same as what General Corporation had spent over the last twelve months.
Consumable stores	—	-24,843	To operate individually, Smart Award would expend on consumable stores at an amount which we assume to be the same as what General Corporation had spent over the last twelve months.
Management fee	-3,240,000.00	+3,240,000	Non-operative in nature.

Expenses item	Amount booked	Normalization Amount	Reason for normalization
Printing and stationery	—	-40,763	We allocate the total printing and stationery (HKD57,665.50) between Smart Award and General Corporation according to their respective revenue in the period. In this case, Smart Award should share: HKD57,665.5 x { 43,148,322/ (43,148,322 + 17,891,485) } = HKD40,763
Repairs and maintenance	—	-12,958	To operate individually, Smart Award would expend on repairs and maintenance at an amount which we assume to be the same as what General Corporation had spent over the last twelve months.
Services fee to worker	—	-565,741	We allocate the total services fee to worker (HKD800,325.50) between Smart Award and General Corporation according to their respective revenue in the period. In this case, Smart Award should share: HKD800,325.50 x { 43,148,322/ (43,148,322 + 17,891,485) } = HKD565,741
Sundry expenses	—	-44,446	We allocate the total sundry expenses (HKD62,875.52) between Smart Award and General Corporation according to their respective revenue in the period. In this case, Smart Award should share: HKD62,875.52 x { 43,148,322/ (43,148,322 + 17,891,485) } = HKD44,446
Transportation charges and staff fares	—	-740,095	We allocate the total transportation charges and staff fares (HKD1,046,976.60) between Smart Award and General Corporation according to their respective revenue in the period. In this case, Smart Award should share: HKD1,046,976.60 x { 43,148,322/ (43,148,322 + 17,891,485) } = HKD740,095
		+1,786,892	

4.2.2 General Corporation (in HKD)

	Unadjusted Statement Apr 2013 - Mar 2014	Normalization	Normalized Statement Apr 2013 - Mar 2014
Sales	17,891,485	—	17,891,485
Cost of sales	(10,820,029)	—	(10,820,029)
Gross Profit (Loss)	7,071,457		7,071,457
Other Income	2,803	-2,803	0
Employee benefits	(691,775)	-103,079	(794,853)
Depreciation	(29,383)	—	(29,383)
Operating lease rental	(141,464)	—	(141,464)
Utilities expenses	(103,078)	+67,095	(35,983)
Other operating expenses	(4,279,337)	+3,431,045 (Note)	(848,292)
Operating profit	1,829,224		5,221,482
Interest income/(expenses)	29		29
Profit before tax	1,829,252		5,221,511
Income taxes @ 16.5%			(861,549)
Normalized Net Profit			4,359,962

Note: Details of the normalization amount HKD3,431,045 are presented in the table below:

Expenses item	Amount booked	Normalization Amount	Reason for normalization
Management fee	-2,040,000.00	+2,040,000	Non-operative in nature.
Printing and stationery	-57,665.50	+40,763	Add back the amount of printing and stationery allocated to Smart Award.
Services fee to worker	-800,325.50	+565,741	Add back the amount of services fee to worker allocated to Smart Award.
Sundry expenses	-62,875.52	+44,446	Add back the amount of sundry expenses allocated to Smart Award.
Transportation charges and staff fares	-1,046,976.60	+740,095	Add back the amount of transportation charges and staff fares allocated to Smart Award.
		+3,431,045	

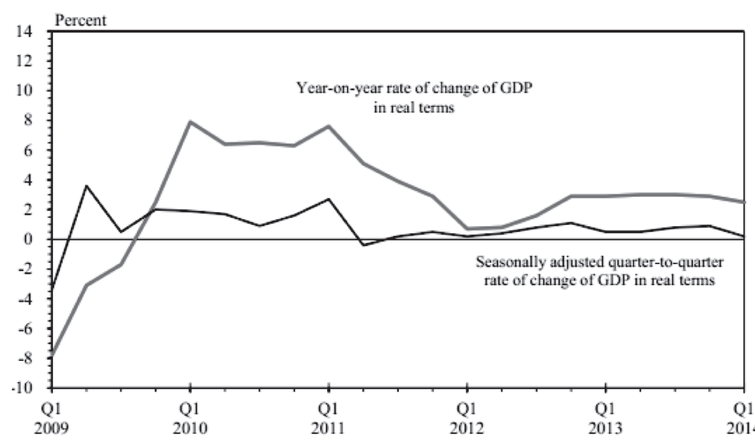
5.0 ECONOMIC OVERVIEW OF HONG KONG

Content in the following sub-section is excerpted from First Quarter Economic Report 2014 published by Hong Kong SAR Government.

5.1 Gross Domestic Product

In the first quarter of 2014, Gross Domestic Product ("GDP") grew by 2.5% in real terms over a year earlier, slightly slower than that of 2.9% in the preceding quarter (revised from the earlier estimate of 3.0%). On a seasonally adjusted quarter-to-quarter comparison, real GDP grew slightly by 0.2% in the first quarter, after the 0.9% growth in the preceding quarter.

Economic growth remained moderate in the first quarter of 2014



(Source: Hong Kong SAR Government)

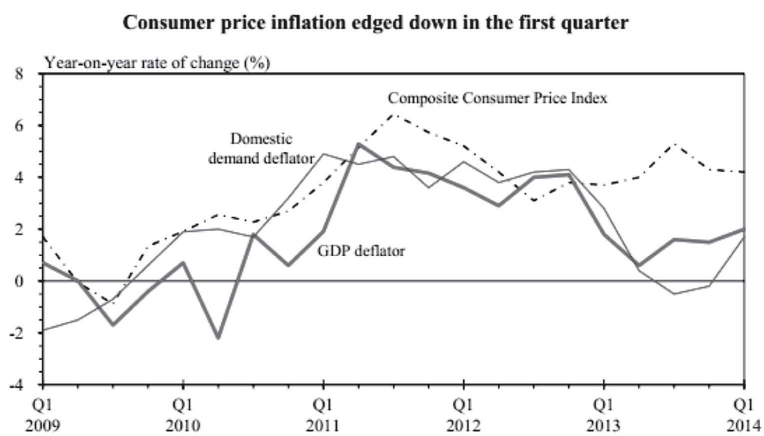
5.2 Consumer Spending

Private consumption expenditure grew further by 2.0% year-on-year in real terms in the first quarter of 2014. The somewhat slower growth was partly due to a high base of comparison in the same quarter of 2013 and partly affected by the difference in the timing of Easter holidays in 2013 and 2014. On a seasonally adjusted basis, private consumption expenditure grew solidly further, by 1.1% in the first quarter of 2014 over the preceding quarter.

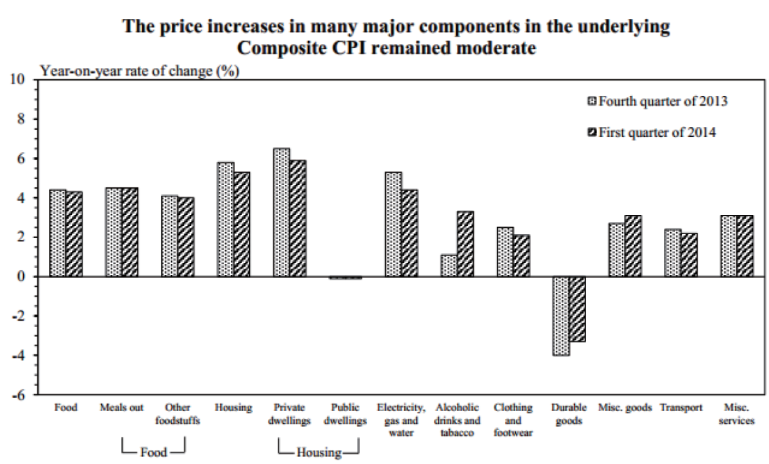
5.3 Consumer Prices and Inflation Rates

Consumer price inflation eased slightly in the first quarter of 2014. Domestically, the increase in private housing rental component moderated as the milder increases in the fresh-letting rentals continued to feed through. The growth in wage costs also held steady. Externally, international food and commodity prices generally saw little upward pressure, while inflation in Hong Kong's most major import partners remained in check.

Headline consumer price inflation was 4.2% in the first quarter of 2014, down from 4.3% in the fourth quarter of 2013. Netting out the effects of the Government's one-off relief measures to more accurately reflect the underlying inflation trend, the underlying composite consumer price inflation edged down to 3.8% in the first quarter of 2014, from 4.0% in the preceding quarter. The GDP deflator rose by 2.0% in the first quarter, with a slightly better terms of trade, a moderated decline in prices for gross domestic fixed capital formation and a slower increase in prices for consumption expenditure.



(Source: Hong Kong SAR Government)



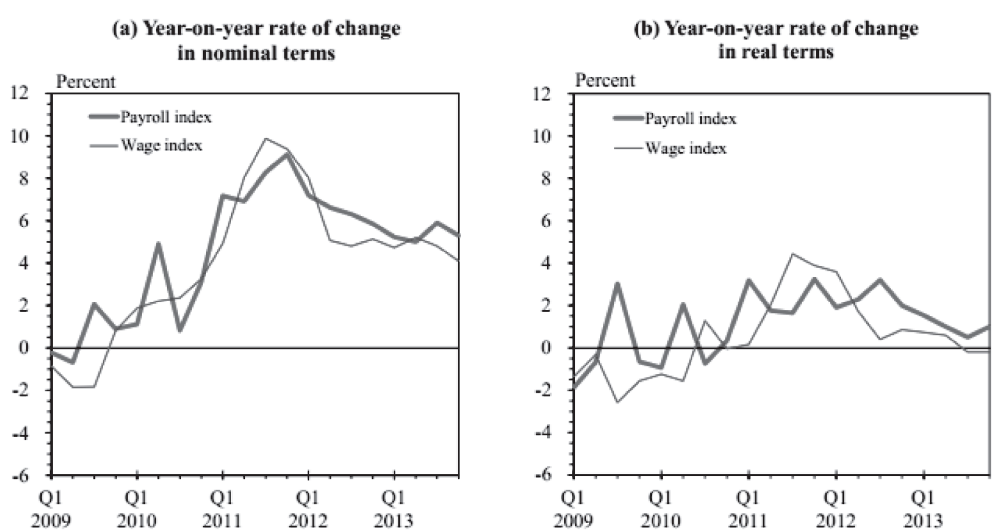
(Source: Hong Kong SAR Government)

5.4 Wages

Wages and earnings stayed on the rise in 2013, reflecting the persistently tight manpower situation throughout the year. Nominal wage index, which measures the regular payment to employees at the supervisory level or below, rose further by 4.1% year-on-year in December 2013. For 2013 as a whole, labour wages posted a solid increase of 4.7% in nominal terms. After adjusting for inflation, there was a modest gain of 0.1% in real terms.

Nominal wages increased across all economic sectors and occupations in December 2013. More notable gains were observed in real estate leasing and maintenance management (up 9.7% year-on-year), and professional and business services (up 8.1%). Meanwhile, thanks in part to the upward adjustment of the SMW rate in May 2013, the lower-paid workers continued to see a more visible wage growth, at 7.1% and 5.8%, for those engaged as miscellaneous non-production workers and service workers respectively.

Labour earnings and wages sustained real improvements for 2013 as a whole



(Source: Hong Kong SAR Government)

5.5 Tourism

Inbound tourism continued to put up a robust performance in the first quarter, with overall visitor arrivals leaping by 15.3% over a year earlier to 14.7 million. Mainland visitors remained the major growth driver, surging by 20.1% to 11.4 million. Visitors from short-haul markets increased at a modest pace, by 3.4%. Visitors from long-haul markets remained on a decline, down by 1.9%, reflecting the sluggish growth in most advanced economies. Analyzed by the length of stay, overnight visitors went up by 13.5% and same day visitors by a more impressive 17.0%. As a result, the share of same-day visitors edged up from 53.1% a year earlier to 53.9% in the first quarter, while that of overnight visitors edged down from 46.9% to 46.1%.

2014 Visitor Arrivals (Year-to-date): 19,445,941

Major Market Areas	Apr 2013	Apr 2014	Growth (%)
All Countries	4,279,889	4,747,960	+10.9
The Americas	163,992	158,504	-3.3
Europe, Africa & the Middle East	227,174	227,172	—
Australia, New Zealand & South Pacific	66,608	79,555	+19.4
North Asia	152,926	163,543	+6.9
South & Southeast Asia	321,524	306,491	-4.7
Taiwan	174,210	164,515	-5.6
Mainland China	3,110,141	3,568,064	+14.7

(Source: Hong Kong Tourism Board)

Total Tourism Expenditure Associated to Inbound Tourism

Tourism Expenditure from	Jan-Jun 2012 (HK$Mn)	Jan-Jun 2013 (HK$Mn)	Growth (%)
Overnight Visitors	85,007.45	98,388.26	+15.7
Same-day In-town Visitors	23,475.31	31,870.24	-35.8
Cruise-in/Cruise-out Passengers *(Figures confined to Transit Cruise Passengers only)*	48.13	26.62	-44.7
Servicemen	22.67	5.08	-77.6
Aircrew Members	952.22	952.77	+0.1
Transit/Transfer Passengers	1,520.49	1,895.42	+24.7
Total Destination Consumption Expenditure	**111,026.27**	**133,138.39**	**+19.9**

(Source: Hong Kong Tourism Board)

6.0 INDUSTRY OVERVIEW

As advised by the Management, traditional Chinese restaurants have always been the major purchasers of the Subsidiaries' products, and are likely to remain so in the foreseeable future. Because of its reliance on the restaurants industry in Hong Kong, we believe it is crucial to have an understanding of such industry in order to analyze the Subsidiaries' current business operation and its future performance.

According to the Report on Quarterly Survey of Restaurant Receipts and Purchases (the "Report") published by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (the "CSD"), the value of total receipts of the restaurants sector in the first quarter of 2014, was provisionally estimated at $25.1 billion, increased by 3.3% over a year earlier. Over the same period, the provisional value of total purchases by restaurants increased by 0.8% to $8.6 billion.

Analyzed by the type of restaurant and comparing the first quarter of 2014 with the first quarter of 2013, the Report found that: (i) total receipts of Chinese restaurants increased by 1.4% in value but decreased by 3.1% in volume; (ii) total receipts of non-Chinese restaurants increased by 3.7% in value and 0.2% in volume; (iii) total receipts of fast food shops increased by 6.1% in value and 1.3% in volume; (iv) total receipts of miscellaneous eating and drinking places increased by 10.7% in value and 5.2% in volume; and (v) as for bars, total receipts decreased by 1.4% in value and 6.9% in volume.

		Restaurant Receipts by Type of Restaurant (HKD million)						Total
Year	Qtr	Chinese Restaurants	Non-Chinese Restaurants	Fast Food Shops	Bars	Others	Total Receipts	Restaurant Purchases
2013	Q1	11,446	6,945	4,188	356	1,400	24,335	8,512
	Q2	10,698	6,646	4,230	375	1,384	23,333	7,934
	Q3	11,428	6,650	4,257	374	1,476	24,185	8,363
	Q4	12,132	6,994	4,361	425	1,465	25,377	8,873
2014	Q1	11,601	7,200	4,443	351	1,550	25,146	8,584

(Source: Hong Kong Census and Statistics Department)

The total number of restaurant in fourth quarter in 2013 was 15,920, reflecting a downward trend since the first quarter in 2013. The highest number was recorded in the first quarter in 2013 at 16,108. It is believed the decreasing in number of restaurant was mainly due to the increase of rental cost. Meanwhile, according to the statistics from InvestHK, the total Chinese restaurants in 2012 were 4,781 which approximately 30% of the total restaurant in Hong Kong.

Restaurants	No. of establishments 2012	Employment 2012
Total F&B services	15,903	236,002
Chinese restaurants	4,781	106,658
Non-Chinese restaurants	2,127	29,438
Fast food shops	1,599	41,262

(Source: InvestHK)

7.0 MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in this valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Subsidiaries operate or intend to operate has or would be officially obtained, and renewed upon expiry.

- There will be sufficient supply of technical staff in the industry in which the Subsidiaries operate, and the Subsidiaries will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

- There will be no major changes in the current taxation laws in the localities in which the Subsidiaries operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Subsidiaries operate or intend to operate, which would adversely affect the revenues attributable to and the profitability of the Subsidiaries.

- Interest rates and exchange rates in the localities for the operation of the Subsidiaries will not differ materially from those presently prevailing, and the businesses of the Subsidiaries are and will be conducted on an arm’s length basis.

8.0 INFORMATION REVIEW

Our opinion requires consideration of relevant factors affecting the fair value of the Subsidiaries. The factors considered included, but not limited to, the followings:

- Management accounts of the Subsidiaries for the years ended 31 December 2012 and 31 December 2013, and for the quarters ended 31 March 2013 and 31 March 2014;
- Historical information of the Subsidiaries;
- Financial statement the Subsidiaries' comparable companies;
- Market trends of the industry and other dependent industries;
- Business strategies of the Subsidiaries;
- General descriptions in relation to the Subsidiaries; and
- Economy and industry outlook in Hong Kong.

We have assumed the accuracy of information provided by the Management and relied to a considerable extent on such information to conclude our opinion of value.

9.0 GENERAL APPRAISAL APPROACHES

There are three generally accepted approaches to obtain the fair value of the Subsidiaries, namely, the market approach, the asset approach and the income approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

9.1 Market Approach

It values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, valuation analysts will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analyses of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

9.2 Asset Approach

The asset approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long term debt). In other words, the value of a business entity is represented by the money that has been made available to purchase the business assets needed. This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt).

After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity. From a valuation perspective, valuation analysts will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, valuation analysts can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

9.3 Income Approach

The income approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits, as illustrated by the formula below.

$$DCF = \sum_{i=0}^{n} \frac{CF_i}{(1+r)^i}$$

where DCF	denotes discounted cash flows
CF_i	denotes cash flows in period *i*, from 0 to *n*
r	denotes discount rate for a period

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

10.0 APPRAISAL APPROACHES FOR THE SUBSIDIARIES

In the process of valuing the Subsidiaries, we have taken into consideration of the business natures, the industry they are participating, and the purpose of the valuation, and we believed that the market approach would be appropriate and reasonable to estimate the fair values of the Subsidiaries.

We believe cost approach is not appropriate given that this approach fails to consider the going concern and ignores the economic benefits of the business. Also, we believe income approach is not appropriate in this case because it relies heavily on financial estimation and cash flow projection, which are highly uncertain as the Subsidiaries' future performance is, to a great extent, subject to the fluctuations of factors such as food prices, consumer's habit of dining, and other economic variables.

In comparison, market approach is based on observable actual trading prices of the shares of comparable companies to derive indications of values and provides a more objective estimation of value. We have therefore relied solely on market approach in determining the fair values of the Subsidiaries.

10.1 Valuation Process

We use the guideline public companies method to arrive at fair values of the 49.995% equity interest of the Subsidiaries. This method requires us to:

(i) Identify a group of comparable listed companies;

(ii) Choose one or more valuation multiples, that is, price to earnings ("P/E"), price to book ("P/B"), enterprise value to earnings before interests, taxes, depreciation and amortization ("EV/EBITDA"), et cetera, which best serves as a reasonable indicator of the Subsidiaries' fair values;

(iii) Obtain the corresponding multiples of the comparable listed companies as at the Valuation Date from a reliable source;

(iv) Choose an appropriate value of multiple to be applied in valuing the Subsidiaries; and

(v) Reflect the premium on control and lack of liquidity discount to the calculated multiple.

10.2 Comparable Companies

In the process of identifying comparable companies of the Subsidiaries, we relied on the use of Bloomberg database which presented all listed companies in the Food Distributors according to the industry classification benchmark ("ICB"). The business model, geographical location, and product profiles of the short-listed companies are then further examined. Companies satisfying the following criteria are considered as guideline public companies for the valuation:

- Shares of the company are publicly traded on a stock market with significant liquidity.
- Significant portion of revenue derived from food distribution.
- Recorded positive earnings (net profit) over the last twelve months.
- Market capitalization, enterprise value, normalized earnings, earnings before interest, taxes, depreciation and amortization ("EBITDA"), and other financial data is obtainable from Bloomberg.

In the course of identifying comparable companies, we found that only two companies listed in Hong Kong met the above criteria. To increase the number of comparable companies for the reason of obtaining a more reliable (less biased) multiple ratio, we decided to include companies outside Hong Kong which met the above-stated crucial criteria. Although the market size of food distribution business is different across these countries (HK, US, Japan, and Italy), they are all considered to be developed economies and that their citizens, on average, enjoy relatively comparable (in contrast to those in developing countries) standards of living. As a result, we believe they could also be regarded as 'comparable companies' for the purpose of appraising the value of Smart Award and General Corporation.

We had, on a best efforts basis, identified 6 companies (as presented below) which fulfilled all of the selection criteria. We believe the list is exhaustive.

Company (Stock Code)	Main Business
HK Food Investment Holdings Ltd (60.HK)	Engages in the trading of frozen meats, seafood, and vegetables in Hong Kong and Mainland China.
Pacific Andes International Holdings Ltd (1174.HK)	Engages in the trading of frozen seafood products and vegetable.
Satoh & Co Ltd (9996.JP)	A wholesaler of commercial use foods. It mainly sells cooked frozen foods, confectionery materials, and seafood for hotels and restaurants in Hokkaido and Tohoku regions.

Sysco Corporation (SYY.US)	It distributes food and related products primarily to the food service industry.
Chefs' Warehouse Inc (CHEF.US)	It is a premier distributor of specialty food products in the United States.
Marr SpA (MARR.IM)	It distributes food and non-food items to hotels, restaurants, and canteens.

Note: Company descriptions stated above are excerpts from Bloomberg.

10.3 Valuation Multiples

In this valuation assignment, we have considered the following widely adopted valuation multiples:

- Price to earnings ("P/E")
- Price to book value ("P/B")
- Price to sales ("P/S")
- Enterprise value to earnings before interests, taxes, depreciation and amortization ("EV/EBITDA")
- Enterprise value to earnings before interests and taxes ("EV/EBIT")

We conclude that trailing P/E is the most appropriate valuation multiple to be used in valuing the fair values of the 49.995 percent equity interest in the Subsidiaries because:

(i) It is widely recognized and used by investors;

(ii) Earnings power is usually regarded as the driver of investment value; and

(iii) According to empirical research, differences in stocks' P/E may be related to differences in long-run average returns on investments in those stocks.

10.4 P/E Multiple of the Comparable Companies

Comparable	P(1)/T12M EPS(2)
Hong Kong Food Investment Holdings Ltd (60.HK)	13.57
Pacific Andes International Holdings Ltd (1174.HK)	5.79
Satoh & Co Ltd (9996.JP)	11.71
Sysco Corporation (SYY.US)	18.18
Chefs' Warehouse Inc (CHEF.US)	29.09*
Marr SpA (MARR.IM)	19.75
Mean	13.80**
Median	13.57**

Notes:

(1) as at 31 March 2014.

(2) as at 31 March 2014. T12M means 'Trailing twelve months'

* *Outlier, excluded in the calculation of mean and median*

** *rounded to two decimal places*

10.5 Lack of Marketability Discount ("LOMD")

A major difference between a closely held private company's common shares and those of its publicly traded comparable companies is its lack of marketability, "the capability and ease of transfer or salability of an asset, business, business interest, or security" [1]. It is not uncommon to see that when a private company's shareholder tries to liquidate his position, the cost and time consumed is relatively more significant than a public company's shareholder would have incurred, and as a result, it is intuitive that a share in a private company is usually worth less than an otherwise comparable share in a public company. Following the reason just stated, a LOMD was employed to reflect the Subsidiaries' lack of marketability, and in this valuation assignment, based on 9 restricted stock studies (hereinafter referred to as the "Studies") as shown below, we are of the opinion that an appropriate marketability discount for the purpose of this valuation is 30%.

The Studies refers to the comparison of private placements of restricted shares of public company stocks with publicly traded unrestricted shares of the same company. The restrictions imposed on the private placement shares are generally imposed by the Securities and Exchange Commission rules. The following studies took place from 1971 through 2003. The results have varied and each study differs from industry to industry. The Studies are well known in the industry and relevant, therefore meaningful in our opinion. We are not aware of any similar studies performed using Hong Kong or China market data.

The Studies were selected with reference to the book, "*Universal and Fundamental Applications" (3rd Edition), published* by International Association of Consultants, Valuators and Analyst. In that book, 15 studies were introduced, of which only 13 of them provided a result on the average lack of marketability discount. We picked the Studies among 13 to calculate a reasonable level of discount as the remaining 4 studies: (i) were conducted using limited number of transactions data (less than 30); or (ii) indicates a discount which we regard as an outlier. The Studies studies do not represent a full and exhaustive list, but can be regarded as the most commonly referred to studies used by the valuation practitioners.

[1] International Glossary of Business Valuation Terms

Study	Overall Mean Discount
SEC Institutional Investors	26%
Gelman	33%
Moroney	35%
Maher	35%
Trout	34%
Dilber	34%
Hall & Polacek	23%
Management Planning	27%
FMV Opinions	22%
Average	30%

10.6 Valuation by the Market Approach

The trailing P/E multiple calculated for the Subsidiaries' comparable companies 13.8 is then applied to the normalized net profits for the trailing 12 months ended 31 March, 2014, to arrive at the fair values of the Subsidiaries' 49.995% equity interest, as shown below (figures may not add up due to rounding).

10.6.1 Smart Award

Calculated trailing P/E multiple	13.80*
Normalized trailing 12 months net profit	HKD2,511,262
Value of 100% equity interest (before LOMD)	HKD34,651,465
Value of 49.995% equity interest (pro-rated before LOMD)	HKD17,324,000
Less: LOMD @30%	HKD5,197,000
Fair value of 49.995% equity interest (rounded)	HKD12,127,000

10.6.2 General Corporation

Calculated trailing P/E multiple	13.80*
Normalized trailing 12 months net profit	HKD4,359,962
Value of 100% equity interest (before LOMD)	HKD60,160,623
Value of 49.995% equity interest (pro-rated before LOMD)	HKD30,077,304
Less: LOMD @30%	HKD9,023,191
Fair value of 49.995% equity interest (rounded)	HKD21,054,000

* *rounded to two decimal places*

11.0 LIMITING CONDITIONS

This appraisal reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions. To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis, are gathered from reliable sources, yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management and the Company in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Subsidiaries and have assumed no responsibility for the title to the Subsidiaries appraised. We would particularly point out that our appraisal was based on the information such as company background, business nature, market share, future prospecting and in particular the cash flow projections of the Subsidiaries provided to us.

Our conclusion of the fair value is derived from generally accepted appraisal procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. No responsibility is accepted to any third party for the whole or any parts of its contents.

12.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this appraisal report are in Hong Kong Dollars ("HKD"). We hereby confirm that we have no present interests in the Company, the Subsidiaries, or the values reported herein.

13.0 OPINION OF VALUES

Based on the investigation and analysis stated above and on the appraisal methods employed, we are of the opinion that the fair values of 49.995 percent equity interest of Smart Award Limited and General Corporation Limited as at 31 March 2014 were in the sum of **HKD12,127,000 (HONG KONG DOLLARS TWELVE MILLION ONE HUNDRED TWENTY SEVEN THOUSAND ONLY) and HKD21,054,000 (HONG KONG DOLLARS TWENTY ONE MILLION AND FIFTY FOUR THOUSAND ONLY)** respectively.

Yours faithfully,
For and on behalf of
International Valuation Limited

Teddy Iu, *CGMA FCMA FCPA FGS FHKIoD*
MAusIMM MCIM MSEG MSc MSc DipMS
Technical Adviser

Note: Mr Iu is a Chartered Global Management Accountant and currently a Fellow of the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants, the Geological Society of London, and the Hong Kong Institute of Directors. He has over eighteen years valuation experience for different purposes, such as mergers and acquisitions, direct investments, retirement, et cetera.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the ordinary shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Capacity	Number of Shares held	Approximate % of issued share capital
Cheung Ka Ho *(Note)*	Interest in a controlled corporation	255,570,000 Shares *(Note)*	63.89%
Cheung Ka Kei *(Note)*	Interest in a controlled corporation	255,570,000 Shares *(Note)*	63.89%
Wong Tsip Yue, Pauline	Interest of the spouse	200,000	0.05%

Note:

These Shares are registered in the name of U Banquet (Cheung's) Holdings Company Limited, which is owned as to 58.5% by Mr. Cheung Ka Ho and 41.5% by Mr. Cheung Ka Kei. Under the SFO, each of Mr. Cheung Ka Ho and Mr. Cheung Ka Kei is deemed to be interested in all the Shares registered in the name of U Banquet (Cheung's) Holdings Company Limited. Both Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are directors of U Banquet (Cheung's) Holdings Company Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed services contracts with the Company or any member of the Group which does not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the inside information and profit warning announcement of the Company dated 25 July 2014 relating to the financial results of the Company for the six months ended 30 June 2014 and the interim results announcement for the six months ended 30 June 2014 dated 11 August 2014, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of Directors, the controlling Shareholders or their respective close associates or the compliance advise of the Company, Quam Capital Limited, and its directors, employees and close associates had any interests in a business which is considered to compete or is likely to compete, directly or indirectly, with the business of the Group.

6. OTHER INTERESTS OF THE DIRECTORS

On 30 October 2013, Choi Fook Holdings Limited, a subsidiary of the Company, as purchaser and Tai Cheong Hong as supplier entered into a cleaning and sanitary materials supply agreement, pursuant to which Tai Cheong Hong agreed to supply cleaning and sanitary materials to the Group for a period of three years from 30 October 2013 to 29 October 2016 (both days inclusive). The cleaning and sanitary materials are supplied to the Company for consumption in the restaurant business. Tai Cheong Hong is a sole proprietorship set up in Hong Kong which is run by Mr. Cheung Ka Kei, being one of the controlling Shareholders and executive Directors.

Save as disclosed herein, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting as at the Latest Practicable Date, and was significant in relation to the business of the Group.

On 1 July 2013, Choi Fook Holdings Limited, a subsidiary of the Company, as tenant and Billion Treasure Property Development Limited ("**Billion Treasure**") as landlord entered into a lease agreement for the leasing of a non-residential property located at Unit E2 on the 28th Floor of Block 1 and Unit F on the 28th Floor of Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong for a term of 3 years from 1 July 2013 to 30 June 2016 at a monthly rent of HK$35,000 exclusive of rate and management fee. Billion Treasure is a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to approximately 53.1% by Mr. Cheung Ka Ho and approximately 46.9% by Mr. Cheung Ka Kei. The Group had paid HK$245,000 to Billion Treasure for the non-residential property since 31 December 2013, the date to which the latest published audited consolidated accounts of the Group were made up, to the Latest Practicable Date.

Save as disclosed herein, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, the date to which the latest published audited consolidated accounts of the Group were made up.

7. INTEREST OF COMPLIANCE ADVISER

As at the Latest Practicable Date, except for the agreement entered into between the Company and Quam Capital Limited, the Company's compliance adviser, on 8 November 2013, neither the Company's compliance adviser nor its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as notified by the Company's compliance adviser.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	**Qualification**
Goldin Financial	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO.
International Valuation Limited	independent valuer

Each of Goldin Financial and International Valuation Limited has given and has not withdrawn its written consent to the issue of this circular with reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Goldin Financial and International Valuation Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Goldin Financial and International Valuation Limited did not have any interest, either direct or indirect, in any assets which had been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents are available for inspection during 9:00 a.m. to 5:00 p.m. on any weekday (except for Saturdays and public holidays) at the office of the Company at Unit F, 28/F, Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong up to and including 3 September 2014:

(a) the General Corporation Agreement;

(b) the Smart Award Agreement;

(c) the Letter from the Independent Board Committee, the text of which is set out on page 17 of this circular;

(d) the Letter from Independent Financial Adviser, the text of which is set out on pages 18 to 35 of this circular;

(e) the valuation report of General Corporation and Smart Award, the text of which is set out in Appendix I to this circular;

(f) written consents of the experts, referred to in the paragraph headed "Experts and Consents" in this Appendix; and

(g) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

U BANQUET GROUP HOLDING LIMITED
譽宴集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8107)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of U Banquet Group Holding Limited (the "**Company**") will be held at Units 2201-03, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong on 3 September 2014, Wednesday, at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. **THAT**:

(a) the sale and purchase agreement dated 4 July 2014 (the "**General Corporation Agreement**") entered into among Mr. Yip Wang Kwong (the "**Vendor**"), Modern Management (Restaurant) Limited, a wholly-owned subsidiary of the Company, ("**Modern Management**") and the Company in relation to, among other matters, the acquisition of approximately 49.995% interest in General Corporation Limited ("**General Corporation**") at a consideration of HK$20,240,000 (a copy of which has been produced to the meeting and marked "A" and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the issue and allotment of 36,800,000 shares of HK$0.01 each of the Company (the "**General Corporation Shares**"), credited as fully paid at an issue price of HK$0.55 per share, by the Company as consideration shares pursuant to the terms and conditions of the General Corporation Agreement be and is hereby approved and confirmed; and

(c) the directors of the Company (the "**Directors**") be and are hereby authorized to execute such all other documents, do all other acts and things and take such action as may in the opinion of the Directors be necessary, desirable or expedient to implement and give effect to the General Corporation Agreement and the issue and allotment of the General Corporation Shares and any other transactions contemplated under or incidental to the General Corporation Agreement.

2. **THAT**:

(a) the sale and purchase agreement dated 4 July 2014 (the "**Smart Award Agreement**") entered into among the Vendor, Modern Management and the Company in relation to, among other matters, the acquisition of approximately 49.995% interest in Smart Award Limited ("**Smart Award**") at a consideration of HK$11,660,000 (a copy of which has been produced to the meeting and marked "B" and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the issue and allotment of 21,200,000 shares of HK$0.01 each of the Company (the "**Smart Award Shares**"), credited as fully paid at an issue price of HK$0.55 per share, by the Company as consideration shares pursuant to the terms and conditions of the Smart Award Agreement be and is hereby approved and confirmed; and

(c) the Directors be and are hereby authorized to execute such all other documents, do all other acts and things and take such action as may in the opinion of the Directors be necessary, desirable or expedient to implement and give effect to the Smart Award Agreement and the issue and allotment of the Smart Award Shares and any other transactions contemplated under or incidental to the Smart Award Agreement.

By order of the Board
U Banquet Group Holding Limited
Cheung Ka Ho
Chairman and Executive Director

Hong Kong, 18 August 2014

Notes:

1. All resolutions set out in this notice of the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company in accordance with the GEM Listing Rules.

2. A member of the Company entitled to attend and vote at the Meeting will be entitled to appoint one or more proxies to attend and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.

3. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.

4. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.

5. Where there are joint registered holders of any Share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

6. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 1 September 2014 to Wednesday, 3 September 2014 (both days inclusive), during which period no transfer of Shares will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 August 2014.