



## 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)**

## FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

### 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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*This announcement, for which the directors (the “Directors”) of U Banquet Group Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 announcement 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 announcement misleading.*

## FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of U Banquet Group Holding Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months ended 31 March 2015*

		<b>For the three months ended 31 March</b>	
		<b>2015</b>	2014
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue	3	110,802	102,701
Other income	3	316	279
Cost of revenue	4	(26,871)	(24,968)
Employee benefit expenses		(27,217)	(26,577)
Depreciation		(4,242)	(3,539)
Operating lease payments		(16,966)	(15,091)
Utilities expenses		(8,143)	(8,538)
Other expenses	5	(19,486)	(21,061)
<b>Operating profit</b>		<b>8,193</b>	3,206
Finance income		158	189
Finance costs		(346)	(79)
Finance income — net		(188)	110
<b>Profit before income tax</b>		<b>8,005</b>	3,316
Income tax expense	6	(1,477)	(1,289)
<b>Profit and total comprehensive income for the year</b>		<b>6,528</b>	2,027
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		6,528	988
Non-controlling interests		—	1,039
		<b>6,528</b>	2,027
Basic earnings per share	7	<b>1.5 cents</b>	0.3 cents
Diluted earnings per share	7	<b>1.4 cents</b>	0.2 cents
Dividend	8	—	—

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the three months ended 31 March 2015*

### Attributable to owners of the Company

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000			
<b>Balance as at 1 January 2015</b> (audited)	4,650	90,326	4,986	18,950	(26,349)	92,563	—	92,563
Profit and total comprehensive income for the period	—	—	—	—	6,528	6,528	—	6,528
<b>Balance as at 31 March 2015</b> (unaudited)	<u>4,650</u>	<u>90,326</u>	<u>4,986</u>	<u>18,950</u>	<u>(19,821)</u>	<u>99,091</u>	<u>—</u>	<u>99,091</u>
Balance as at 1 January 2014 (audited)	4,000	39,873	55,652	18,950	(47,778)	70,697	41	70,738
Profit and total comprehensive income for the period	—	—	—	—	988	988	1,039	2,027
<b>Balance as at 31 March 2014</b> (unaudited)	<u>4,000</u>	<u>39,873</u>	<u>55,652</u>	<u>18,950</u>	<u>(46,790)</u>	<u>71,685</u>	<u>1,080</u>	<u>72,765</u>

## NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Floor 4, Willow House, Cricket Square P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. Its principal place of business is located at Unit F, 28/F, Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, the "Group") are principally engaged in the operation of a chain of Chinese restaurants, provision of wedding services, distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat, and franchising the use of "U Banquet" in a Chinese restaurant in Hong Kong.

The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited since 10 December 2013.

This condensed consolidated financial information has not been audited.

### 2 BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those used in the audited financial statements and notes thereto for the year ended 31 December 2014.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and interpretations that are first effective or available for early adoption for the current accounting period of the company. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The first quarterly financial statements have been prepared on the historical cost basis. The first quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

The first quarterly results are unaudited but have been reviewed by the Company's audit committee.

### 3 REVENUE AND OTHER INCOME

Turnover consists of revenue from (i) operation of Chinese restaurants including provision of dining and wedding banquet services, (ii) provision of wedding services, (iii) distribution of goods, consisting of fresh vegetables, fruits, seafood and frozen meat, and (iv) franchising the use of “U Banquet” in a Chinese restaurant, during the periods are as follows:

	For the three months ended 31 March	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>		
Revenue from Chinese restaurants operations	107,705	100,334
Revenue from provision of wedding services	945	1,138
Revenue from distribution of goods	1,302	1,229
Franchise income	850	—
	<u>110,802</u>	<u>102,701</u>
<b>Other income</b>		
Forfeiture of deposits received	154	265
Rental income	154	—
Miscellaneous income	8	14
	<u>316</u>	<u>279</u>
Total revenue and other income	<u><u>111,118</u></u>	<u><u>102,980</u></u>

### 4 COST OF REVENUE

	For the three months ended 31 March	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cost of materials consumed	25,871	24,043
Cost of provision of wedding services	118	246
Cost of distribution of goods	882	679
	<u>26,871</u>	<u>24,968</u>

## 5 OTHER EXPENSES

	For the three months ended	
	31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditors' remuneration	48	48
Advertising and promotions	2,546	2,773
Cleaning and laundry expenses	1,571	1,562
Credit card charges	1,026	1,025
Kitchen consumables	286	497
Repairs and maintenance	1,197	1,610
Entertainment	813	1,139
Consumable stores	873	704
Insurance	504	628
Legal and professional fee	1,547	2,025
Printing and stationery	347	328
Staff messing	609	634
Service fee to temporary workers	5,014	4,783
Consultancy service fee	948	948
Wedding banquet expenses	664	791
Transportation	571	628
Others	922	938
	<u>19,486</u>	<u>21,061</u>

## 6 INCOME TAX EXPENSE

	For the three months ended	
	31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
Current income tax on profits for the period	1,320	1,189
Deferred income tax		
Origination and reversal of temporary differences	157	100
Income tax expense	<u>1,477</u>	<u>1,289</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2015 (three months ended 31 March 2014: 16.5%).

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2015.

	<b>For the three months ended 31 March</b>	
	<b>2015 (Unaudited)</b>	2014 (Unaudited)
Profit attributable to owners of the Company ( <i>HK\$ '000</i> )	<b>6,528</b>	988
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>440,570</b>	375,570
Basic earnings per share ( <i>HK\$</i> )	<b>1.5 cents</b>	0.3 cents

The calculation of basic earnings per share for the three months ended 31 March 2015 is based on the profit attributable to owners of the Company of HK\$6,528,000 (three months ended 31 March 2014: HK\$988,000) and the weighted average of 440,570,000 ordinary shares in issue (three months ended 31 March 2014: 375,570,000 ordinary shares).

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: contingent returnable shares.

	<b>For the three months ended 31 March</b>	
	<b>2015 (Unaudited)</b>	2014 (Unaudited)
Profit attributable to owners of the Company ( <i>HK\$ '000</i> )	<b>6,528</b>	988
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>440,570</b>	375,570
Adjustment for: — contingent returnable shares	<b>24,430</b>	24,430
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )	<b>465,000</b>	400,000
Diluted earnings per share ( <i>HK\$</i> )	<b>1.4 cents</b>	0.2 cents

The calculation of diluted earnings per share for the three months ended 31 March 2015 is based on the profit attributable to owners of the Company of HK\$6,528,000 (three months ended 31 March 2014: HK\$988,000) and the weighted average of 465,000,000 ordinary shares in issue (three months ended 31 March 2014: 400,000,000 ordinary shares).

The weighted average number of ordinary shares for diluted earnings per share represents the weighted average number of shares in issue during the three months ended 31 March 2014 and 2015 adjusted by the conversion of 24,430,000 contingent returnable shares. The contingent returnable shares were granted to Century Great Investment Limited in 2013 for services to be provided. The shares are restricted for a period of 5 years.

## 8 DIVIDEND

The directors do not recommend the payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

## 9 OPERATING LEASE COMMITMENTS

The Group leases various restaurant properties and equipment under non-cancellable operating lease agreements. The lease agreements are between two and nine years, and majority of lease arrangements are renewable at the end of the lease period with either pre-set increment rate or market rate to be agreed with landlord.

The operating leases of certain restaurant properties also call for additional rentals, which will be based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and conditions as stipulated in the respective rental agreements. As the future revenue of these restaurants could not be accurately determined as at the balance sheet date, the relevant contingent rentals have not been included.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of properties and equipment are as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
No later than 1 year	44,718	58,411
Later than 1 year and no later than 5 years	46,854	89,674
Later than 5 years	—	4,461
	<b>91,572</b>	152,546
	<b>91,572</b>	152,546

The future aggregate lease payments under optional operating leases in respect of properties are as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
No later than 1 year	2,670	—
Later than 1 year and no later than 5 years	148,997	113,739
Later than 5 years	15,636	53,564
	<b>167,303</b>	167,303
	<b>167,303</b>	167,303



## **BUSINESS AND OPERATIONAL REVIEW**

The Group is principally engaged in operation of full-services Chinese restaurants including the provision of dining and wedding banquet services, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat and franchising the use of “U Banquet” to a Chinese restaurant in Hong Kong.

### **Restaurants Operation**

For the three months ended 31 March 2015, the Group operated a total of nine restaurants, eight of which under “U Banquet (譽宴)” brand and one of which under “Hot Pot Cuisine (涮得棧)” brand.

We position ourselves entirely different from traditional, single service-focused Chinese restaurants in Hong Kong. For our dining services, we aim to attract customers with preferences for fresh and tasty Cantonese dishes and quality servicing standards in hygienic and modernly designed restaurant venues suitable for family and friends, gatherings and corporate functions. For wedding banquet services, we target customers with specific standards and expectations for venue design and decoration, banquet dishes and wedding services and we help them simplify and smoothen their wedding planning and preparation process by offering one-stop wedding solutions and the choices of creatively-designed venues as alternatives to traditional Chinese restaurants.

During the three months ended 31 March 2015, the Group continued to operate nine restaurants with steady growth in turnover. The Group has not entered into any lease agreement for a new restaurant during the year 2014 and three months ended 31 March 2015 as the Group could not reach a reasonable lease arrangement with any landlord. The Group is actively looking for suitable locations with a view to launch a new restaurant in the year 2015.

The management resolved to improve the operating efficiency and control expenditures of the Group. The Group increased bulk purchases of food materials from the suppliers in order to enjoy larger discount and successfully reflect it in our financial performance during the period under review. The Group reviewed the work allocation of the staff from time to time to enhance labour efficiency. The Group also entered into long term tenancy agreements to maintain the operating lease payments at reasonable level.

We believe that high product quality, service reliability and management of operations are key factors in business growth and sustainability. We employ a reliable management system to oversee daily restaurant operations and wedding banquet services, maintain quality control standards, monitor workforce performance and implement expansion strategies. Our senior management and the management at restaurant-level consist of members with solid experience in the Chinese restaurant and wedding service industry and who are familiar with different aspects of operations of these industries.

### **Provision of Wedding Services**

During the three months ended 31 March 2015, we operated two wedding shops which provide shooting of wedding photos, rental and sale of wedding gowns and decoration and rental of wedding halls under the trade name of “U Weddings”. We distinguish ourselves from our competitors by our ability to provide (as a specialized wedding service provider one-stop) our customers high quality wedding banquet and wedding services.

## **Distribution of Goods**

Our distribution of goods business consists of sourcing fresh vegetables, fruits, seafood and frozen meat to mainly local restaurants and other food ingredient suppliers. During the three months ended 31 March 2015, we continued to seek potential customers in respect of distribution of goods business to broaden our revenue stream.

## **Franchise of Restaurants Operation**

On 10 July 2014, U Banquet Group Limited, an indirect wholly-owned subsidiary of the Company and the franchisee who is an independent third party entered into a two-year franchise agreement whereas the Company granted to the franchisee a non-exclusive right, license and franchise to open and operate a Chinese restaurant under the Company's trade name. The restaurant was opened in September 2014 and locates in Kowloon Bay.

## **Acquisition of Entire Equity Interest in Billion Treasure Property Development Limited (“Billion Treasure”)**

On 22 December 2014, the Group completed the acquisition of the entire equity interest of Billion Treasure by issue and allotment of 7,000,000 consideration shares of the Company at HK\$0.70 per share to the vendors. Billion Treasure is a property investing entity previously held by Mr. Cheung Ka Ho and Mr. Cheung Ka Kei, Executive Directors of the Company. The fair value of the consideration shares as at the completion date was HK\$0.68 per share. As a result of the acquisition, the Group is expected to expand its revenue stream and receive a stable rental income.

## **Acquisition of Non-Controlling Interests of General Corporation Limited (“General Corporation”) and Smart Award Limited (“Smart Award”)**

On 4 September 2014, the Group completed the acquisition of the remaining 49.995% non-controlling interest in each of General Corporation and Smart Award, which are principally engaged in the distribution of fresh vegetables, fruits, seafood and frozen meat. The consideration was settled by the issue of 58,000,000 consideration shares by the Company at an issue price of HK\$0.55 per share to the vendor. The fair value of the consideration shares as at completion date was HK\$0.88 per share.

## **FINANCIAL REVIEW**

### **Revenue**

During the three months ended 31 March 2015, the Group reported a total revenue of approximately HK\$110.8 million (three months ended 31 March 2014: approximately HK\$102.7 million), representing an increase of approximately 7.9% as compared to the corresponding period in 2014. The increase was primarily due to the increase of revenue from the operation of restaurants.

Revenue mainly came from the operation of restaurants of approximately HK\$107.7 million, representing approximately 97.2% of total revenue. It increased by approximately 7.4% or HK\$7.4 million from approximately HK\$100.3 million as compared to the corresponding period in 2014. This was mainly due to increase of the number of wedding banquet services contracts during the period under review as the low season in 2014 started in late January while that in 2015 started in mid-February. As a result, the proportion of revenue from wedding banquet to the revenue from operation of restaurants increased from approximately 24.1% to 26.9% for the three months ended 31 March 2014 and 2015, respectively.

For the franchise of restaurant operation in Kowloon Bay, the Group will receive a monthly franchise fee of HK\$125,000 for 24 months and the franchisee will also pay the Group 10% of the monthly gross turnover of the franchised business as management fee. In addition, the Group shall provide consultancy services to the franchisee, including human resource management, food quality control, energy saving and staff training. The Group had received approximately HK\$850,000 in respect of franchise and management fee during the three months ended 31 March 2015 (three months ended 31 March 2014: HK\$ Nil).

### **Cost of Revenue**

The cost of revenue comprised cost of materials consumed, cost of distribution of goods and cost of provision of wedding services. Cost of revenue for the three months ended 31 March 2015 amounted to approximately HK\$26,871,000, representing an increase of approximately 7.6% as compared to the corresponding period in 2014. The rise was in line with the increase of revenue for the three months ended 31 March 2015. The cost of revenue remained stable representing approximately 24.3% of the Group's revenue for the three months ended 31 March 2015.

### **Employee Benefit Expenses**

Employee benefit expenses were approximately HK\$27,217,000 (three months ended 31 March 2014: HK\$26,577,000), an increase of approximately 2.4% as compared to the corresponding period in 2014. The increase was mainly due to the wage adjustments to retain experienced staff under the inflationary environment. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

### **Operating Lease Payments**

Operating lease payments for the three months ended 31 March 2015 amounted to approximately HK\$16,966,000, representing an increase of approximately 12.4% as compared to the corresponding period in 2014. The increase was mainly due to the effect of lease renewal in March 2014 for restaurants located in Mong Kok which fully reflected in the three months ended 31 March 2015.

### **Other Expenses**

Other expenses mainly represent expenses incurred for the Group's operation, consisting of consultancy service fee, service fees to temporary workers, kitchen consumables, laundry, cleaning, repair and maintenance, advertising and promotion, etc. For the three months ended 31 March 2015, other expenses amounted to approximately HK\$19,486,000, representing a decrease of approximately 7.5% as compared to the corresponding period in 2014. The decrease was primarily due to decrease of variable expenses for two restaurants which were spent on the embryonic stage of the restaurants opened in 2013, i.e. U Banquet (Wong Tai Sin) and U Banquet (Sino Plaza).

### **Profit Attributable to Owners and Net Profit Margin**

Profit attributable to owners of the Group increased substantial by approximately 560.7% to approximately HK\$6,528,000, representing a net profit margin of approximately 5.9% (three months ended 31 March 2014: 2.0%). The significant increase of profit attributable to owners of the Group and the net profit margin was mainly due to (i) increased of proportion of revenue from wedding banquet to the revenue from operation of restaurants since wedding banquet normally generate a higher profit margin than dining services; (ii) 100% profit contribution amounting approximately HK\$1.7 million (approximately HK\$1.0 million profit contribution to the owners of the Company for the three months ended 31 March 2014) from distribution of

goods business for the three months ended 31 March 2015 since the acquisition of 49.995% interest in each of General Corporation Limited and Smart Award Limited which took place on 4 September 2014; and (iii) receipt of approximately HK\$0.9 million franchise income for the three months ended 31 March 2015 from a franchisee pursuant to a franchise agreement (three months ended 31 March 2014: HK\$ Nil). Hence, the profit attributable to owners of the Group and the net profit margin was increased.

## **Dividends**

The Directors do not recommend payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

## **Prospects**

The operating environment in Hong Kong is expected to remain challenging for the foreseeable future. Nonetheless, the management is confident that the Group can succeed and enhance the shareholders' value.

The Group is continuously searching for appropriate locations with high traffic flow and reasonable rentals to expand its restaurant network. The Group did not launch any new restaurant in the year 2014 as the Group could not reach a reasonable lease arrangement with any landlord. Nevertheless, the Group is actively looking for suitable locations with a view to launch a new restaurant for the year 2015. This new restaurant is expected to become another major income stream for the Group and enlarge the Group's market share within the industry.

The Group will continue deploying different marketing strategies, adding creative features to the existing and new restaurants, meanwhile, implementing effective cost control measures and minimizing the operating costs on rental, raw materials and labour accordingly.

Looking forward, the Group will continue to utilise its available resources to engage in its current business. The Group will continue expanding its scope of business, including opening more local restaurants proactively in order to sustain the Group's growth, seeking potential customers in respect of distribution of goods business to deliver satisfactory returns to its shareholders. The acquisition of Billion Treasure provides an opportunity for the Group to broaden its earnings base and enables the Group to receive a stable rental income. Apart from this, the Group will also continue to explore business opportunities associated with its core business to strengthen its revenue base and maximise its return of the shareholders and value of the Company.

On 15 April 2015, the Company has submitted an application to the Stock Exchange for the transfer of listing of all shares of the Company (the "Shares") from the GEM to the Main Board of the Stock Exchange (the "Transfer of Listing") under Chapter 9A of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange. The Board believes that the Transfer of Listing will enhance the profile of the Company and increase the trading liquidity of the Shares. The Board also considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility. There is no intention of the Board to change the nature of business of the Group following the Transfer of Listing. The Transfer of Listing will not involve issue of any new Shares by the Company. The Transfer of Listing is subject to the approval of the Stock Exchange.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

For the three months ended 31 March 2015, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the three months ended 31 March 2015.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules throughout the three months ended 31 March 2015. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the three months ended 31 March 2015, except for certain deviations as specified with considered reasons for such deviations as explained below.

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the three months ended 31 March 2015 under review, the Company has not separated the roles of Chairman and Chief Executive Officer of the Company. Mr. Cheung Ka Ho was the Chairman and also the Chief Executive Officer of the Company responsible for overseeing the operations of the Group during such period. Due to the nature and the extent of the Group’s operations and Mr. Cheung Ka Ho’s in-depth knowledge and experience in the industry and his familiarity with the operations of the Group, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership enabling the Group to operate efficiently. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals, with 3 of them being Independent Non-executive Directors. Nevertheless, the Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group had adopted Rules 5.48 to Rules 5.67 Rules of the GEM Listing Rules (“Model Code”) as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings.

After making specific enquiry with all the Directors, all the Directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for Directors’ securities transactions during the three months ended 31 March 2015.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the Company’s compliance adviser, Quam Capital Limited (the “Compliance Adviser”), except for the financial adviser agreement entered into between the Company and Compliance Adviser in relation to a connected transaction in relation to the acquisition to entire interest in Billion Treasure as disclosed in the announcement of the Company dated 10 October 2014 and the financial adviser agreement entered into between the Company and Compliance Adviser in relation to the Transfer of Listing as disclosed in the announcement of the Company dated 15 April 2015, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2015.

## AUDIT COMMITTEE

The Company has established an Audit Committee on 19 November 2013 with written terms of reference in compliance with the Rules 5.28 to 5.33 of the GEM Listing Rules and the Code on Corporate Governance. The Audit Committee performs, amongst others, the following functions:

- Review financial information of the Group
- Review relationship with and terms of appointment of the external auditors
- Review the Company's financial reporting system, internal control system and risk management system.

The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

The Audit Committee comprises three members namely:—

Mr. Wong Sui Chi (*Chairman*)

Mr. Chung Kong Mo *JP*

Ms. Wong Tsip Yue, Pauline

The unaudited first quarterly financial results of the Group for the three months ended 31 March 2015 has been reviewed by the Audit Committee.

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

Hong Kong, 11 May 2015

*As at the date of this announcement, the Executive Directors are Mr. Cheung Ka Ho, Mr. Cheung Ka Kei and Mr. Kan Yiu Pong and the Independent Non-executive Directors are Mr. Chung Kong Mo JP, Ms. Wong Tsip Yue, Pauline and Mr. Wong Sui Chi.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for seven days from the day of its posting and on the website of the Company at [www.u-banquetgroup.com](http://www.u-banquetgroup.com).*