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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).

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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 TRANSACTION IN RELATION TO THE ACQUISITIONS OF ENTIRE INTEREST IN BILLION TREASURE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to U Banquet Group Holding Limited



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



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 43 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of U Banquet Group Holding Limited to be held at Room 2401-02, 24 Floor, Jubilee Centre, 46 Gloucester Road, Wanchai, Hong Kong on 12 December 2014, Friday, at 10:00 a.m. is set out on pages 57 to 58 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 (address to be changed to A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong with effect from 1 December 2014) 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

26 November 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.

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DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
“Billion Treasure”	Billion Treasure Property Development Limited (億采物業發展有限公司), a company incorporated in Hong Kong and is wholly-owned by the Vendors
“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
“Company”	U Banquet Group Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8107)
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration Shares”	7,000,000 new Shares to be issued and allotted by the Company to the Vendors or their nominee upon Completion
“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 Sale and Purchase Agreement 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
“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong Interbank Offered Rate

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities 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 Sale and Purchase Agreement 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 resolution(s) for approving the Acquisition and the allotment and issue of the Consideration Shares
“Last Trading Day”	10 October 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 10 October 2014 in relation to, among other, the Acquisition
“Latest Practicable Date”	21 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Long Stop Date”	31 December 2014 (or such later date as the Vendors, the Purchaser and the Company may agree in writing)
“Purchaser”	Kind Access Development Limited, a company incorporated in British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 10 October 2014 entered into among the Vendors, the Purchaser and the Company in relation to the Acquisition
“Sale Shares”	3,200,000 shares in Billion Treasure, representing the entire issued share capital of Billion Treasure
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, being the executive Directors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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

26 November 2014

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITIONS OF
ENTIRE INTEREST IN BILLION TREASURE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Company announced that on 10 October 2014, the Purchaser, a direct wholly-owned subsidiary of the Company, the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Billion Treasure. Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Shares is HK\$4,900,000, which shall be satisfied by the issue and allotment of the Consideration Shares to the Vendors or their nominee upon Completion.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date

10 October 2014

Parties

1. Purchaser : Kind Access Development Limited, a direct wholly-owned subsidiary of the Company
2. Vendors : Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, the executive Directors
3. Holding company of the Purchaser : the Company

Assets to be acquired

The Sale Shares, representing 3,200,000 issued shares, being the entire issued share capital of Billion Treasure.

Consideration

The consideration for the Acquisition is HK\$4,900,000, which shall be satisfied by the issue and allotment of 7,000,000 Consideration Shares at an issue price of HK\$0.70 each to the Vendors or their nominees at Completion. Among the 7,000,000 Consideration Shares, 3,718,750 Shares and 3,281,250 Shares shall be issued and allotted to Mr. Cheung Ka Ho and Mr. Cheung Ka Kei respectively.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors and on normal commercial terms with reference to:

- (i) the unaudited net asset value of Billion Treasure as at 30 June 2014 of approximately HK\$4.96 million after taken into account the preliminary valuation of the investment properties in an amount of approximately HK\$33.2 million as at 30 June 2014 as assessed by B.I. Appraisals Limited; and
- (ii) the factors described under the section headed "Reasons for and benefits of the Acquisition" below.

LETTER FROM THE BOARD

Conditions

Completion is conditional upon, among other things, the following conditions precedent having been fulfilled or, as the case may be, waived:

- (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 Acquisition by the Independent Shareholders) corporate approvals and consents for the transactions contemplated under the Sale and Purchase 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 Consideration Shares;
- (4) the release of personal guarantee from the Vendors for securing Billion Treasure bank loans;
- (5) the release of corporate guarantee executed by the three private companies of the Vendors for securing Billion Treasure bank loans; and
- (6) the warranties given by the Vendors under the Sale and Purchase Agreement having remained true and accurate in all material respects.

Regarding conditions precedent 4 and 5, as at the Latest Practicable Date, the Vendors are in discussion with the bank to release the guarantees. In order to release the guarantees, the bank has requested the Company to repay HK\$3 million on behalf of Billion Treasure upon the fulfillment of conditions precedent 1, 2 and 3.

The Directors having considered the Group's short term obligation and cash balance as at the end of October 2014 of approximately HK\$26.6 million, are of view that repayment of HK\$3 million bank loan will not have any material impact on the operation of the Group. The Directors also confirm that such repayment have no impact on the net asset value of Billion Treasure prior to Completion.

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

Completion

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

LETTER FROM THE BOARD

After the Completion, Billion Treasure will become an indirect wholly-owned subsidiary of the Company and the financial results will be consolidated into the Group's accounts.

INFORMATION ON BILLION TREASURE

Billion Treasure was incorporated in Hong Kong with limited liability and is wholly-owned by the Vendors as at the date of the Sale and Purchase Agreement. Billion Treasure is principally engaged in property investment for rental, investment holding and provision of wedding services under the name of "U Weddings". Billion Treasure's wedding services were discontinued in November 2013 and transferred its business and relevant assets, which considered as a relevant principal business of the Group, to U Wedding Studio Limited, a subsidiary of the Group, as part of the reorganisation of the Group in preparation of listing. Billion Treasure has no employees since then. The assets of Billion Treasure comprise mainly of investment properties which consist of one residential apartment and three industrial building units. The preliminary valuation of the investment properties in aggregate held by Billion Treasure as at 30 June 2014 was approximately HK\$33.2 million as assessed by B.I. Appraisals Limited. As at 30 September 2014, the valuation of the investment properties in aggregate held by Billion Treasure was approximately HK\$33.2 million as assessed by B.I. Appraisals Limited, the full text of which is set out in Appendix I to this Circular.

The assets of Billion Treasure mainly comprise of four investment properties with a total saleable area of approximately 792.72 sq.m which consists of one residential unit with saleable area of approximately 72.56 sq.m and three industrial building units with saleable area of approximately 720.16 sq.m. (the "**Properties**"). The valuation of the investment properties in aggregate held by Billion Treasure as at 30 September 2014 was approximately HK\$33.20 million. Pursuant to the tenancy agreements of the Properties, the Properties are fully let under various tenancies and licences yielding a total monthly rental income of approximately HK\$81,500.

The first investment property is located at Unit E, 28th Floor, Block 1, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong ("**Property A**"). Pursuant to Appendix I of the Circular, it is for industrial usage. Property A is divided into two sub-units and has been leased to a third party with expiry in July 2016 and an indirect wholly-owned subsidiary of the Company with expiry in June 2016.

The second investment property is located at Unit F, 28th Floor, Block 1, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong ("**Property B**"). Pursuant to Appendix I of the Circular, it is for industrial usage. Property B has been leased to a third party with expiry in December 2014. Billion Treasure is currently negotiating the terms with its tenant in relation to the lease renewal of Property B.

The third investment property is located at Unit F, 28th Floor, Block 2, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong ("**Property C**"). Pursuant to Appendix I of the Circular, it is for industrial usage. Property C been leased to an indirect wholly-owned subsidiary of the Company with expiry in June 2016. After Completion, the transaction in relation to the leasing of the property between Billion Treasure and the indirect wholly-owned subsidiary of the Company is no longer a continuing connected transaction.

LETTER FROM THE BOARD

Pursuant to Appendix I of the Circular, the three industrial investment properties, Property A, Property B and Property C, are valued at a total of HK\$23.2 million.

The fourth investment property is located at Flat G on The 16th Floor of Tower 3 Phase I, Century Gateway, No. 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong (“**Property D**”). Pursuant to Appendix I of the Circular, it is valued at HK\$10.0 million and is for residential usage. Property D has been leased to a third party with expiry in August 2016.

The table below sets out duration of the existing leasing portfolio of the Properties, and majority of which are with leasing term of two years.

	Rental property	Leasing period	Monthly rent HK\$
Tenant 1	Property A	1 Jul 2013 to 30 Jun 2016	\$35,000
	Property C	1 Jul 2013 to 30 Jun 2016	
Tenant 2	Property B	20 Dec 2012 to 19 Dec 2014	\$14,000
Tenant 3	Property A	1 Aug 2014 to 31 Jul 2016	\$12,000
Tenant 4	Property D	20 Aug 2014 to 19 Aug 2016	\$20,500

Financial information of Billion Treasure

Set out below is the consolidated financial information of Billion Treasure for the two financial years ended 31 December 2012 and 2013 and for the six months ended 30 June 2014 respectively:

	For the year ended 31 December 2012 (audited)	For the year ended 31 December 2013 (audited)	For the six months ended 30 June 2014 (unaudited)
	<i>Approximately HK\$ '000</i>	<i>Approximately HK\$ '000</i>	<i>Approximately HK\$ '000</i>
Revenue (<i>Note 1</i>)	9,147	5,825	1,091
Net profit/(loss) before taxation	(9,634)	(3,016)	17,392 (<i>Note 2</i>)

Note:

- Revenue consisted of wedding services income, which were discontinued in November 2013. Wedding services income accounted for approximately HK\$5.21 million and HK\$4.84 million for the two financial years ended 31 December 2012 and 2013 respectively.
- This includes the revaluation gain on properties of approximately HK\$17.24 million.

LETTER FROM THE BOARD

The unaudited total assets and net asset value of Billion Treasure as at 30 June 2014 were approximately HK\$39.31 million and HK\$4.96 million respectively after taken into account the preliminary valuation of the investment properties in an amount of approximately HK\$33.20 million as at 30 June 2014 as assessed by B.I. Appraisals Limited.

The valuation for the investment properties as at 30 September 2014 is the same that as at 30 June 2014 as assessed by B.I. Appraisals Limited. For illustration purposes, taken into account the valuation as at 30 September 2014, the unaudited total assets and net asset value of Billion Treasure as at 30 June 2014 would remain approximately HK\$39.31 million and HK\$4.96 million.

As at 30 June 2014, Billion Treasure had approximately HK\$30.82 million bank loans which were secured by the Vendors and three private companies of Vendors. As at the Latest Practicable Date, Billion Treasure has bank loans of approximately HK\$27.9 million.

Set out below are the existing bank loan details of Billion Treasure:

Loan nature	Principal amount (HK\$)	Outstanding amount as at the Latest Practicable Date (HK\$)	Interest rate (Note)	Indicative annual interest expense (HK\$)	Maturity Date	Restrictive covenant	Assets pledged by Billion Treasure
Term loan facility	15,000,000	14,900,000	2.46%	366,540	30-Sep-2021	N/A	Property D
Revolving loan facility	5,000,000	5,000,000	2.46%	123,000	Repayment on demand by bank	N/A	Property A, B and C
Revolving loan facility	5,000,000	5,000,000	2.46%	123,000	Repayment on demand by bank	N/A	Property A, B and C
Revolving loan facility	3,000,000	3,000,000	2.46%	73,800	Repayment on demand by bank	N/A	Property A, B and C
Total	28,000,000	27,900,000		686,340			

Note: Interest rate is 2.25% plus HIBOR which as at the Latest Practicable Date is 0.21%

As at 30 June 2014, the outstanding bank loans of Billion Treasure were approximately HK\$30.82 million which comprised of i) two term loans of approximately HK\$15 million and HK\$7.07 million and ii) a revolving facility of approximately HK\$8.75 million. These loans were previously used as to i) approximately HK\$9.54 million for paying up Property D, ii) approximately HK\$14 million for settling amount due to the Group prior to listing in December 2013 and iii) approximately HK\$7.28 million for settling amount due to the Vendors as at 30 June 2014. Subsequent to 30 June 2014, Billion Treasure had repaid approximately HK\$2.92 million to the bank and both parties mutually proceeded to restructure the bank loans according to the above table. The Vendors agreed to the restructured bank loans since revolving loan facilities provide more flexibility to Billion Treasure as it does not have a maturity date.

LETTER FROM THE BOARD

The bank loans associated with the Properties are secured by personal guarantee and corporate guarantee provided by the Vendors and their three private companies respectively. Upon releasing the personal guarantee and corporate guarantee, the Company will undertake to the bank to provide corporate guarantee to Billion Treasure.

Financial effects

Upon the Completion, Billion Treasure will become an indirect wholly-owned subsidiary of the Company, and the financial results will be consolidated into the Group's accounts.

Gearing

Based on the interim report 2014 of the Group, the total borrowings of the Group were approximately HK\$140,000 as at 30 June 2014 whilst the consolidated shareholders' equity of the Group as at 30 June 2014 were approximately HK\$69.88 million. As at 30 June 2014, the gearing ratio of the Group (measured by total borrowings over shareholders' equity) was approximately 0.002. Based on the management account of Billion Treasure for the six months ended 30 June 2014, the bank loans and obligations under finance leases of Billion Treasure were approximately HK\$31.34 million.

Upon Completion, the borrowings of Billion Treasure will be consolidated to the Group's accounts and the total amount of borrowings of the Group will be increased to approximately HK\$31.48 million and the combined shareholders' equity of the Group will increase to approximately HK\$74.84 million. Hence, the gearing ratio will increase to approximately 0.42 times as at 30 June 2014. Although the Directors are aware that the major listed catering and restaurant chains generally bears a gearing ratio lower than 0.3, the Directors are of view that gearing ratio of 0.42 times is still relatively low and healthy because i) compare to the major listed companies that engage in real estate investment with a market capitalization of at least HK\$5 billion on average have a gearing ratio higher than 0.5 and ii) the market value of the investment properties is greater than the outstanding loan amount should the Directors choose to dispose it and the Directors are of view that the value of the investment properties will increase in the future which will decrease the gearing ratio.

Finance cost

Upon Completion, the Group will be responsible for paying the finance costs associated with the finance leases and bank loans of Billion Treasure of approximately HK\$0.63 million for the year ending 31 December 2015. The finance cost of approximately HK\$0.63 million represents approximately 4.1% of the operating profit of the Group for the year ended 31 December 2013.

Consideration Shares

Pursuant to the Sale and Purchase Agreement, the Company shall issue and allot, credited as fully paid, an aggregate of 7,000,000 Consideration Shares at the issue price of HK\$0.70 per Consideration Share to the Vendors or their nominee as settlement of the consideration for the Acquisitions. The issue price was arrived at after arm's length negotiation among the Purchaser, the Company and the Vendors with reference to the recent market prices of the Shares.

LETTER FROM THE BOARD

The issue price of HK\$0.70 per Consideration Share represents:

- (i) a discount of approximately 11.39% 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 13.37% to the average closing price of approximately HK\$0.808 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 15.05% to the average closing price of approximately HK\$0.824 per Share as quoted on the Stock Exchange for the last ten trading days prior to the date of the Sale and Purchase Agreement;
- (iv) a premium of approximately 295.5% 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 11.39% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration Shares comprising 7,000,000 Shares represents approximately 1.53% of the issued share capital of the Company as at the Latest Practicable Date and approximately 1.51% 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 upon Completion.

The Directors are aware that as at the Last Trading Day, the market value of the Consideration Shares as at the Last Trading Day was approximately HK\$5,530,000 (at HK\$0.79 per share) at such basis the consideration is approximately 11.5% premium over the unaudited net asset value of Billion Treasure as at 30 June 2014. The Directors are of view that the Consideration Shares issued at a discount to the closing price on Last Trading Day is justified since:

- 1) The discount of the Considerations Shares is at approximately 11.39% to the closing price as quoted on the Stock Exchange on the Last Trading Day compared to the same discount of approximately 30.38% prior to the announcement of the issue of consideration shares for the prior discloseable and connected transaction announced in July 2014;
- 2) Taken into account of the recent acquisitions by listed companies in Hong Kong involving share issuance as consideration, the discount of the Considerations Shares of approximately 11.39% is within the range of the comparable transactions of a discount of 30.38% to a premium of 38.89% to their respective closing price prior to their respective announcement;

LETTER FROM THE BOARD

- 3) The Directors believe that the rising trends of the investment properties are likely to remain in the foreseeable future so that the aforesaid premium of approximately 11.5% premium would so be narrowed down.

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 slight potential dilution effect of the issue of Consideration Shares represents only approximately 1.51% of the enlarged issued share capital 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)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
U Banquet (Cheung's) Holdings Company Limited (Note 1)	285,570,000	62.35%	285,570,000	61.41%
The Vendors				
Mr. Cheung Ka Ho	—	—	3,718,750	0.80%
Mr. Cheung Ka Kei	—	—	3,281,250	0.71%
WONG Tsip Yue, Pauline (Note 2)	200,000	0.04%	200,000	0.04%
Public Shareholders	172,230,000	37.61%	172,230,000	37.04%
Total	458,000,000	100.00	465,000,000	100.00

LETTER FROM THE BOARD

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 as at the Latest Practicable Date. 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 ACQUISITION

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.

The Purchaser, a direct wholly-owned subsidiary of the Company, is an investment holding company.

Billion Treasure is principally engaged in property investment for rental, investment holding and provision of wedding services under the name of "U Weddings". Billion Treasure's wedding services were discontinued in November 2013.

The Directors are of the view that the Acquisition provides an opportunity for the Company to step into property investment by acquiring the entire interest of Billion Treasure which comprise mainly of residential and industrial properties at a reasonable price which represents a slight discount of approximately 1.2% to its net asset value as at 30 June 2014. The Directors aim to broaden the Group's earnings base with rental income and thus enhance its shareholder value.

The Directors are aware that the Hong Kong housing market as indicated by the Centa-City Leading Index has been rising from the beginning of January 2010 from 74.07 to 128.14 as at the end of September 2014, representing a compound annual growth ("CAGR") of 12.23%. According to the average rents of the private domestic market obtained from the Rating and Valuation Department in Hong Kong, the average rent of private domestic properties in New Territories with property size between 70.0 sq.m and 99.9 sq.m has been rising from HK\$150 per sq.m at the end of 2009 to HK\$235 per sq.m at the end of August 2014, representing a CAGR of approximately 10.5%.

Furthermore, the rental and price indices of private flatted factories obtained from Rating and Valuation Department indicated that the rental indices has been rising from 103.1 as at end of 2009 to 162.4 as at the end of August 2014, representing a CAGR of 10.2% and the price level has been rising from 248 as at end of 2009 to 672.3 as at the end of August 2014, representing a CAGR of 23.8%. Based on the above and the prevailing low interest rate environment, the Directors are of view that the Group will be able to receive a stable increasing rental income upon leases renewal and ride on potential capital appreciation on the investment properties in the future.

LETTER FROM THE BOARD

Although Property C and a portion of Property A are currently leased to a wholly-owned subsidiary of the Group at a monthly rent of HK\$35,000, which will then be an intra-group transaction after Completion, the Directors are of view that the Group will benefit from these cost saving which amounts to HK\$420,000 per year after Completion. Aggregating the annual rental income of HK\$558,000 from the other three tenants who are independent third parties and the cost savings of HK\$420,000 per year relating to self-use office, the total monetary benefit is HK\$978,000 which translates to about 2.95% gross rental yield out of the investment properties valued at HK\$33.20 million as at 30 September 2014. Set out below are the yield comparison for the Billion Treasure's investment properties against the yield data obtained from Rating and Valuation Department.

	Approximate gross yield as of August 2014	Remarks
Private flatted factories	2.9%	Provisional figure from Rating and Valuation Department
Class C domestic residential	2.7%	Provisional figure from Rating and Valuation Department
Property D (domestic residential)	2.46%	HK\$20,500 x 12 then divided by HK\$10 million valuation
Property A, B and C	3.16%	(HK\$35,000 + HK\$14,000 + HK\$12,000) x 12 then divided by HK\$23.2 million valuation
	2.95%	Overall yield on Billion Treasure's investment properties

The Directors considered that the overall yield level is acceptable and comparable to the prevailing yield in the overall residential and industrial property sector. The Directors also considered that the total monetary benefit of HK\$978,000 per year associated with the investment properties outweighs the additional interest expense of HK\$686,340 per year relating to the bank loans.

Although the Directors are aware that the Acquisition will increase the liabilities and gearing of the Group since the bank loans secured by the investment properties will also be consolidated into the Group's accounts, as mentioned above, the Directors believe that the increasing trend of the Hong Kong property price and rental income (hence the cost saving from renting Property C and a portion of Property A) will be more than offset the increase in liabilities and interest expense from the bank loans, therefore enhancing the net asset value of the Company and its shareholder's values.

In relation to the lease of Property B which will be expired in 19 December 2014, up to the Latest Practicable Date, the Directors are currently negotiating with the existing tenants on the lease renewal with a increment in rents which is made with reference to similar properties in the nearby locations. As to the other two leases which will be expired in July and August 2016, it is the current intention for the Directors to seek for lease renewal.

LETTER FROM THE BOARD

Having consider that (i) the Acquisition would enable the Group to generate additional revenue by means of rental income; (ii) potential capital appreciation of the investment properties held by Billion Treasure in the future; (iii) the consideration represents a slight discount to the unaudited net asset value of Billion Treasure as of 30 June 2014; (iv) the settlement of the consideration by the issue of Consideration Shares is beneficial to the Group in maintaining its cash and liquidity position and (v) the aggregate rental and cost savings from Property C and a portion of Property A outweighs the related interest expenses, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The Vendors, being Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are the executive Directors, the controlling shareholders and the directors of Billion Treasure, currently own as to approximately 53.13% and 46.87% of the entire issued share capital of Billion Treasure respectively, and are connected persons of the Company. Thus, the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes 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 comprising the independent non-executive Directors has been appointed to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares). Octal Capital 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 Room 2401-02, 24 Floor, Jubilee Centre, 46 Gloucester Road, Wanchai, Hong Kong on 12 December 2014, Friday, at 10:00 a.m. is set out on pages 57 to 58 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve the Sale and Purchase Agreement 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 Sale and Purchase Agreement 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, the Vendors, being the executive Directors, the controlling shareholders holding as to 62.35% of the issued share capital of the Company and directors of Billion Treasure, and its associate are required to abstain from voting at the EGM. Save as disclosed above, no Shareholder has any material interest in the Acquisition, and no Shareholder is required to abstain from voting at the EGM in respect of the Acquisition and the transactions contemplated thereunder.

LETTER FROM THE BOARD

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 (address to be changed to A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong with effect from 1 December 2014) 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 Octal Capital which contains, among other things, their advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, 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 43 of this circular.

The Independent Board Committee, having taken into account the advice of Octal Capital, considers that the although Acquisition is not in the ordinary and usual course of business of the Company the terms of the Sale and Purchase Agreement 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 Sale and Purchase Agreement is 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 Sale and Purchase Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares. Save as Mr. Cheung Ka Ho and Mr. Cheung Ka Kei being the executive Directors and the Vendors, none of the Directors (including the independent non-executive Directors) has any interest in the Acquisition.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

26 November 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITIONS OF ENTIRE INTEREST IN BILLION TREASURE

We refer to the circular issued by the Company to the Shareholders dated 26 November 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 Acquisition. Octal Capital 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 4 to 16 and the Letter from the Independent Financial Adviser as set out on pages 18 to 43 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of Octal Capital as set out in its letter of advice, we consider that the Acquisition are not in the ordinary and usual course of business of the Company and the terms of the Sale and Purchase Agreement are on normal commercial terms, and the Acquisition 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 Sale and Purchase Agreement 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Sale and Purchase Agreement and the relevant transactions contemplated therein, prepared for the purpose of incorporation in this circular.



Octal Capital Limited
801-805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

26 November 2014

To the Independent Board Committee and Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ENTIRE INTEREST IN BILLION TREASURE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 26 November 2014, of which this letter forms part, which has been despatched by the Company to the Independent Shareholders in relation to the Sale and Purchase Agreement. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular.

As set out in the Letter from the Board, on 10 October 2014, the Purchaser, the Company and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Billion Treasure. Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Shares is HK\$4,900,000 (the “**Consideration**”), which shall be satisfied by the issue and allotment of the Consideration Shares to the Vendors or their nominees upon Completion.

As the applicable percentage ratios for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules. As the Vendors, being Mr. Cheung Ka Ho and Mr. Cheung Ka Kei are the executive Directors, controlling shareholders and the directors of Billion Treasure, currently own as to approximately 53.13% and 46.87% of the entire issued share capital of Billion Treasure respectively, and are connected persons of the Company and therefore, the Acquisition also constitutes a connected transaction for the Company. Accordingly, the Acquisition is subject to the Independent Shareholders’ approval requirement under the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not connected with the Directors, chief executive and substantial shareholders of the Company or Billion Treasure or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or Billion Treasure or any of their respective subsidiaries or associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Billion Treasure and their respective controlling shareholder and associates nor have we carried out any independent verification of the information supplied.

THE ACQUISITION

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Acquisition, we have considered the following principal factors and reasons:

1. Background of the Acquisition

The Centa-City Leading Index, one of the indicators of HK housing market, has been rising from the beginning of January 2010 from 74.07 to 128.14 as at the end of September 2014, representing a compound annual growth (“CAGR”) of approximately 12.23%. Furthermore, according to the Rating and Valuation Department in Hong Kong, the average rent of private domestic properties in New Territories with property size between 70.0 sq.m and 99.9 sq.m has been rising from HK\$150 per sq.m at the end of 2009 to HK\$235 per sq.m at the end of August 2014, representing a CAGR of approximately 10.5%. The vacancy rate of private domestic properties in the overall private domestic market maintained at an average of approximately 4.34% per year from 2009 to 2013. The vacancy rate of private residential at the overall private residential market was at 4.1% in 2013.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The rental and price indices of private flatted factories from the Rating and Valuation Department indicated that the rental indices have been rising from 103.1 as at the end of 2009 to 162.4 as at the end of August 2014, representing a CAGR of approximately 10.2% and the price level has been rising from 248 as at the end of 2009 to 672.3 as at the end of August 2014, representing a CAGR of approximately 23.8%. For private industrial market, according to the Rating and Valuation Department in Hong Kong, the average rent of the private flatted factories in New Territories increased in August 2014 as compared to the end of 2009 with the average rent from HK\$76 per sq.m at the end of 2009 to HK\$111 per sq.m in August 2014, representing a CAGR of approximately 7.87%. The vacancy rate of private industrial factory decreased from 2009 to 2012. As there was no new supply of industrial building in 2013, the vacancy rate remained similar at 6.8% as compared to 6.7% in 2012.

Based on the above and the prevailing low interest rate environment, the Directors are of view that the Group will be able to receive a stable increasing rental income and ride on potential capital appreciation on the investment properties in the future.

The principal activity of the Company is investment holding in nature which shares were listed on the GEM on 10 December 2013, while its subsidiaries are principally engaged in the operation of a chain of Chinese restaurants, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat in Hong Kong.

The following is a summary of the financial results of the Group for each of the two years ended 31 December 2013, six months ended 30 June 2014 and nine months ended 30 September 2014:

	For the year ended		For the	For the
	31 December		six months	nine months
	2012	2013	ended 30 June	ended
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
Chinese restaurants operations	297,384	342,543	175,651	274,140
Provision of wedding services	6,202	5,486	1,946	2,960
Distribution of goods	578	13,742	2,129	3,143
Total	304,164	361,771	179,726	280,243
Profit before taxation	29,356	15,360	340	511
Profit/(loss) attributable to the owners of the Company	22,231	8,358	(822)	5,084

Source: Annual report, interim report and third quarterly report of the Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As per the annual report of the Company for the year ended 31 December 2013 (the “**Annual Report 2013**”), the Group recorded revenue of approximately HK\$361.77 million, representing an increase of approximately 18.94% from approximately HK\$304.16 million as compared to the year ended 31 December 2012. The increase in revenue is mainly due to strong growth in comparable restaurant sales, the contribution from newly opened restaurants and full-year contribution from the distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat business in Hong Kong. The profit attributable to the owners of the Company for the year ended 31 December 2013 was approximately HK\$8.36 million, representing a decrease of approximately 62.40% from approximately HK\$22.23 million as compared to the year ended 31 December 2012 which was mainly due to the recognition of one-off listing expenses of approximately HK\$17.02 million.

The Group recorded revenue of approximately HK\$179.73 million for the six months ended 30 June 2014, representing an increase of 8.78% from approximately HK\$165.22 million as compared to the six months ended 30 June 2013. The increase was primarily due to the contribution from newly opened restaurants. The loss attributable to the owners of the Company for the six months ended 30 June 2014 amounted to approximately HK\$822,000, representing a decrease of approximately 69.1% from profit attributable to the owners of the Company of approximately HK\$1.19 million for the six months ended 30 June 2013 which was mainly due to (i) a decrease in revenue generated from wedding banquets because of the low season starting in late January 2014; (ii) an increase in employee benefit expenses; and (iii) an increase in payment of operating lease.

The Group recorded revenue of approximately HK\$280.24 million for the nine months ended 30 September 2014, representing an increase of approximately 13.60% from approximately HK\$246.69 million for the nine months ended 30 September 2013. The increase was primarily due to the contribution from the newly opened restaurants. Revenue was mainly generated from the operation of restaurants of approximately HK\$274.14 million, representing approximately 97.82% of total revenue. It increased by approximately 15.36% from approximately HK\$237.63 million for the nine months ended 30 September 2013. The profit attributable to the owners of the Company for the nine months ended 30 September 2014 amounted to approximately HK\$5.08 million, representing an increase of approximately 79.49% from loss attributable to the owners of the Company of approximately HK\$1.82 million for the nine months ended 2013 which was mainly due to no listing expenses was incurred during the nine months ended 30 September 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summaries the consolidated unaudited financial position of Group as at 30 June 2014:

	As at 30 June 2014 <i>HK\$'000</i> (unaudited)
Current assets	62,494
Non-current assets	102,350
Current liabilities	(80,583)
Non-current liabilities	(14,386)
Net assets	69,875

Source: Interim report of the Company

The total assets of the Group amounted to approximately HK\$164.84 million as at 30 June 2014, which primarily comprised property, plant and equipment, deposits and prepayments and cash and cash equivalent which accounted for approximately 34.06%, 19.77% and 17.38% of the total assets of the Group respectively. The total liabilities of the Group amounted to approximately HK\$94.97 million as at 30 June 2014 which primarily comprised of trade payables, accruals and provisions and deposits received for banquets and wedding related services accounted for approximately 12.56%, 27.53% and 40.74% of the total liabilities of the Group respectively.

Pursuant to an announcement of the Company dated on 4 September 2014, an indirect wholly-owned subsidiary of the Company completed the acquisition of food distribution companies with an aggregate consideration of HK\$31.90 million, which 58,000,000 new Shares of the Company have been allotted and issued at the issue price of HK\$0.55 per new Share by the Company. The issue price of HK\$0.55 per new Shares represents a discount of approximately 30.38% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 4 July 2014, being the last trading day on which the Shares were traded on the Stock Exchange immediately preceding the publication of this announcement. The issue price of HK\$0.55 per new Shares also represents 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Billion Treasure was incorporated in Hong Kong on 24 October 2007 with limited liability and is wholly-owned by the Vendors as at the Latest practicable Date. Billion Treasure is principally engaged in property investment for rental, investment holding and provision of wedding services under the name of “U Weddings”. Billion Treasure discontinued its wedding services in November 2013 and transferred its business and relevant assets to U Wedding Studio Limited, a subsidiary of the Group, as part of the reorganisation of the Group in preparation for listing, which was considered as a relevant principal business of the Group. Billion Treasure has no employees since then. The main assets of Billion Treasure are the four investment properties.

The following is a summary of the financial results of Billion Treasure for each of the two years ended 31 December 2013 and six months ended 30 June 2014:

	For the year ended 31 December		For the six months ended 30 June
	2012	2013	2014
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(audited)	(audited)	(unaudited)
Revenue			
Wedding services income ¹	5,210	4,844	—
Rental income	1,105	981	1,080
Sale of foods and catering income, and others	2,832	—	—
Total	9,147	5,825	1,080
Net profit/(loss) before taxation	(9,634)	(3,016)	17,392 ²
Net profit/(loss) for the year/period	(9,634)	(3,016)	17,392

Note:

1. *Revenue consisted of wedding services income, which were discontinued in November 2013. Wedding services income accounted for approximately HK\$5.21 million and HK\$4.84 million for the two years ended 31 December 2012 and 2013 respectively.*
2. *Net profit before taxation for the six months ended 30 June 2014 included the revaluation gain on properties of approximately HK\$17.24 million.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The audited loss after tax of Billion Treasure amounted to approximately HK\$9.63 million for the year ended 31 December 2012 which was mainly due to operating loss of HK\$9.51 million arisen from provision of wedding services, employee benefit expenses, operating lease payments and other expenses such as advertising and promotions and exhibition expenses, whilst its audited loss after tax amounted to approximately HK\$3.02 million for the year ended 31 December 2013 which was mainly due to operating loss of approximately HK\$2.77 million arisen from provision of wedding services, employee benefit expenses and other expenses such as advertising and promotions, exhibition expenses and repairs and maintenance.

For the six months ended 30 June 2014, the unaudited profit after tax of Billion Treasure amounted to approximately HK\$ 17.39 million which was mainly due to revaluation gain on properties of approximately HK\$17.24 million and management and administration expenses of approximately HK\$145,367 such as building management fee, insurance fee, rates, professional fee and depreciation. After the discontinuation of the wedding services business in November 2013, Billion Treasure no longer incurred any operating costs for the wedding services and became a property holding company prior to entering of the Sale and Purchase Agreement.

The table below summaries the consolidated unaudited financial position of Billion Treasure as at 30 June 2014:

	As at 30 June 2014 <i>HK\$ '000</i> (unaudited)
Current assets	
Bank balances	4,106
Trade receivables, deposits and prepayments	99
Amount due from related companies	1,309
Total	5,514
Non-current assets	
Property, plant and equipment	596
Investment properties	33,200
Total	33,796
Current liabilities	
Deposits, accruals and provision	225
Bank loan	30,817
Obligation under finance lease	527
Amount due to related companies	2,783
Total	34,352
Non-current liabilities	—
Net assets	4,958

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The unaudited total assets and net asset value of Billion Treasure, as at 30 June 2014 were approximately HK\$39.31 million and HK\$4.96 million respectively after taking into account the preliminary valuation of the investment properties in the amount of approximately HK\$33.20 million as at 30 June 2014 as assessed by B.I Appraisals Limited (the “Valuer”).

As at 30 June 2014, Billion Treasure had approximately HK\$30.82 million bank loans which were guaranteed/secured by the Vendors and three private companies of the Vendors. It is part of the conditions precedent of the Sale & Purchase Agreement to release such guarantees. As advised by the Company, upon releasing the personal guarantee and corporate guarantee, the Company will undertake to the bank to provide corporate guarantee to Billion Treasure. According to the information provided by the Company, as at the Latest Practicable Date, Billion Treasure had bank loans of approximately HK\$27.9 million and upon Completion, the Group will be responsible for paying an aggregate finance costs associated with the finance leases and bank loans of Billion Treasure of approximately HK\$630,000 for the year ending 31 December 2015. The finance costs of approximately HK\$630,000 represented approximately 4.1% of the operating profit of the Group for the year ended 31 December 2013.

Set out below are the bank loan details of Billion Treasure:

Loan nature	Principal	Outstanding amount as at the Latest	Interest rate <i>(Note)</i>	Indicative annual	Maturity Date	Assets pledged by Billion Treasure
	amount <i>(HK\$)</i>	Practicable Date <i>(HK\$)</i>		interest expense <i>(HK\$)</i>		
Term loan facility	15,000,000	14,900,000	2.46%	366,540	30-Sep-2021	Property D
Revolving loan facility	5,000,000	5,000,000	2.46%	123,000	Repayment on demand by bank	Property A, B and C
Revolving loan facility	5,000,000	5,000,000	2.46%	123,000	Repayment on demand by bank	Property A, B and C
Revolving loan facility	3,000,000	3,000,000	2.46%	73,800	Repayment on demand by bank	Property A, B and C
Total	28,000,000	27,900,000		686,340		

Note: Interest rate is 2.25% plus HIBOR which as at the Latest Practicable Date is 0.21%

Source: Information from the Company

The valuation for the investment properties as at 30 September 2014 and 30 June 2014 was the same as assessed by the Valuer. For illustration purpose, taking into account the valuation as at 30 September 2014, the unaudited total assets and net asset value of Billion Treasure as at 30 June 2014 would be approximately HK\$39.31 million and HK\$4.96 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The assets of Billion Treasure mainly comprise of four investment properties with a total saleable area of approximately 792.72 sq.m which consists of one residential unit with saleable area of approximately 72.5 sq.m and three industrial building units with saleable area of approximately 720.16 sq.m. (the “**Properties**”). The Properties are fully let under various tenancies and licences yielding a total monthly rental income of approximately HK\$81,500.

The first investment property is located at Unit E, 28 Floor, Block 1, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“**Property A**”). As detailed in Appendix I of the Circular, Property A is for industrial usage. Property A is divided into two sub-units and has been leased to a third party with expiry in July 2016 and an indirect wholly-owned subsidiary of the Company with expiry in June 2016.

The second investment property is located at Unit F, 28 Floor, Block 1, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“**Property B**”). As detailed in Appendix I of the Circular, Property B is for industrial usage. Property B has been leased to a third party with expiry in December 2014.

The third investment property is located at Unit F, 28 Floor, Block 2, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“**Property C**”). As detailed in Appendix I of the Circular, Property C is for industrial usage. Property C been leased to an indirect wholly-owned subsidiary of the Company with expiry in June 2016.

After Completion, the transaction in relation to the leasing of the properties between Billion Treasure and the indirect wholly-owned subsidiary of the Company will no longer be a continuing connected transaction.

As set out in Appendix I of the Circular, the three industrial investment properties, Property A, Property B and Property C, are valued at a total of approximately HK\$23.2 million.

The fourth investment property is located at Flat G on The 16 Floor of Tower 3 Phase I, Century Gateway, No. 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong (“**Property D**”). As detailed in Appendix I of the Circular, Property D is valued at approximately HK\$10.0 million and is for residential usage. Property D has been leased to a third party with expiry in August 2016.

According to the notification letter to tenant of Property B, Billion Treasure is currently negotiating the terms with the existing tenant of Property B in relation to the lease renewal with an increment in rents which is made with reference to similar properties nearby locations. As to the other two leases which will be expired in 2016, it is the current intention for the Directors to seek for lease renewal.

The Company engaged the Valuer to assist the Company in the valuation of the Properties held by Billion Treasure (the “**Valuation**”). We have reviewed the valuation report prepared by the Valuer as set out in Appendix I to this Circular and discussed with the Valuer regarding the methodology, assumptions adopted in arriving the Valuation as at 30 September 2014. We have discussed with the Valuer that the Valuation is made on the basis of the “Market Approach” in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accordance with the “HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors (the “HKIS”). We note that in performing the Valuation, the Valuer has adopted the Investment Method by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of such properties. The reversionary value is by making reference to comparable market rental of similar size, character and location. We have also been advised by the Valuer that, given the particulars of the Properties held by Billion Treasure, the above valuation methodologies are commonly used in arriving at the Valuation. Based on our discussion with the Valuer and our understanding of particulars of the Properties held by Billion Treasure, we concur with the Valuer that the market approach adopted by the Valuer in performing the Valuation are appropriate.

Furthermore, we have discussed with the Valuer the assumptions which have been taken into consideration when performing the Valuation. We understand that in valuing the Properties, the Valuer has assumed that (i) the Properties are sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement that might serve to affect their values; (ii) option or right of pre-emption concerning or effecting a sale and no forced sale situation are accounted for ; (iii) the Properties are free from encumbrances, restrictions and outgoing of an onerous nature that could affect their values; (iv) each of the Properties has been constructed, occupied and used in full compliance with, and without contravention of ordinances; (v) each of the Properties is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorised alteration; and (vi) all consents, approvals, required licences, permits, certificates and authorisations have been obtained for the use of each of the Properties upon the Valuation is based. We consider that the abovementioned assumptions are common in practice and fair and reasonable for the purposes of assessing the value of the Properties.

We also understand from the Valuer that it had carried out on-site inspections, made relevant enquiries and searches for the purpose of the Valuation. The Valuer has made reference to comparables sales evidence as available in the market for the Valuation. We have discussed with the Valuer the selection criteria of, and reviewed, the comparable transactions used by the Valuer for the Valuation and noted that all the comparable transactions are of similar nature and located in vicinity of the Properties. As such, we consider that the comparable transactions used in valuing the Properties are reasonable and comparable to the Properties. We have also discussed with the Valuer, and reviewed, the rental income derived from the comparable transactions and the rental yield used by the Valuer for the Valuation and also noted that all the comparable transactions are of similar nature and located in vicinity of the Properties. We have further discussed with the Valuer and reviewed the documents provided by them, the rental yield of industrial properties and residential properties as implied by the Valuation of similar nature, character, location and size of the Properties is close to the gross rental yield of Property A, B and C, being the industrial properties, and property D, being the residential property, of approximately 3.16% and 2.46% respectively and we consider that the rental yield implied by the Valuation is fair and reasonable, having regard to the range of rental yield issued by Rating and Valuation Department as disclosed in the Letter from the Board. Given the valuation methodology applied by the Valuer is normal and usual among professional asset valuers and the fact that the valuation is carried out in accordance with the “HKIS Valuation Standards (2012 Edition)” published by the HKIS, we consider that the methodology and basis for determining the valuation of the Properties by the Valuer is appropriate.

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The table below sets out duration of the existing leasing portfolio of the Properties, majority of which consists of leasing term of two years. Therefore, the Board is of the view that the Properties are able to generate stable rental income stream to the Company in short-term.

	Rental property	Leasing period	Monthly rent HK\$
Tenant 1	Property A	1 Jul 2013 to 30 Jun 2016	\$35,000
	Property C	1 Jul 2013 to 30 Jun 2016	
Tenant 2	Property B	20 Dec 2012 to 19 Dec 2014	\$14,000
Tenant 3	Property A	1 Aug 2014 to 31 Jul 2016	\$12,000
Tenant 4	Property D	20 Aug 2014 to 19 Aug 2016	\$20,500

Duration of lease agreement	In terms of % of rental income Approximate
To expire within 1 year	—
To expire over 1 year but within 2 years	57.06%
To expire over 2 years but within 3 years	42.94%
	<hr/>
	100.0%
	<hr/> <hr/>

2. Reasons for the Acquisition

As set out in the Letter from the Board, the Directors are of the view that the Acquisition provides an opportunity for the Company to step into property investment by acquiring the entire interest of Billion Treasure which comprise residential and industrial properties at a reasonable price which represents at a slight discount of approximately 1.2% to its net asset value as at 30 June 2014. The Directors aim to broaden the Group's earning base with rental income and thus enhance its shareholder value.

As part of our due diligence review, we have reviewed the leasing agreements of the Properties and noted that the rentals of the Properties for the upcoming 1 to 2 years have been agreed and, accordingly the investment property business is expected to continue generating steady positive income in the short term. Short leasing terms allow the rental of the Properties to trace the latest market rental and market condition. In addition, although Property C and a portion of Property A are currently leased to a wholly-owned subsidiary of the Group at a monthly rent of HK\$35,000, which will then be an intra-group transaction after Completion, the Group will benefit from these cost savings which amounts to HK\$420,000 per year after Completion. Aggregating the annual rental income of HK\$558,000 from the other three tenants who are independent third parties and the cost savings of HK\$420,000 per year relating to self-use office, the total monetary benefit of HK\$978,000 per year which translates to about 2.95% gross rental yield out of the investment properties valued at HK\$33.20 million as at 30 September 2014. The Directors considered that the overall yield level is acceptable and

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comparable to the prevailing yield in the overall residential and industrial property sector. For details of the yield comparison for the Properties against the yield data obtained from Rating and Valuation Department, please refer to the section headed “Reasons for and benefits of the Acquisition” set out in the Letter from the Board. We have also performed a due diligence review on the rental yield and we found that the provisional figure of the gross rental yields of domestic property which is between 70m² to 99m² and flatted factories was about 2.7% and 2.9% as of August 2014 respectively with reference to a Hong Kong property review monthly report published in October 2014 by the Rating and Valuation Department. We further reviewed the market rental yield (as measured by market rental over market value) of similar nature, size, character and location of the Properties and found that the average market rental yields of these industrial properties and residential properties are approximately 3.23% and 2.26% respectively which are comparable to the gross rental yield of the Properties of approximately 2.95%. As per discussion with the Valuer, the use of market rental yield is normal and usual in property valuation. Having considered the above and our discussion with the Valuer, we consider that the rental yield level of the Properties is acceptable and comparable to the prevailing yield in the overall residential and industrial property sector.

Having considered that (i) Billion Treasure is a property holding company; (ii) all its investment properties are currently let; (iii) the Acquisition would enable the Group to generate additional revenue by means of rental income; (iv) stable increasing rental income is generated from the Properties upon lease renewal with potential capital appreciation of the Properties in the future according to the market trend; (v) the aggregate rental income and cost savings of the Properties outweighs the related interest expenses; (vi) the finance costs of Billion Treasure represent a small portion of the operating profit of the Group for the year ended 31 December 2013; and (vii) the rental yield of the Properties is comparable to the prevailing yield in the overall residential and industrial property sector, we concur with the Board that the Acquisition could enable the Group to generate additional revenue stream to receive a stable increasing rental income upon lease renewal and operating profit from Billion Treasure which in turn will be able to offset the increase in liabilities and interest expense from the bank loans upon Completion. We are of the view that the Acquisition is in the interests of the Company and the Independent Shareholders.

3. Terms of the Acquisition

(i) Consideration

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire the Sale Shares, representing 3,200,000 issued Shares, being the entire issued share capital of Billion Treasure at a consideration of HK\$4,900,000, which shall be satisfied by the issue and allotment of 7,000,000 Consideration Shares at an issue price of HK\$0.70 each to the Vendors or their nominees at Completion. Among the 7,000,000 Consideration Shares, 3,718,750 Shares and 3,281,250 Shares shall be issued and allotted to Mr. Cheung Ka Ho and Mr. Cheung Ka Kei respectively.

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As set out in the Letter from the Board, the Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendors and on normal commercial terms with reference to (i) the unaudited net asset value of Billion Treasure as at 30 June 2014 of approximately HK\$4.96 million after taken into account the preliminary valuation of the investment properties in the amount of HK\$33.2 million as at 30 June 2014 as assessed by the Valuer; and (ii) the factors described under the section headed "Reasons for the Acquisition" above.

After the discontinuation of the wedding services business in November 2013, Billion Treasure became a property holding company, hence we have adopted an asset approach that considers the net asset value of Billion Treasure as at 30 June 2014, which taken into account the Valuation, the calculation is set out below:

	<i>HK\$ '000</i>
Net asset value as at 30 June 2014	4,958
	<u>4,900</u>
The Consideration	4,900
	<u>1.2%</u>
Discount to the net asset value	1.2%

Given the above, the Consideration represents a discount of approximately 1.2% to the net asset value of Billion Treasure as at 30 June 2014 after taking into account the Valuation, we consider the level of the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Mode of settlement of the Consideration

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 expense on the Group and affect the cash and liquidity positions of the Group as compared with other financing alternatives. Having considered the above, we concur with the Directors that the proposed settlement method for the Consideration is in the best interests of the Company and its Shareholders.

On the above basis, we consider that the arrangement to settle the Consideration by way of issue of the Consideration Shares is fair and reasonable so far as the Independent Shareholders are concerned since such arrangement could also enable the Group to enhance the capital base of the Company. Notwithstanding the slight potential dilution effect of the issue of Consideration Shares represents only approximately 1.51% of the enlarged issued share capital upon Completion, taking into account the allotment and issue of the Consideration Shares is beneficial to the Group in maintain its cash and liquidity position (other than payment of related expenses) while releasing the Group

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from the liabilities and the interest burden of other financing alternatives (such as debt financing), we consider that the settlement by way of issuing the Consideration Shares to the Vendors is fair and reasonable so far as the Independent Shareholders are concerned.

(a) Consideration Shares

Pursuant to the Sale and Purchase Agreement, the Consideration of HK\$4,900,000 shall be satisfied by way of issuing 7,000,000 Consideration Shares at the issue price of HK\$0.70 per Consideration Share to the Vendors upon Completion.

The issue price of HK\$0.70 per Consideration Share represents:—

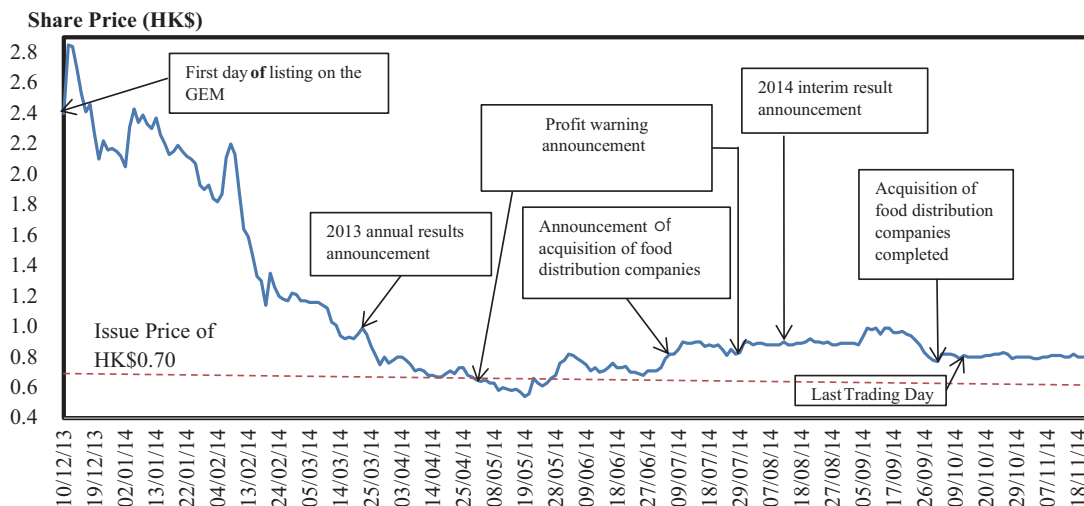
- (i) a discount of approximately 11.39% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.37% to the average closing price of approximately HK\$0.808 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 15.05% to the average closing price of approximately HK\$0.824 per Share for the last ten trading days as quoted on the Stock Exchange prior to the date of the Sale and Purchase Agreement;
- (iv) a discount of approximately 22.05% to the average closing price of approximately HK0.898 per Share for the last thirty trading days prior to the date of the Sale and Purchase Agreement;
- (v) a discount of approximately 11.39% to the average closing price of approximately HK\$0.79 per Share on the Latest Practicable Date;
- (vi) a premium of approximately 295.5% over the net asset value per Share of HK\$0.177 as at 31 December 2013 based on the latest published audited financial information of the Group as shown in the Annual Report 2013 and the total number of issued Shares as at the Latest Practicable Date; and
- (vii) a premium of approximately 300.72% over the net asset value per Share of HK\$0.175 as at 30 June 2014 based on the latest published unaudited financial information of the Group as shown in the Interim Report 2014 and the total number of issued Shares as at the Latest Practicable Date.

For the purpose of assessing the fairness and reasonableness of the issue price of Consideration Share, the following approaches are further taken into consideration:

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(i) *Share price performance*

We plot below the closing price level of the Shares traded on the Stock Exchange from 10 December 2013 (being the date the Company listed on the GEM) to 10 October 2014 (being the Last Trading Day) and further up to the Latest Practicable Date (the “**Review Period**”) as follows:



Source: Hong Kong Exchanges and Clearing Limited

During the Review Period, the lowest closing price was HK\$0.54 per Share recorded on 19 May 2014 and the highest closing price was HK\$2.85 per Share recorded on 11 December 2013, being the second day after its listing on the GEM and the closing prices of the Shares had been moving downward persistently. The issue price of Consideration Share represents a premium of approximately 29.63% over the lowest closing price per Share which seems to be in line with the prevailing profit trend of the Company and a discount of approximately 75.44% to the highest closing price per Share during the Review Period and a discount of approximately 11.39% to the closing price of the Shares of HK\$0.79 on the Last Trading Day. The issue price of Consideration Share had been above or equal to the closing prices of the Shares on 206 trading days out of the total 235 trading days (representing approximately 87.66% of the total number of trading days) in the Review Period.

We note that the Shares have been trading mainly below the Issue Price of HK\$0.70 between 11 April 2014 to 28 May 2014. Since 29 May 2014, the closing prices of the Shares have been fluctuating above HK\$0.70. On 25 July 2014, the Company announced a profit warning which the Group expected to record a loss attributable to shareholders for the six months ended 30 June 2014 and the closing price of the Shares on 28 July 2014, being the trading day after the announcement of profit warning, was HK\$0.82.

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On 13 October 2014, being the first trading day after the release of the Announcement, the closing price of the Share remained steady at HK\$0.81 compared to the closing price of HK\$0.79 on the Last Trading Day. The closing price of the Shares has been fluctuating above the issue price of Consideration Share since the publication of the Announcement until the Latest Practicable Date. As at the Latest Practicable Date, the issue price of the Consideration Share represent a discount of 11.39% against the closing price per share of HK\$0.79.

In order to assess the fairness and reasonableness of the issue price of the Consideration Shares, we have conducted a search on the transactions involving (i) acquisitions by listed companies in Hong Kong involving the issuance of consideration shares from 1 January 2014 up to and including 10 October 2014, being the Last Trading Day (the “**CS Comparables**”) and selected those listed issuers (i) with a market capitalisation of not more than HK\$1,000 million; and (ii) recorded a positive net asset value based on the latest financial data as published in the annual report or interim report. Save and except the Company, we note that during 1 January 2014 up to and including 10 October 2014, being the Last Trading Day, companies listed in Hong Kong with business similar to the Company has no consideration shares issuance. We consider the CS Comparables appropriate although the business, operation and prospects of the Company are not the same as those of the issuers of the CS Comparables and we have not conducted any in-depth investigation into the business and operation of the issuers of the CS Comparables. Based on our search conducted according to the abovementioned criteria, we have identified a list of 20 CS Comparables and we consider that the CS Comparables is an exhaustive list of those fair and representative comparables for comparison purpose:

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Date	Company (stock code)	Market capitalisation as at the date of the transaction <i>HK\$ million</i>	Issue price <i>HK\$</i>	Closing price prior to announcement %	Premium/ (discount) of issue price of consideration shares over/(to) respective latest published net asset value per share %
10/10/2014	Changfeng Axle (China) (1039)	372.0	0.33	(29.03)	(73.60)
9/10/2014	China Mobile Games and Cultural Investment (8081)	581.60	0.22	(5.58)	71.53
6/10/2014	Ming Fung Jewellery (860)	615.61	0.085	(6.59)	(81.51)
11/9/2014	Sheng Yuan Holdings Limited (851)	872.97	0.49	(2.0)	1,069.87
11/9/2014	Crosby Capital (8088)	637.26	1.538	(16.0)	1,217.19
8/9/2014	New Times Energy (166)	414.76	0.50	38.89	(84.64)
12/8/2014	GreaterChina Professional Services (8193)	80.64	0.39	(2.50)	32.33
11/8/2014	Sino Credit (628)	745.95	1.0	(10.70)	38.22
24/7/2014	Forebase International (2310)	613.17	2.50	23.20	574.41
16/7/2014	New Times Energy Corporation (166)	414.76	0.50	16.28	(85.19)
4/7/2014	U Banquet Group (8107)	361.82	0.55	(30.38)	211.01
13/6/2014	North Asia Strategic (8080)	271.32	0.223	(10.80)	(69.79)
5/6/2014	China Investment (132)	641.70	0.632	(1.25)	26.91
17/4/2014	Kiu Hung Energy (381)	925.82	0.15	(21.05)	42.86
7/4/2014	Jun Yang Solar Power Investments (397)	646.58	0.10	0	(15.71)
31/3/2014	Seamless Green China (8150)	353.84	1.25	2.50	2,148.23
28/3/2014	Asia Cassava Resources (841)	598.28	0.831	5.20	(44.37)
7/3/2014	Sinoref Holding (1020)	754.09	0.62	(8.82)	9.35
5/2/2014	Far East Holdings International (36)	418.56	0.425	0	(56.98)
30/1/2014	Seamless Green China (8150)	353.84	1.16	(0.85)	784.42
	Maximum			38.89	2,148.23
	Minimum			(30.38)	(85.19)
	Mean			(2.97)	285.73
	Median			(2.25)	29.62
	The Company	361.82	0.70	(11.39)	300.72

Notes:

1. Based on the latest financial data as published in the annual report or interim report as at the date of the announcement.

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Based on the above, the premium/(discount) of issue prices of consideration shares of CS Comparables as compared to their respective closing price prior to the announcement range from a discount of approximately 30.38% to a premium of approximately 38.89% with median at a discount of approximately 2.25% and mean at a discount of approximately 2.97%. The discount of the issue price of the Consideration Shares of 11.39% to the closing price of the Shares on the Last Trading Day therefore lies within the range of the CS Comparables.

The premium/(discount) of issue prices of consideration shares of CS Comparables as compared to their respective latest published net asset value range from a discount of approximately 85.19% to a premium of approximately 2,148.23% times with median at a premium of approximately 29.62% and mean at a premium of approximately 285.73%. The premium of the net asset value per Share as at 30 June 2014 of approximately 300.72% to the closing price of the Shares on the Last Trading Day therefore lies within the range and is above the mean and median of the CS Comparables.

To further assess the fairness and reasonableness of the issue price of the Consideration Shares, we have adopted the price-to-earnings multiple (the “**P/E Ratio**”) analysis. The P/E Ratio of the Company implied by the issue price of the Consideration Shares (the “**Implied P/E**”) is approximately 23.33 times based on the issue price of HK\$0.70 per Consideration Share. We have identified 11 companies which are listed on the Stock Exchange and engaged in catering and restaurant businesses that is similar to that of the Group to compare the Implied P/E with that of the comparable listed companies (the “**Comparables**”). Although the trading prospects and financial positions of the Comparables may not be identical to that of the Group, we have selected the companies in similar business as that of the Group, which in our view, the P/E Ratio of the Comparable could reflect how the market values of the company taking part in the catering and restaurant businesses, and represents fair and representative samples, and could provide a general reference for assessing the fairness of the issue price of the Consideration Shares. We consider the selection of comparable companies fall into the similar business nature of the Group, which can reflect the general performance and value of similar company like the Group. We also selected those companies that are profit-making and its shares are trading on the Stock Exchange as at the Latest Practicable Date. We consider the Comparables set forth in the table below an exhaustive list given such criteria.

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Company (Stock code)	Earnings per share <i>(Note 1)</i> <i>(HK\$)</i>	Closing price as at the Last Trading Day <i>(HK\$)</i>	P/E Ratio <i>(times)</i>
	(a)	(b)	(b)/(a)
Chinese restaurant:			
Tao Heung (573)	0.268	4.10	15.28
Tang Palace (China) (1181)	0.105	1.55	14.75
Fulum Group (1443)	0.139	1.46	10.50
	<i>(Note 2)</i>	<i>(Note 2)</i>	
Fast food catering and others:			
Fairwood (52)	0.857	17.34	20.23
Cafe de Coral (341)	1.010	27.25	26.98
Ajisen (China) (538)	0.250	5.98	23.89
Future Bright (703)	0.415	3.06	7.38
Tsui Wah (1314)	0.112	2.96	26.36
		Max	26.98
		Min	7.38
		Mean	18.17
		Median	20.23
The Company	0.03	0.70 <i>(Note 4)</i>	23.33 <i>(Note 5)</i>
Outlier: (Note 6)			
Hop Hing Group (47)	0.001	0.19	135.71
Xiao Nan Guo Restaurants (3666)	0.001	1.13	1,275.29
Gayety (8179)	0.007	0.84	113.51

Source: website of the Stock Exchange

Notes:

1. *Figures are extracted from their annual reports of the latest financial year.*
2. *Being the profit for the year ended 31 March 2014 divided by the number of issued shares.*
3. *Being the mid-point of the proposed offer price of Fulum Group Holdings Limited, ranging from HK\$1.26 to HK\$1.66 per issued share.*
4. *Being the issue price of HK\$0.70 per Consideration Share.*
5. *Being the Implied P/E.*
6. *Companies are treated as outliers given their extraordinary P/E Ratios.*

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As shown in the above table, the Implied P/E of 23.33 times lies at the upper end of the range and above the median and mean of the Comparables of 20.23 times and 18.17 times respectively. The issue price of the Consideration Share of HK\$0.70 to be issued and allotted to the Vendors, being the executive Directors, controlling shareholders and the directors of Billion Treasure, or their nominees, with the Consideration of HK\$4,900,000 is higher than the average value of the Comparables, whilst the number of the Consideration Shares to be issued and allotted will be relatively lower, hence the potential dilution effect of the issue of the Consideration Shares represents only approximately 1.51% of the enlarged issued share capital upon Completion is minimal as compared to issuing of the Consideration Shares at a lower issue price.

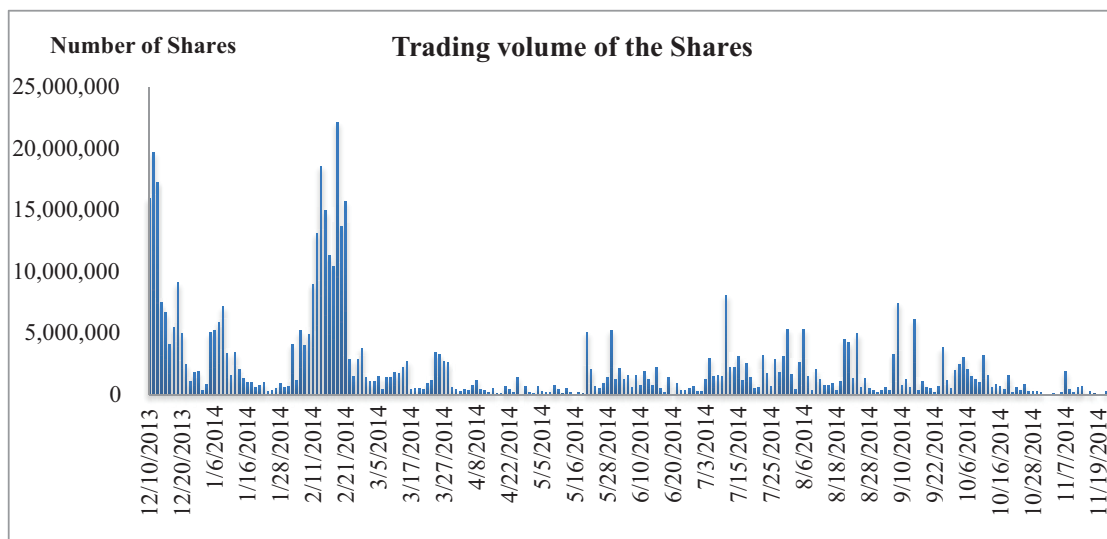
While the CS Comparables and the Comparables are, amongst others, benchmarks in assessing fairness and reasonableness of the issue price of the Consideration Shares, we would put more weighting towards the Comparables as the Comparables are related to restaurant operating companies which are in same business line with the Company. The CS Comparables contain terms of Consideration Shares recently issued by listed companies of different business natures and operations.

Despite that the issue price of the Consideration Share represents a discount of approximately 11.39% to the closing Share price on the Last Trading Day, taking in account that (i) the issue price of the Consideration Shares to be issued and allotted to the Vendors is higher than the average value of the Comparables; (ii) the issue price of the Consideration Share represents a premium over the net asset value per Share as at 30 June 2014 falls within the range and is above the mean and median of the CS Comparables; (iii) the discount under the closing price of the Shares on the Last Trading Day as represented by the issue price of the Consideration Share falls within the range of that of the CS Comparables; (iv) the Share price was on general downward trend and reached the lowest of HK\$0.54 per Share during the Review Period; and (v) the reasons for and benefits of the Acquisition as described under the section headed “Reasons for the Acquisition” above, in light of the above, we are of the view that the issue price of the Consideration Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) *Liquidity*

To further assess the fairness and reasonableness of the issue price of the Consideration Shares, we plotted below a chart which shows the daily trading volume of the Shares during the Review Period. The following chart provides additional information of the liquidity of Shares to the Independent Board Committee and Independent Shareholders besides the share price performance and it is considered as a normal practice in relation to the analysis of the issue price of Consideration Share.

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Source: Infocast

Month	Highest daily turnover (number of Shares) <i>(number of Shares)</i>	Average daily turnover (number of Shares) <i>(Note 1)</i>	Percentage of average daily turnover to total number of Shares in issue (%) <i>(Note 2)</i>	Percentage of average daily turnover to total number of Shares held by Independent Shareholders (%) <i>(Note 3)</i>
2013				
Dec (since 10 December)	19,730,000	7,052,429	1.76	4.10
2014				
Jan	7,154,000	2,084,762	0.52	1.21
Feb	22,142,000	8,472,737	2.12	4.92
Mar	3,418,000	1,530,481	0.38	0.89
Apr	1,452,000	449,800	0.11	0.26
May	5,236,000	1,769,905	0.26	0.61
Jun	2,248,000	970,100	0.24	0.56
Jul	8,094,000	2,274,136	0.57	1.32
Aug	5,326,000	1,769,905	0.44	1.03
Sep	7,452,000	1,644,381	0.36	0.96
Oct	3,182,000	990,000	0.22	0.58
Nov (up to and including the Latest Practicable Date)	1,914,000	333,867	0.07	0.19

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Notes:

1. *Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.*
2. *Based on the total number of issued Shares at the end of the respective month/period.*
3. *Based on the total number of Shares held by the Independent Shareholders as at the Latest Practicable Date.*

As illustrated in the table above, the average daily trading volume in the Review Period was within the range of 333,867 Shares (approximately 0.07% of total number of Shares in issue) and 8,472,737 Shares (approximately 2.12% of total number of Shares in issue). We noted from the above table that save for the month of December 2013, being the month of its listing on the GEM, and February 2014, trading in the Shares had been rather thin during the Review Period, with the average daily trading volume being below 0.60% of the total number of issued Shares in the entire Review Period. Based on the above, we consider that the trading volume of the Shares during most of the Review Period was generally thin. The low liquidity of the Shares may imply that lack of interest from potential investors to invest in the Share. As such the issue price of the Consideration Shares is set at a discount to the market price.

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4. Financial effects of the Acquisition

(i) *Earnings*

The financial results of Billion Treasure will be consolidated into the accounts of the Group after Completion. Billion Treasure has recorded a loss for the year ended 31 December 2013 of approximately HK\$3.06 million and a profit for the six months ended 30 June 2014 of approximately HK\$17.39 million.

The profit attributable to owners of the Company was approximately HK\$8.36 million for the year ended 31 December 2013 and a loss attributable to owners of the Company was approximately HK\$822,000 for the six months ended 30 June 2014.

Assuming the Acquisition was completed on 31 December 2013 and 30 June 2014 and the expenses in relation to the issue of the Consideration Shares were minimal, the Company would make a profit of approximately HK\$5.3 million and HK\$16.57 million for the year ended 31 December 2013 and for the six months ended 30 June 2014 respectively.

(ii) *Cashflow*

The Acquisition will be satisfied by issuance of the Consideration Shares, hence there will be no impact on the cashflow of the Group from this aspect. As per the interim report of the Company for the six months ended 30 June 2014 (the “**Interim Report 2014**”), the Group recorded cash and cash equivalents of approximately HK\$28.65 million. Billion Treasure has recorded bank balances of approximately HK\$4.11 million as at 30 June 2014. The combined cash and bank balances of the Group will be slightly increased after consolidation with that of Billion Treasure.

(iii) *Net asset value*

As per the Interim Report 2014 and management account of Billion Treasure, the consolidated net assets attributable to equity holders of the Company and Billion Treasure were approximately HK\$69.88 million (representing a net asset value per Share of approximately HK\$0.175) and HK\$4.96 million respectively as at 31 December 2013. Upon Completion, the Group will consolidate the assets and liabilities of Billion Treasure into the accounts of the Group and the unaudited consolidated net assets attributable to equity holders of the Company would increase from approximately HK\$69.88 million to approximately HK\$74.84 million (representing a net asset value per Share of approximately HK\$0.161).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) Gearing and net debt

Based on the Interim Report 2014, the total borrowings of the Group were approximately HK\$140,000 (comprising (i) non-current portion of bank borrowing of approximately HK\$50,000; and (ii) current portion of bank borrowings of approximately HK\$90,000) as at 30 June 2014 whilst the consolidated shareholders' equity of the Group as at 30 June 2014 was approximately HK\$69.88 million. As at 30 June 2014, the gearing of the Group (measured by total borrowings over shareholders' equity) was minimal. Upon Completion, the Group will consolidate the borrowings of Billion Treasure into the account of the Group and the borrowings of the Group will be increased by bank loans and obligation under finance leases of Billion Treasure of approximately HK\$31.34 million based on the management account of Billion Treasures for the six months ended 30 June 2014 and the combined shareholders' equity of the Group will increase to approximately HK\$74.84 million. Hence, the gearing ratio will increase to approximately 0.42 times as at 30 June 2014.

The Group had cash and cash equivalent of approximately HK\$28.65 million as at 30 June 2014 which sufficiently covered the net debt of Billion Treasure of approximately HK\$27.24 million (as measured by short term debt plus long term debt minus the bank balances) (comprising (i) bank loan of approximately HK\$30.82 million; (ii) obligation under finance leases of approximately HK\$0.53 million; and (iii) net of bank balances of approximately HK\$4.11 million) as at 30 June 2014 respectively.

Given that the cash and cash equivalent of the Group is (i) sufficiently covered the net debt of Billion Treasure upon Completion; (ii) compared to the major listed companies that engaged in real estate investment with a market capitalisation of at least HK\$5 billion on average have a gearing ratio higher than 0.5 times; and (iii) the market value of the Properties is greater than the outstanding loan amount should the Directors choose to dispose it and the overall gearing level could be reduced, we concur with the Directors that the gearing of the Group upon Completion is relatively healthy.

Although the Directors are aware that the Acquisition will increase the liabilities of the Group since the bank loans of Billion Treasure secured by the investment properties will also be consolidated into the Group's accounts, the Directors believe that the increasing trend of the Hong Kong property prices and rental income (hence the cost saving from renting Property C and Property A) will be more than offset the increase in liabilities and interest expense from the bank loans, therefore enhancing the net asset value of the Company and its shareholder's values. We also understand from the Company that such increase in liability will not affect the normal operation of the Group after the Acquisition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of:

- (a) the positive effect on the net asset value of the Group;
- (b) the positive effect on the earnings of the Group with a new revenue stream;
- (c) the Group has sufficient cash and cash equivalent to cover reduce Billion Treasure's net debt;
- (d) increase in liability will not affect the normal operation of the Group; and
- (e) the aggregate rental and cost savings from Property C and a portion of Property A outweighs the related interest expenses,

we consider that the Acquisition will have an overall positive financial effect on the Group and be in the interests of the Company and the Shareholders as a whole.

It should be noted that the above-mentioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular,

- (i) the Acquisition could enable the Group to receive a stable rental income and operating profit from Billion Treasure;
- (ii) the Consideration represents a discount of approximately 1.2% to the net asset value of Billion Treasure as at 30 June 2014 after taking into account the Valuation;
- (iii) the settlement of the consideration by way of issue of the Consideration Shares can serve to preserve the cash resources of the Group;
- (iv) the issue price of the Consideration Shares to be issued and allotted to the Vendors is higher than the average value of the Comparables;
- (v) the issue price of the Consideration Shares represents a premium of approximately 300.72% over the net asset value per Share; and
- (vi) overall positive financial effects of the Acquisition, including earnings, cashflow and net asset value of the Group,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we consider although the Acquisition is not in the ordinary and usual course of business, it is incidental to the Group's development of its ordinary and usual course of business. The terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend to the independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Octal Capital Limited
Alan Fung **Wong Wai Leung**
Managing Director *Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Wong has more than 15 years of experience in corporate finance and investment banking.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of market values of the Properties of Billion Treasure as at 30 September 2014.



B.I. Appraisals Limited 保柏國際評估有限公司

Registered Professional Surveyors, Valuers & Property Consultants

Unit 1301, 13/F, Tung Wai Commercial Building,
Nos. 109-111 Gloucester Road, Wan Chai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
Email: info@biappraisal.com
Website: www.bigroupchina.com

26 November 2014

The Directors
U Banquet Group Holding Limited
Unit F, 28th Floor, Block 2,
Vigor Industrial Building,
Nos. 49-53 Ta Chuen Ping Street,
Kwai Chung
New Territories

Dear Sirs,

Re: Two(2) properties located in Hong Kong

In accordance with the instruction from U Banquet Group Holding Limited (hereinafter referred to as the “**Company**”) for us to carry out valuation of the property interests in the captioned properties (detailed addresses of which are more particularly stated in the Summary of Values attached herewith, hereinafter referred to as the “**Properties**”), of which the Company intends to acquire, we confirm that we have carried out inspection, conducted land searches at the Land Registry, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the property interests as at 30 September 2014 (hereinafter referred to as the “**Date of Valuation**”).

It is our understanding that this valuation document is to be used by the Company for disclosure purpose.

This letter, forming part of our valuation report, identifies the property interests being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuations, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the property interest in each of the Properties is our opinion of its market value which we would define as intended to mean “an estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuations have been carried out in accordance with The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION APPROACH AND METHODOLOGY

We have focused our valuations by using the Market Approach. In valuing the property interests, which, upon acquisition, are to be held for investment by the Group, we have adopted the Investment Method by capitalising the net rental income derived from existing tenancies with due allowance for the reversionary potential of such properties.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that such property interests are sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement that might serve to affect their values. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature that could affect their values.

Apart from the above, we have made further assumptions as follows:

- a) Each of the Properties has been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated.
- b) Each of the Properties is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorised alteration.
- c) All consents, approvals, required licences, permits, certificates and authorisations have been obtained, except only where otherwise stated, for the use of each of the Properties upon which our valuation is based.

TITLE INVESTIGATION

We have caused searches to be made at the Land Registry for the Properties. However, we have not scrutinized the original documents to ascertain ownership or to verify any amendments that may not appear on the copies handed to us. All documents and leases have been used for reference only. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the property interests that is assumed to be good and marketable.

LIMITING CONDITIONS

We have inspected the exterior, and where possible, the interior of the Properties on 16 October 2014. However, no structural survey has been made nor have any tests been carried out on any of the building services provided in the Property. We are, therefore, not able to report that the Properties are free from rot, infestation or any other structural defects. Yet, in the course of our inspections, we did not note any serious defects.

We have not conducted any on-site measurement to verify the correctness of the floor areas of the Properties but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation certificates attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any future development.

We have relied to a considerable extent on the information and advices given or made available to us by the Company and the relevant government authorities on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreements and all other relevant matters. We have not seen original planning consents and have assumed that the Properties are erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Hong Kong Dollars.

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company and its subsidiaries, the Properties and their owners or the values reported herein.

Our Summary of Values and the Valuation Certificates are enclosed herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED

William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Notes:

- (1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 30 years' experience in the valuation of properties in Hong Kong and has over 15 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.
- (2) Inspections of the Properties were carried out on 16 October 2014 by Mr. Daniel Chan, Valuer, who has more than 6 years' experience in the valuation of properties in Hong Kong.

SUMMARY OF VALUES

Property	Capital value in existing state as at 30 September 2014 (HK\$)
1. Units E and F, 28th Floor, Block 1, and Unit F, 28th Floor, Block 2, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories	23,200,000
2. Flat G on The 16th Floor of Tower 3 of Phase 1, Century Gateway, No. 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories	10,000,000
	<hr/>
Total:	33,200,000 <hr/> <hr/>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2014
<p>1. Units E and F, 28 Floor, Block 1, and Unit F, 28 Floor, Block 2, Vigor Industrial Building, Nos. 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories</p> <p>24/4386 equal and undivided shares of and in Section A of Kwai Chung Town Lot No. 302</p>	<p>Vigor Industrial Building, built in about 1982, comprises 2 blocks of 33-storey industrial building. It is located on the northern side of Ta Chuen Ping Street and closed to its junction with Chun Ping Street within Kwai Chung.</p> <p>The property comprises 2 industrial units on 28 Floor of Block 1 and 1 industrial unit on 28 Floor of Block 2.</p> <p>The total salable area of the property is approximately 720.16 sq.m (7,752 sq.ft).</p> <p>Kwai Chung Town Lot No. 302 is held under New Grant No. TW5356 for a term of 99 years commencing from 1 July 1898</p> <p>The Government Rent payable for the subject lot is HK\$555 per annum.</p>	<p>Portion of Unit E, 28 Floor, Block 1 and Unit F, 28 Floor, Block 2 is subject to a tenancy for terms of three years due to expire on 30 June 2016 at a monthly rent of \$35,000, exclusive of building management fee, government rent and rate; whereas the remaining portion of Unit E, 28 Floor, Block 1 and Unit F, 28 Floor, Block 1 are subject to 2 tenancies, for terms of two years with the latest due to expire on 31 July 2016 at a monthly rent of \$12,000, inclusive of building management fee, government rent and rate.</p>	<p>HK\$23,200,000</p>

Notes:

- 1) The registered owner of the property is Billion Treasure Development Limited via an assignment dated 3 November 2008, registered vide Memorial No. 08112501650046.
- 2) The property is subject to the following encumbrances registered in the Land Registry:
 - a) Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 13122300640225 dated 29 November 2013; and
 - b) Rental Assignment in favour of Hang Seng Bank Limited vide Memorial No. 13122300640237 dated 29 November 2013.
- 3) The subject lot lies within an area currently zoned as “Other Specified Uses” on the Draft Kwai Chung Outline Zoning Plan No. S/KC/28 gazetted on 13 June 2014.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2014
<p>2. Flat G on The 16 Floor of Tower 3 of Phase 1, Century Gateway, No. 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories</p> <p>710/1700001 equal and undivided shares of and in Tuen Mun Town Lot No. 447</p>	<p>Century Gateway, built in about 2012, comprises 4 blocks of 29 to 37-storey residential building of phase 1. It is located on the western side of Tuen Mun Heung Sze Wui Road at close to its junction with Pui To Road within Tuen Mun.</p> <p>The property comprises a residential unit on 16 Floor of tower 3 of phase 1.</p> <p>The total salable area of the property is approximately 72.56 sq.m (781 sq.ft).</p> <p>Tuen Mun Town Lot No. 447 is held under New Grant No. 20296 for a term of 50 years commencing from 21 November 2006.</p> <p>The Government Rent payable for the subject property is HK\$1,308 per quarter.</p>	<p>The property is let under a tenancy, for a term of two years commencing from 20 August 2014 to 19 August 2016, yielding a total monthly rent of about HK\$20,500 inclusive of building management fee, government rent and rate.</p>	<p>HK\$10,000,000</p>

Notes:

- 1) The registered owner of the property is Billion Treasure Property Development Limited via an assignment dated 4 September 2013, registered vide Memorial No. 13093000660141 with the consideration being HK\$9,484,700.
- 2) The property is subject to the following encumbrances registered in the Land Registry:
 - a) Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 13111100370122 dated 29 November 2013; and
 - b) Rental Assignment in favour of Hang Seng Bank Limited vide Memorial No. 13122300640237 dated 29 November 2013.
- 3) The subject lot lies within an area currently zoned as “Residential (Group A) 4” on the Draft Tuen Mun Outline Zoning Plan No. S/TM/32 gazetted on 2 May 2014.

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 (<i>Note</i>)	Interest in a controlled corporation	285,570,000 Shares (<i>Note</i>)	62.35%
Cheung Ka Kei (<i>Note</i>)	Interest in a controlled corporation	285,570,000 Shares (<i>Note</i>)	62.35%
Wong Tsip Yue, Pauline	Interest of the spouse	200,000	0.04%

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.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 positive profit alert announcement of the Company dated 24 October 2014 relating to the financial results of the Company for the nine months ended 30 September 2014 and the third quarterly results announcement for the nine months ended 30 September 2014 dated 10 November 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 adviser 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 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\$350,000 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
Octal Capital	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.
B.I. Appraisals Limited	independent valuer

Each of Octal Capital and B.I. Appraisals 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, Octal Capital and B.I. Appraisals 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, Octal Capital and B.I. Appraisals 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 12 December 2014:

- (a) Sale and Purchase Agreement;
- (b) the Letter from the Independent Board Committee, the text of which is set out on page 17 of this circular;
- (c) the Letter from Independent Financial Adviser, the text of which is set out on pages 18 to 43 of this circular;
- (d) the property valuation report of Billion Treasure, the text of which is set out in Appendix I to this circular;
- (e) written consents of the experts, referred to in the paragraph headed “Experts and Consents” in this Appendix; and
- (f) this circular.

10. MISCELLANEOUS

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



U BANQUET GROUP HOLDING LIMITED

饗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 Room 2401-02, 24 Floor, Jubilee Centre, 46 Gloucester Road, Wanchai, Hong Kong on 12 December 2014, Friday, at 10:00 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 10 October 2014 (the “**Sale and Purchase Agreement**”) entered into among Mr. Cheung Ka Ho and Mr. Cheung Ka Kei (the “**Vendors**”), Kind Access Development Limited, a wholly-owned subsidiary of the Company, (“**Kind Access**”) and the Company in relation to, among other matters, the acquisition of the entire interest in Billion Treasure Property Development Limited (“**Billion Treasure**”) at a consideration of HK\$4,900,000 (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 7,000,000 shares of HK\$0.01 each of the Company (the “**Consideration Shares**”), credited as fully paid at an issue price of HK\$0.70 per share, by the Company as consideration shares pursuant to the terms and conditions of the Sale and Purchase 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 Sale and Purchase Agreement and the issue and allotment of the Consideration Shares and any other transactions contemplated under or incidental to the Sale and Purchase Agreement.

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

Hong Kong, 26 November 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 notorially 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 (address to be changed to A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong with effect from 1 December 2014), 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 Wednesday, 10 December 2014 to Friday, 12 December 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 (address to be changed to A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong with effect from 1 December 2014) for registration not later than 4:30 p.m. on Tuesday, 9 December 2014.