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: 1483)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2018, unaudited operating results of the Group (as defined below) were as follows:

– Revenue reached approximately HK$185,464,000 representing an increase of 4.7% compared to the same period of the previous financial year;

– Loss attributable to owners of the Company for the six months ended 30 June 2018 amounted to approximately HK$15,716,000, while loss attributable to owners of the Company amounted to approximately HK$23,748,000 from the same period of the previous financial year;

– Basic loss per share for the six months ended 30 June 2018 based on weighted average number of ordinary shares of 533,570,000 issued was HK3 cents;

– No dividend was declared for the six months ended 30 June 2018.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of U Banquet Group Holding Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Interim Period") together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**185,464**	177,162
Other income	*4*	**945**	514
Cost of revenue	*5*	**(51,020)**	(46,647)
Employee benefit expenses		**(49,406)**	(53,388)
Depreciation		**(7,634)**	(9,937)
Operating lease payments		**(38,582)**	(40,412)
Utilities expenses		**(17,010)**	(16,158)
Other expenses	*6*	**(37,643)**	(35,167)
Gain on disposal of financial assets at fair value through profit or loss		**468**	408
Fair value (loss)/gain of financial assets at fair value through profit or loss		**(143)**	565
Other gain	*4*	**206**	295
Operating loss		**(14,355)**	(22,765)
Finance income		**233**	98
Finance cost		**(1,277)**	(858)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2018

		For six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Finance cost – net		**(1,044)**	(760)
Loss before income tax		**(15,399)**	(23,525)
Income tax expenses	*7*	**(317)**	(223)
Loss attributable to owners of the Company for the period		**(15,716)**	(23,748)
Other comprehensive income and expenses			
Item that will not be re-classified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(403)**	1,038
Total other comprehensive income for the period		**(403)**	1,038
Loss and total comprehensive expenses attributable to owners of the Company		**(16,119)**	(22,710)
Basic loss per share *(HK$)*	*9*	**3 cents**	5 cents
Diluted loss per share *(HK$)*	*9*	**N/A**	N/A
Dividends *(HK$)*	*8*	**–**	–

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**33,954**	43,260
Investment properties		**107,935**	108,865
Rental deposits		**8,514**	12,351
Goodwill		**21,535**	21,720
Deferred income tax assets		**5,392**	5,345
		177,330	191,541
Current assets			
Trade receivables	*10*	**1,304**	1,955
Deposits and prepayments	*11*	**109,528**	25,873
Current income tax recoverable		**261**	571
Financial assets at fair value through profit or loss	*12*	**706**	3,447
Cash and cash equivalents		**156,166**	196,335
		267,965	228,181
Non-current assets held for sales	*13*	**–**	32,182
Total assets		**445,295**	451,904
EQUITY			
Equity attributable to owners of the Company			
Share capital		**5,580**	5,580
Share premium		**236,120**	236,120
Other reserves		**34,351**	31,620
Accumulated losses		**(158,075)**	(142,359)
Total equity		**117,976**	130,961

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2018

	Note	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Accruals and provisions		**4,500**	4,500
Deposits received		**4,938**	4,653
Deferred income tax liabilities		**24,899**	24,769
Provision for reinstatement costs		**3,314**	3,278
		37,651	37,200
Current liabilities			
Trade payables	*14*	**13,414**	17,550
Accruals, provisions and other payables		**10,307**	24,228
Amount due to a related company	*16(c)(i)*	**3,589**	3,621
Deposits received		**50,234**	40,577
Current income tax liabilities		**1,121**	804
Amount due to a director	*16(c)(ii)*	**1,100**	1,100
Loans from a shareholder	*16(c)(iii)*	**184,267**	150,690
Provision for reinstatement costs		**–**	173
Borrowings	*17*	**25,636**	45,000
		289,668	283,743
Total liabilities		**327,319**	320,943
Total equity and liabilities		**445,295**	451,904

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Share-based payment reserve *HK$'000*	Accumulated losses *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2018 (audited)	**5,580**	**236,120**	**4,986**	**3,206**	**23,428**	**(142,359)**	**130,961**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**3,134**	**–**	**3,134**
Loss and total comprehensive income for the period	**–**	**–**	**–**	**(403)**	**–**	**(15,716)**	**(16,119)**
Balance at 30 June 2018 (Unaudited)	**5,580**	**236,120**	**4,986**	**2,803**	**26,562**	**(158,075)**	**117,976**
Balance at 1 January 2017 (audited)	4,650	90,326	4,986	(53)	18,950	(86,173)	32,686
Issue of shares on placement, net	930	145,793	–	–	–	–	146,723
Recognition of equity-settled share-based payments	–	–	–	–	395	–	395
Loss and total comprehensive income for the period	–	–	–	1,038	–	(23,748)	(22,710)
Balance at 30 June 2017 (Unaudited)	5,580	236,120	4,986	985	19,345	(109,921)	157,094

NOTES TO THE INTERIM 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, the Cayman Islands. The Company's principal place of business is located at Suite 1307, Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong.

The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries are principally engaged in the operation of a chain of Chinese restaurants, property leasing and securities trading business.

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK$") unless otherwise stated. These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 23 August 2018.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with HKAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The condensed consolidated interim financial information have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017, except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as detailed in note 2 of the 2017 financial statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated interim financial information for the period.

2.1 New and amended standards adopted by the Company

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2018:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

The adoption of these new and revised HKFRSs did not have significant effect on the condensed consolidated interim financial information or results in any significant changes in the Company's significant accounting policies.

2.2 New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2019.

		Effective for accounting periods beginning on or after
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

As at 30 June 2018, the Group's current liabilities exceeded its current assets by approximately HK$21,703,000 (as at 31 December 2017: approximately HK$55,562,000). The current liabilities mainly consisted of deposits received from customers of approximately HK$47,169,000 (as at 31 December 2017: approximately HK$40,577,000), which is to be recognised as revenue upon rendering of the relevant banquet services in the next twelve months.

Based on the Group's history of its operating performance and its expected future working capital, the directors of the Company ("Director") believe that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

3. SEGMENT INFORMATION

(a) Analysis of segment revenue and results

The CODM has been identified as the Directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Following a change in the Group's operating and reporting structure, starting from the year ended 31 December 2017, the Group has three reportable and operating segments (i) Chinese restaurant business, (ii) property leasing business and (iii) securities trading business. Property leasing and securities trading business are new business segments identified during the year 2017.

Certain comparative figures has been reclassified to conform with current year's presentation.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

	Chinese restaurant business		**Property leasing business**		**Securities trading business**		**Total**	
	Six month ended 30 June		**Six month ended 30 June**		**Six month ended 30 June**		**Six month ended 30 June**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
External Revenue	**183,190**	176,689	**2,255**	304	**19**	169	**185,464**	177,162
Gain on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**468**	408	**468**	408
Segment profit/(loss)	**241**	(12,448)	**809**	540	**202**	1,129	**1,252**	(10,779)
Finance income							**233**	98
Finance costs							**(1,277)**	(858)
Unallocated corporate expenses							**(15,607)**	(11,986)
Loss before tax							**(15,399)**	(23,525)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss incurred by each segment without allocation of central administration costs, depreciation of certain plant and equipment, directors' emoluments, finance income, finance cost and exchange gain/(loss). This is the measure reported to the CODM for purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Chinese restaurant business		Property leasing business		Securities trading business		Total	
	As at 30 June 2018 (Unaudited) ***HK$'000***	As at 31 December 2017 (Audited) *HK$'000*	**As at 30 June 2018 (Unaudited)** ***HK$'000***	As at 31 December 2017 (Audited) *HK$'000*	**As at 30 June 2018 (Unaudited)** ***HK$'000***	As at 31 December 2017 (Audited) *HK$'000*	**As at 30 June 2018 (Unaudited)** ***HK$'000***	As at 31 December 2017 (Audited) *HK$'000*
Segment assets	**65,454**	78,055	**129,605**	130,856	**836**	3,654	**195,895**	212,565
Cash and cash equivalents							**156,166**	196,335
Current Income Tax recoverable							**261**	571
Deferred income tax assets							**5,392**	5,345
Non-current assets held for sale							**–**	32,182
Other unallocated corporate assets							**87,581**	4,906
Total assets							**445,295**	451,904
Segment liabilities	**82,125**	87,008	**2,004**	3,616	**–**	–	**84,129**	90,624
Borrowings							**25,636**	45,000
Deferred income tax liabilities							**24,899**	24,769
Amounts due to a related company							**3,589**	3,621
Amounts due to a director							**1,100**	1,100
Loans from a shareholder							**184,267**	150,690
Current income tax liabilities							**1,269**	804
Other unallocated corporate liabilities							**2,430**	4,335
Total liabilities							**327,319**	320,943

(c) Geographical information

Revenues are attributed to geographic areas based on the location of customers. Revenues regarding geographical segments based on the location of customers for the period are presented as follows:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	(HK$'000)	*(HK$'000)*
China	**2,213**	–
Hong Kong	**183,251**	177,162
	185,464	177,162

Information about major customers

For six months ended 30 June 2018, no single customer accounted for more than 10% of the Group's total revenue (six months ended 30 June 2017: nil).

4. REVENUE, OTHER INCOME AND OTHER GAIN

Turnover which consists of revenue from (i) Chinese restaurants business, (ii) property leasing business and (iii) securities trading business, for the six months ended 30 June 2018 together with the comparative unaudited figures for the corresponding periods in 2017 are as follows:

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Chinese restaurant business:		
Revenue from Chinese restaurants operations	**183,190**	174,725
Revenue from provision of wedding services	**–**	652
Revenue from distribution of goods	**–**	671
Franchise income	**–**	641
	183,190	176,689
Property leasing business:		
Rental Income	**2,255**	304
Securities trading business:		
Dividend Income	**19**	169
	185,464	177,162

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income		
Forfeiture of deposits received	**672**	440
Miscellaneous income	**273**	74
	945	514

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other gain		
Gain on disposal of property, plant and equipment	**206**	295

5. COST OF REVENUE

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of materials consumed	**50,606**	46,003
Business tax and other	**414**	–
Cost of provision of wedding services	**–**	86
Cost of distribution of goods	**–**	558
	51,020	46,647

6. OTHER EXPENSES

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Auditor's remuneration	**124**	139
Advertising and promotions	**4,330**	6,303
Cleaning and laundry expense	**3,523**	2,835
Credit card charges	**2,224**	2,206
Kitchen consumables	**458**	639
Repair and maintenance	**2,244**	2,876
Entertainment	**977**	1,203
Consumable stores	**1,406**	1,429
Insurance	**851**	1,060
Legal and professional fee	**704**	1,481
Printing and stationery	**600**	718
Staff messing	**805**	890
Service fee to temporary workers	**11,679**	7,600
Consultancy service fee	**1,895**	1,895
Banquet expenses	**210**	234
Transportation	**285**	587
Share-based payment	**2,129**	395
Others	**3,199**	2,677
	37,643	35,167

7. INCOME TAX EXPENSES

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profit tax	**–**	47
PRC enterprise income tax	**234**	–
Deferred income tax		
Origination and reversal of temporary differences	**83**	176
Income tax expenses	**317**	223

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2018 and 2017. The applicable corporate income tax rate for Mainland China subsidiaries is 25% on the estimated assessable profits.

8. DIVIDENDS

The Directors do not recommend payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company *(HK$'000)*	**15,716**	23,748
Weighted average number of ordinary shares in issue *(thousands)*	**533,570**	522,266
Loss per share *(HK$)*	**3 cents**	5 cents

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2018, the Company has two categories of dilutive potential ordinary shares: contingent returnable shares and share options (six months ended 30 June 2017: contingent returnable shares).

The potential ordinary shares arising from the conversion of contingent returnable shares and share options had an anti-dilutive effect on the basic loss per share, hence they were ignored in the calculation of diluted loss per share (six months ended 30 June 2017: same).

10. TRADE RECEIVABLES

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
0 to 30 days	**1,304**	1,955

The Group's revenue from its Chinese restaurant operations is mainly conducted in cash or by credit cards. The credit period granted by the Group to its customers in chinese restaurant business ranges from 0 to 90 days. As at 30 June 2018, trade receivables that were not past due nor impaired amounted to approximately HK$1,304,000 (31 December 2017: approximately HK$1,955,000). These balances relate to credit card receivables for which there was no recent history of default.

As at 30 June 2018, no trade receivables were impaired (31 December 2017: same). No provision for impairment of trade receivables was made as at 30 June 2018 (31 December 2017: same).

11. DEPOSIT AND PREPAYMENTS

The deposit and prepayments as at 30 June 2018 included a refundable deposit in the amount of HK$83,750,000 paid to an escrow agent on 4 June 2018. The refundable deposit shall be released to Mr. Wan Zhong upon completion of a possible acquisition, and applied as part payment towards the aggregate consideration.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss are listed equity shares in Hong Kong.

13. NON-CURRENT ASSETS HELD FOR SALE

Industrial properties and residential properties of the Group in Hong Kong previously classified under investment properties and property, plant and equipment, totalling to HK$24,299,000 and HK$7,883,000, respectively, were reclassified to non-current assets held for sale following the entering into sale and purchase agreements between the Group and several third parties on 13 October 2017 and 27 November 2017.

On 15 January 2018 and 1 February 2018, the Group has completed the transactions for sales of industrial properties and residential properties classified under non-current assets held for sale as at 31 December 2017 and received a net proceeds of HK$32,182,000.

As at 31 December 2017, the non-current assets held for sale was pledged against certain banking facilities of the Group, the pledges were released upon the completion of the sale.

14. TRADE PAYABLES

The aging analysis of trade payables based on the invoice date was as follows:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
0-30 days	**7,319**	10,338
31-60 days	**6,095**	6,314
61-90 days	**–**	898
	13,414	17,550

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in Hong Kong dollars.

15. COMMITMENTS

a. 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 landlords.

The operating leases of certain restaurant properties also subject to turnover rent, which will be based on a certain percentage of the 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:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
No later than 1 year	**67,579**	74,209
Later than 1 year and no later than 5 years	**30,429**	54,672
	98,008	128,881

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

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
No later than 1 year	**7,612**	–
Later than 1 year and no later than 5 years	**117,812**	117,766
Later than 5 years	**2,221**	5,554
	127,645	123,320

b. **Capital Commitments**

As at 30 June 2018, as far as the Directors are aware, the Group had no material contracted, but not provided for capital commitments (31 December 2017: nil).

16. RELATED PARTIES TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) Related parties

The Directors are of the view that the following companies were related parties that had transactions or balances with the Group during the Interim Period:

Name	**Relationship with the Group**
Mr. Sang Kangqiao ("Mr. Sang")	Controlling shareholder and chairman of the Board of Director
Mr. Xu Wenze ("Mr. Xu")	Controlling shareholder and executive director
Guorun Construction Group Co. Ltd	A Company controlled by Mr. Xu

(b) Transactions with related parties

Except for the transactions disclosed elsewhere in this announcement, the Group had the following significant transactions with its related parties during the period:

	For six months end 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expenses paid or payable to Mr. Sang	**606**	–

(c) Balances with related parties

The Group had the following balances with related parties:

(i) Amount due to a related company

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Non-trade payables to a related company:		
Guorun Construction Group Co. Ltd	**3,589**	3,621

As at 30 June 2018 and 31 December 2017, payables to a related party is unsecured, interest-free and repayable on demand. The carrying amount of amount due to a related company approximated its fair value and is denominated in HK$.

(ii) Amount due to a director

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Amount due to Mr. Xu	**1,100**	1,100

As at 30 June 2018 and 31 December 2017, amount due to a director is unsecured, interest-free and repayable on demand. The carrying amount of amount due to a director approximates its fair value and is denominated in HK$.

(iii) Loans from a shareholder

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Loans from Mr. Sang – interest bearing	**132,267**	150,690
Zero Interest loan from Mr. Sang	**52,000**	–
	184,267	150,690

On 1 November 2016, the Company and Mr. Sang entered into a loan facility agreement under which Mr. Sang has agreed to make available to the Company from time to time an unsecured loan facility amounted to HK$300,000,000 with an interest rate of 4.5% per annum for a term of 2 years. As at 30 June 2018, a total of HK$132,267,000 were drawn down including interest accrued.

The carrying amounts of loans from a shareholder approximate their fair values, are denominated in HK$ and repayable on demand.

On 30 May 2018, the Company and Mr. Sang entered into a zero interest loan facility agreement under which Mr. Sang has agreed to make available to the Company from time to time an unsecured loan facility amounted to HK$60,000,000 for a term of four months. As at 30 June 2018, a total of HK$52,000,000 were drawn down.

17. BORROWINGS

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Other borrowings – unsecured	**25,636**	45,000

On 9 May 2017, U Banquet Group Limited ("UBGL"), the Company's wholly owned subsidiary company, entered into a loan facility agreement with a director of certain subsidiaries in which the director has agreed to make available to UBGL from time to time an unsecured loan facility amounted to HK$60,000,000 with an interest rate of 4.5% per annum for a term of 30 months. As at 30 June 2018, a total of HK$25,636,000 were drawn down including interest accrued. The carrying amounts of loans from a director of subsidiaries approximate their fair values, are denominated in HK$ and repayable on demand.

For the six months ended 30 June 2018, loan interest expenses paid or payable for this borrowings amounted to HK$636,000 (six months ended 30 June 2017: HK$288,000).

18. EVENTS AFTER THE REPORTING PERIOD

Up to the date of this results announcement, there is no material subsequent event undertaken by the Group after 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL OVERVIEW

The Group is principally engaged in operation of full-services Chinese restaurants, following a change in the Group's operating and reporting structure, starting from the year of 2017, the Group has three operating segments (i) Chinese restaurant business, (ii) property leasing business, and (iii) securities trading business.

The Group ceased the franchise of restaurants operation and wedding service business in July 2017 and December 2017 respectively. The Group will consider potential franchisees if and when opportunities arise in the future.

Restaurants Operation

For the six months ended 30 June 2018, the Group operated a total of 10, six of which were under "U Banquet（譽宴）" brand (including "U Banquet • The StarView（譽宴•星海）"), two were under "U • Kitchen（譽廚）" brand and two were under "U • Pot（譽鍋）" 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 banquet services, we target customers with specific standards and expectations for venue design and decoration, banquet dishes and the choices of creatively-designed venues as alternatives to traditional Chinese restaurants.

The management resolved to improve the operating efficiency and control expenditures of the Group. 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 success factors in business growth and sustainability. We have a reliable management team to oversee daily restaurant operations and bouquet banquet services, to maintain quality control standards, to monitor workforce performance and to implement expansion strategies. Our senior management and the management at restaurant-level consist of members with solid experience in the Chinese restaurant and banquet service industry and they are familiar with different aspects of operations of these industries.

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. In late 2017, due to the continued competitive environment, we discontinued the distribution of goods to external customers and solely distribute the goods to Group's restaurants which aim to minimise the cost of material consumed.

Property Leasing Business

During the Interim Period, the Group recorded rental income in the amount of HK$2,255,000 for the leasing of a Beijing office acquired in the year of 2017 and investment properties located at Hong Kong (six months ended 30 June 2017: HK$304,000)

Securities Trading Business

During the Interim Period, the Group recorded dividend income in the amount of HK$19,000 from held for trading investment. (six months ended 30 June 2017: HK$169,000)

FINANCIAL REVIEW

Revenue

The table below sets forth the revenue breakdown of the Group's for the Interim Period and the corresponding period in 2017:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
– from Chinese restaurants business	**183,190**	176,689
– from property leasing business	**2,255**	304
– from securities trading business	**19**	671
	185,464	177,162

During the Interim Period, the Group reported a total revenue of approximately HK$185,464,000 (six months ended 30 June 2017: approximately HK$177,162,000), representing an increase of approximately 4.7% as compared to the corresponding period in 2017. The increase was primarily due to the increase of revenue from Chinese restaurant operations.

Revenue mainly came from the Chinese restaurants business of approximately HK$183,190,000, representing approximately 98.8% of total revenue. It has increased by approximately 3.7% or HK$6,501,000 from approximately HK$176,689,000 as compared to the corresponding period in 2017.

Operating Performance by Restaurants

The table below sets forth the seat turnover rate, average spending per customer and average daily revenue generated by each of the Group's restaurants for the Interim Period and the corresponding period in 2017:

	Six months ended 30 June		Six months ended 30 June				Six months ended 30 June	
	2018	2017	**2018**		2017		**2018**	2017
	Seat turnover rate *(Note 1)*		**Average spending per customer**				**Average daily revenue**	
			Dining customer	**Banquet customer**	Dining customer	Banquet customer		
	Times	*Times*	***HK$***	***HK$***	*HK$*	*HK$*	***HK$***	*HK$*
U Banquet (Mong Kok) (1) and U Banquet (Mong Kok) (2)	**3.35**	2.78	**107**	**645**	105	628	**200,444**	187,487
U Banquet (Tsim Sha Tsui)	**N/A**	3.24	**N/A**	**N/A**	91	601	**N/A**	70,739
U Banquet (Kwun Tong)/ U Banquet • The StarView (Kwun Tong) *(Note 4)*	**4.08**	3.77	**113**	**612**	102	619	**135,090**	116,190
U Banquet (Causeway Bay)	**2.17**	2.25	**112**	**641**	106	654	**96,850**	108,410
U Banquet (North Point)/ U • Kitchen (North Point) and U • Pot (North Point) *(Note 3)*	**2.64**	2.52	**98**	**N/A**	88	494	**141,016**	120,868
U Banquet (Wong Tai Sin) and Hot Pot Cuisine Restaurant/ U • Kitchen (Wong Tai Sin) and U • Pot (Wong Tai Sin) *(Notes 2)*	**3.10**	3.12	**82**	**532**	82	N/A	**178,421**	179,340
U Banquet (Sino Plaza)	**2.62**	2.97	**141**	**619**	128	658	**82,524**	87,547
U Banquet • The StarView (The One)	**1.21**	0.95	**411**	**821**	323	764	**177,749**	111,595

Note:

1. The seat turnover rate was calculated by dividing the total number of diners (including wedding banquet diners) by the total number of seats available for regular dining service in the relevant restaurant then divided by the total number of operation days for the relevant period.

2. We have changed the restaurants names from "U Banquet (Wong Tai Sin)" and "Hot Pot Cuisine" to U • Kitchen (Wong Tai Sin) and U • Pot (Wong Tai Sin) since March 2017, the restaurants are mainly focus on dining business.

3. U Banquet (North Point) was renamed to U • Kitchen (North Point) and U • Pot (North Point) in late July 2017, the restaurants are mainly focus on dining business.

4. U Banquet (Kwun Tong) was changed to U Banquet • The StarView (Kwun Tong) in mid-September 2017, the restaurants are mainly focus on banquet business.

Cost of Revenue

The cost of revenue is mainly comprised of cost of materials consumed, cost of distribution of goods, cost of provision of wedding services and cost of property leasing. Cost of materials consumed for the Interim Period amounted to approximately HK$50,606,000 (Six months ended 30 June 2017: HK$46,003,000), representing an increase of approximately 10.0% as compared to corresponding period in 2017.

The increase in cost of revenue was larger than the increase of revenue for the Interim period. In late 2017, two restaurants, named U • Pot (Wong Tai Sin) and U • Pot (North Point) became buffet style restaurants which the cost of materials consumed increased. The cost of materials consumed approximately 27.6% of the Group's revenue from Chinese restaurants operations for the Interim Period while only 26.3% for the corresponding period in 2017.

Employee Benefit Expenses

Employee benefit expenses were approximately HK$49,406,000 for the Interim Period (six months ended 30 June 2017: approximately HK$53,388,000), a decrease of approximately 7.5% as compared to the corresponding period in 2017. The decrease was mainly due to the reduction in the number of employees after the closure of the U Banquet (Tsim Sha Tsui) on 7 January 2018. The Group had 417 employees as at 30 June 2018 which represented a reduction of 12.2% compared to the same period in 2017 (as at 30 June 2017: 475). 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 Interim Period amounted to approximately HK$38,582,000, representing a decrease of approximately 4.5% as compared to the corresponding period in 2017. The decrease was mainly due to the closure of the U Banquet (Tsim Sha Tsui) after its tenancy agreement expired on 7 January 2018.

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, cleaning and laundry, repair and maintenance, advertising and promotion, etc. For the Interim Period, other expenses amounted to approximately HK$37,643,000, representing an increase of approximately 7.0% as compared to the corresponding period in 2017. The increase was mainly due to the increase in service fee paid to temporary workers as more wedding banquet events during the Interim Period.

Loss Before Tax and Loss Attributable to Owners of the Company

During the period under review, the performance of restaurant operation for dining services had been improved as compared to the corresponding period in 2017. It is primarily due to the loss of revenue during the decoration period of U Banquet (Mong Kok) (I) and (II) and U Banquet (Wong Tai Sin) in the first half of 2017 while no restaurants had such decoration period for the Interim Period. In addition, the Group had successfully implement new strategy for several restaurants with positive result. Hence, despite the closure of the U Banquet (Tsim Sha Tsui) for the Interim Period, the aggregated revenue generated from restaurant operation still increased from approximately HK$174,725,000 in first half of 2017 to approximately HK$183,190,000 for the Interim Period.

The operating cost which includes employee benefit expenses, depreciation and operating lease payment had been decreased as closure of the U Banquet (Tsim Sha Tsui) during the Interim Period, with the effect of increase the revenue and decrease of operating cost mentioned above, the Group loss before tax and a loss attributable to owners of the Company had been decreased from approximately HK$23,525,000 and HK$23,748,000, respectively for the first half of 2017 to approximately HK$15,399,000 and HK$15,716,000, respectively for the Interim Period.

Liquidity, Financial Resources and Capital structure

Capital Structure

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group's strategy, which was unchanged during the Interim Period, was to lower the gearing ratio to an acceptable level.

Cash position and pledged bank deposit

As at 30 June 2018, the Group's cash and cash equivalents were approximately HK$156,166,000, representing a decrease of approximately 20.5% as compared with approximately HK$196,335,000 as at 31 December 2017. The decrease was mainly due to the payment of refundable deposit for a possible acquisition during the Interim Period.

Borrowing, Bank Borrowings and charge on the Group's assets

On 9 May 2017, U Banquet Group Limited ("UBGL"), the Company's wholly owned subsidiary company, entered into a loan facility agreement with a director of certain subsidiaries in which the director has agreed to make available to UBGL from time to time an unsecured loan facility amounted to HK$60,000,000 with an interest rate of 4.5% per annum for a term of 30 months. As at 30 June 2018, a total of HK$25,636,000 were drawn down including interest accrued. The carrying amounts of loans from a director of subsidiaries approximate their fair values, are denominated in HK$ and repayable on demand.

Subsequent to the balance sheet date, the Group has repaid HK$5,000,000 of this borrowings.

For the Interim Period, loan interest expenses paid or payable for this borrowings amounted to HK$636,000 (six months ended 30 June 2017: HK$288,000).

As at 30 June 2018, there were no bank borrowings and charges on assets for bank borrowings.

Trade receivables

As at 30 June 2018, the Group's trade receivables were approximately HK$1,304,000, representing a decrease of approximately 33.3% as compared to such amount as at 31 December 2017. The trade receivables mainly comprised credit cards receivable from the chinese restaurants operation. The decrease in trade receivables was primarily due to the closure of the U Banquet (Tsim Sha Tsui) in during the Interim Period.

Gearing ratio

The gearing ratio is measured by net debt (aggregate of current and non-current borrowings less cash and cash equivalents) divided by total capital (calculated as total equity plus net debt). As at 30 June 2018, the Group's gearing ratio was approximately 31.3% (As at 31 December 2017: net cash position).

Foreign Exchange Exposure

Since most of the revenue and expenditure are made in Hong Kong dollars, the Group is not exposed to significant foreign exchange exposure.

Significant Investment Held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies and Plans for Material Investment or Capital Assets

Possible Acquisition of Environmental Maintenance Business

References are made to the announcements of the Company dated 9 February 2018, 16 March 2018, 16 April 2018, 16 May 2018, 29 May 2018, 12 June 2018 and 20 June 2018 in relation to, among other things, the possible acquisition of 51% of the entire issued share capital in BYL Property Holdings Group Limited ("The Target Company") by Wild South Limited, ("The Purchaser", a directly wholly-owned subsidiary of the Company) from Mr. Wan Zhong ("The Vendor") at the aggregate consideration of RMB132,600,000.

Under the Stock Purchase Agreement, the Vendor shall provide the profit guarantee to the Purchaser and pursuant to which the Vendor shall guarantee that the audited consolidated net profit after tax of the Target Company and its subsidiary ("The Target Group") for the three financial years ending 31 December 2020 shall not be less than RMB94,500,000 in aggregate. For due observance and punctual performance of the Vendor's obligations under the profit guarantee, the Vendor shall upon the Completion (i) procure certain landed properties in the PRC to be charged to Shenzhen Huashu, a wholly owned subsidiary of the Company; and (ii) charge the remaining 49% of the entire issued share capital of the Target Company to the Purchaser.

A circular setting out, among other things, details of the above matters was published on 14 June 2018 ("the Circular"). An extraordinary general meeting of the Company was held on 16 July 2018, the Possible Acquisition has been approved by the shareholders of the Company and it is expected to be completed in due course of 2018. For details, please refer to the announcements of the Company dated 9 February 2018, 16 March 2018, 16 April 2018, 16 May 2018, 29 May 2018, 12 June 2018 and 20 June 2018, the poll results announcement of the Company dated 16 July 2018 and the Circular.

As disclosed in the Circular, the acquisition completion is conditional upon the fulfillment (or waiver, if applicable) of the various conditions precedent as set out in the Stock Purchase Agreement (as supplemented by the Acquisition Supplemental Agreements) on or before the Acquisition Long Stop Date (i.e. 8 August 2018) or such later date as the parties to the Stock Purchase Agreement may agree in writing. Since additional time is required for the fulfillment of the conditions precedent to the acquisition completion, the Purchaser and the Vendor agreed to extend the Acquisition Long Stop Date to 31 October 2018. For details, please refer to the announcements of the Company dated 8 August 2018 and 13 August 2018.

Possible Subscription of New Shares Under Specific Mandate

References are made to the announcements of the Company dated 15 March 2018, 19 March 2018, 29 May 2018 and 20 June 2018 in relation to, among other things, the Company entered into the Subscription Agreement with CASIC Investment Fund Management (Beijing) Limited Company*（航天科工投資基金管理（北京）有限公司）("the Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for (or procure the subscription by its nominee(s)) and the Company has agreed to allot and issue 180,000,000 new Shares at the Subscription Price of HK$1.80 per Subscription Share to the Subscriber (or its nominee(s)).

* *For identification purpose only*

A circular setting out, among other things, details of the above matters was published on 14 June 2018 ("the Circular"). An extraordinary general meeting of the Company was held on 16 July 2018, the Possible Subscription has been approved by the shareholders of the Company and it is expected to be completed in due course of 2018. For details, please refer to the announcements of the Company dated 15 March 2018, 19 March 2018, 29 May 2018 and 20 June 2018, the poll results announcement of the Company dated 16 July 2018 and the Circular.

As disclosed in the Circular, completion of the Subscription is conditional upon the fulfillment (or waiver, if applicable) of the various conditions precedent as set out in the Subscription Agreement (as supplemented by the Subscription Supplemental Agreement) on or before 31 July 2018 (the "Long Stop Date") or such later date as the Company and the Subscriber may agree in writing. Since additional time is required for the fulfilment of the conditions precedent to the completion, the Company and the Subscriber agreed to extend the Long Stop Date to 31 October 2018. For details, please refer to the announcements of the Company dated 31 July 2018 and 13 August 2018.

Possible Placing of New Shares Under Specific Mandate

References are made to the announcements of the Company dated 15 March 2018 and 19 March 2018, in relation to, among other things, the Company entered into the Placing Agreement with Sheng Yuan Securities Limited ("the Placing Agent"), pursuant to which the Placing Agent has conditionally agreed to place, on a best-effort basis, an aggregate of up to 180,000,000 new Shares at the Placing Price of HK$1.80 per Placing Share, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties.

The Company entered into a deed of termination (the "Deed of Termination") with the Placing Agent on 29 May 2018 to terminate the Placing Agreement. Pursuant to the Deed of Termination, all obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall be absolutely discharged and released in all aspects with immediate effect and neither the Company nor the Placing Agent would have any claims against the other in respect of the Placing. For details, please refer to the announcements of the Company dated 15 March 2018, 19 March 2018 and 29 May 2018.

Lapse of Exclusivity Period in relation to the Memorandum Of Understanding of a Potential Investment

References are made to the announcements of the Company dated 21 April 2017, 20 October 2017 and 20 January 2018, in relation to, among other things, the Company entered into a Memorandum of Understanding agreement ("MOU") with Mr. Feng Xiangdong* ("Dr. Feng") and Gefeng Environmental Protection Technology Co. Ltd*（格豐環保科技有限公司）(the "Target company") in respect of the proposed capital injection into the Target Company. On 20 October 2017 and 20 January 2018, the Company, the Target Company and Dr. Feng agreed to extend the Exclusivity Period of the MOU by way of entering into the supplemental agreement and second supplemental agreement to the MOU respectively pursuant to which the parties have agreed to, among others, extend and further extend the Exclusivity Period finally up to 20 July 2018 in order to allow additional time for the negotiation process. As the negotiation on certain conditions had not been completed prior to the expiry of the final Exclusivity Period on 20 July 2018, no Formal Agreement was entered into between the parties. The MOU has lapsed and ceased to have any effect. For details, please refer to the announcements of the Company dated 21 April 2017, 20 October 2017, 20 January 2018 and 20 July 2018.

Save for the above business plan as disclosed, there is no plan for material investment or capital assets as at 30 June 2018.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2018:

Proposed Use of Proceeds from the Possible Subscriptions

On 15 March 2018, the Company entered into a subscription agreement with CASIC Investment Fund Management (Beijing) Limited Company*（航天科工投資基金管理（北京）有限公司）("the Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for (or procure the subscription by its nominee(s)) and the Company has agreed to allot and issue 180,000,000 new shares at the subscription price of HK$1.80 per subscription share to the Subscriber (or its nominee(s)) ("The Possible Subscription").

* *For identification purpose only*

The gross proceeds from the Possible Subscription are estimated to be approximately HK$324,000,000. The net proceeds from the Subscription after deducting the related expenses are estimated to be approximately HK$322,600,000, which will be applied as follows:

(i) approximately HK$165,750,000 for the settlement of the consideration for the Possible Acquisition;

(ii) approximately HK$52,000,000 for general working capital for existing business, mainly for operating lease payments and other operating expenses;

(iii) approximately HK$8,000,000 for renovation and/or maintenance work of certain restaurants in the next 12 months;

(iv) approximately HK$52,500,000 for acquiring food and beverage business and/or acquiring commercial properties for office and self-use within the next 12 to 18 months; and

(v) approximately HK$44,350,000 for future investment(s) opportunities, which included but not limited to securities investments and/or any other viable investment or business opportunities arising from time to time.

A circular setting out, among other things, details of the above matters was published on 14 June 2018. An extraordinary general meeting of the Company was held on 16 July 2018, the Possible Subscription has been approved by the shareholders of the Company and it is expected to be completed in due course of 2018.

Up to the date of this results announcement, the Subscriber is still in the course of fulfilling the various conditions precedent to the Possible Subscription. The Company and the Subscriber agreed to extend the long stop date for fulfilling the various conditions precedent of the Possible Subscription to 31 October 2018.

For details, please refer to the announcements of the Company dated 15 March 2018, 19 March 2018, 29 May 2018, 20 June 2018, 31 July 2018 and 13 August 2018, the poll results announcement of the Company dated 16 July 2018 and the Circular.

Actual Use of Proceeds from the Placement of New Shares

On 4 January 2017, the Company entered into a placing agreement with a placing agent for the placing of up to an aggregate of 93,000,000 new Shares to the placees at the placing price of HK$1.61 per placing share. The net proceeds received by the Company in the amount of approximately HK$146.7 million were subsequently fully utilized. For details, please refer to the announcements of the Company dated 4 January 2017, 23 January 2017, 28 February 2017, 16 June 2017 and 30 June 2017, and the Company's 2017 Interim report and the Company's 2017 Annual Report.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the Interim Period and the period immediately prior to the date of this announcement.

Contingent Liabilities

As at 30 June 2018, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

The Group had 417 (31 December 2017: 480) employees as at 30 June 2018. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee.

Dividend

The Directors do not recommend payment of dividend for the Interim Period (six months ended 30 June 2017: Nil).

Share Option

The share option scheme of the Company was adopted on 19 November 2013. During the six months ended 30 June 2018, there was no share option granted, exercised, cancelled or lapsed under the share option schemes and 11,600,000 share option remained outstanding at the beginning and at the end of the Reporting Period under the share option schemes of the Company.

Prospects

In light of the continued fierce competitive environment in the food and beverage industry, the rising cost of materials and the continuing high rental cost in Hong Kong, the financial performance of the Group for the six months ended 30 June 2018 remained under pressure. 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 will continue to deploy different marketing strategies, adding creative features to the existing and new restaurants, meanwhile, implementing effective cost control measures and minimising 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 to develop its core business. Apart from this, the Group will also explore business opportunities to strengthen its revenue base such as acquisition of potential properties in Hong Kong and/or China which is expected to generate a stable and constant stream of rental income to the Group.

In addition, the Directors of the Company are of the view that it is vitally important for the Group to adopt timely and appropriate business strategies in due course, including business diversification and making suitable investments, to facilitate a balance development and growth of the Company in the long run. Hence, the expansion to the environmental related business is considered a prudent approach to diversify the business risk of the Group, which is considered to be beneficial to the Company and Shareholders as a whole in the long run. Further details of the reasons and benefits of the Possible Acquisition have been set out in the announcement of the Company dated 9 February 2018, and the circular of the Company published on 14 June 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the Interim Period, 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 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 Interim Period.

CORPORATE GOVERNANCE

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 14 of the Listing Rules throughout the Interim Period. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the Interim Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the Directors and 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 Interim Period.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee"). The Audit Committee performs, amongst others, review financial information of the Group; review relationship with and the terms of appointment of the external auditors; and review the Company's financial reporting system, internal control system and risk management system.

The existing Audit Committee of the Company consists of three independent non-executive directors of the Company, chaired by Mr. Lam Ka Tak and the other two members are Mr. Xu Zhihao and Ms. Liu Yan.

The unaudited interim financial results of the Group for the Interim Period have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.u-banquetgroup.com) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2018 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Company's continuous development and progress facing market competition and challenges rest on the dedication and contributions of our staff from all departments as well as the trust, support and encouragement from all shareholders and business partners. On behalf of the Board, I would also like to express our sincere thanks to shareholders, clients, suppliers, business partners and other stakeholders for their continuing trust and unfailing support.

By Order of the Board
U Banquet Group Holding Limited
Sang Kangqiao
Chairman and Executive Director

Hong Kong, 23 August 2018

As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao, Mr. Xu Wenze and Mr. Cui Peng; the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Ms. Liu Yan.