# 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 2019

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2019, unaudited operating results of the Group (as defined below) were as follows:

– Revenue reached approximately HK$235,721,000 representing an increase of 27.1% compared to the same period of the previous financial year;

– Loss attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately HK$10,549,000 while loss attributable to owners of the Company amounted to approximately HK$15,716,000 from the same period of the previous financial year;

– Basic loss per share for the six months ended 30 June 2019 based on weighted average number of ordinary shares of 569,271,000 issued was HK2 cents;

– No dividend was declared for the six months ended 30 June 2019.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 (the "Interim Period") together with the comparative unaudited figures for the corresponding period in 2018 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

| | | **For six months ended 30 June** | |
|---|---|---|---|
| | | **2019** | 2018 |
| | | **(Unaudited)** | (Unaudited) |
| | *Note* | ***HK$'000*** | *HK$'000* |
| Revenue | *4* | **235,721** | 185,464 |
| Other income | *4* | **1,418** | 945 |
| Cost of revenue | *5* | **(47,941)** | (51,020) |
| Employee benefit expenses | | **(85,898)** | (49,406) |
| Depreciation | | **(28,074)** | (7,634) |
| Amortisation | | **(8,357)** | – |
| Rental and related expenses | | **(15,875)** | (38,582) |
| Utilities expenses | | **(13,759)** | (17,010) |
| Other expenses | *6* | **(30,457)** | (37,643) |
| Gain on disposal of financial assets at fair value through profit or loss | | **–** | 468 |
| Fair value loss of financial assets at fair value through profit or loss | | **–** | (143) |
| Other gain | *4* | **–** | 206 |
| Operating gain/(loss) | | **6,778** | (14,355) |
| Finance income | | **471** | 233 |
| Finance cost | | **(4,783)** | (1,277) |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

*For the six months ended 30 June 2019*

| | Note | For six months ended 30 June 2019 (Unaudited) HK$'000 | 2018 (Unaudited) HK$'000 |
|---|---|---|---|
| Finance cost – net | | **(4,312)** | (1,044) |
| Profit/(loss) before income tax | | **2,466** | (15,399) |
| Income tax expenses | *7* | **(3,476)** | (317) |
| Loss for the period | | **(1,010)** | (15,716) |
| **(Loss)/profit attributable to:** | | | |
| Equity holders of the Company | | **(10,549)** | (15,716) |
| Non-controlling interests | | **9,539** | – |
| | | **(1,010)** | (15,716) |
| **Loss per share for loss attributable to the ordinary equity holders of the Company:** | | | |
| Basic loss per share | *9* | **(2 cents)** | (3 cents) |
| Diluted loss per share | *9* | **N/A** | N/A |
| **Other comprehensive income/(loss):** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Currency translation differences | | **2,165** | (403) |
| Total other comprehensive income/(loss) for the period | | **2,165** | (403) |
| **Total comprehensive income/(loss) for the period** | | **1,155** | (16,119) |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Equity holders of the Company | | **(8,384)** | (16,119) |
| Non-controlling interests | | **9,539** | – |
| | | **1,155** | (16,119) |

## CONDENSED CONSOLIDATED BALANCE SHEET

*As at 30 June 2019*

| | Note | **30 June 2019 (Unaudited) *HK$'000*** | 31 December 2018 (Audited) *HK$'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **95,925** | 62,667 |
| Investment properties | | **103,699** | 108,423 |
| Goodwill | | **112,178** | 111,247 |
| Right of use assets | | **113,688** | – |
| Deferred income tax assets | | **7,791** | 6,473 |
| Intangible assets | | **68,193** | 78,081 |
| Non-current deposits | | **17,286** | 15,751 |
| Prepayment for acquisition of property, plant and equipment | | **–** | 921 |
| Financial assets at fair value through profit or loss | | **5,427** | 6,878 |
| Contract assets | | **12,096** | 13,204 |
| | | **536,283** | 403,645 |
| **Current assets** | | | |
| Contract assets | | **2,791** | 1,742 |
| Trade receivables | *10* | **60,655** | 12,024 |
| Deposits, prepayments and other receivables | *11* | **26,764** | 36,453 |
| Current income tax recoverable | | **535** | – |
| Cash and cash equivalents | | **32,569** | 117,635 |
| | | **123,314** | 167,854 |
| **Total assets** | | **659,597** | 571,499 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **5,880** | 5,580 |
| Share premium | | **304,370** | 255,070 |
| Reserves | | **(161,567)** | (155,664) |
| | | **148,683** | 104,986 |
| **Non-controlling interest** | | **66,668** | 58,082 |
| **Total equity** | | **215,351** | 163,068 |

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

*As at 30 June 2019*

| | Note | **30 June 2019 (Unaudited) *HK$'000*** | 31 December 2018 (Audited) *HK$'000* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Accruals, provisions and other payables | | **–** | 2,997 |
| Contract liabilities | | **8,040** | 2,260 |
| Lease liabilities | | **87,915** | – |
| Deferred income tax liabilities | | **48,754** | 44,048 |
| Provision for reinstatement costs | | **1,835** | 1,565 |
| | | **146,544** | 50,870 |
| **Current liabilities** | | | |
| Trade payables | *12* | **21,810** | 20,250 |
| Accruals, provisions and other payables | | **39,505** | 51,503 |
| Contract liabilities | | **37,249** | 36,272 |
| Lease liabilities | | **36,554** | – |
| Consideration payables | | **74,571** | 113,102 |
| Amount due to a related company | *13(c)(i)* | **3,440** | 3,453 |
| Deposits received | | **471** | 2,103 |
| Current income tax liabilities | | **11,252** | 14,183 |
| Amount due to a director | *13(c)(ii)* | **1,100** | 1,100 |
| Loans from a shareholder | *13(c)(iii)* | **26,151** | 95,043 |
| Loans from a director of certain subsidiaries | *13(c)(iv)* | **39,000** | 19,000 |
| Provision for reinstatement costs | | **915** | 1,552 |
| Bank borrowings | | **5,684** | – |
| | | **297,702** | 357,561 |
| **Total liabilities** | | **444,246** | 408,431 |
| **Total equity and liabilities** | | **659,597** | 571,499 |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2019*

| | 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* | Statutory reserve *HK$'000* | Total *HK$'000* | Non-controlling interest *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2019 (Audited) | 5,580 | 255,070 | 4,986 | (393) | 8,796 | (169,703) | 650 | 104,986 | 58,082 | 163,068 |
| **Comprehensive income:** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | (10,549) | – | (10,549) | 9,539 | (1,010) |
| **Other comprehensive income:** | | | | | | | | | | |
| Currency translation difference | – | – | – | 2,165 | – | – | – | 2,165 | – | 2,165 |
| **Total other comprehensive loss** | – | – | – | 2,165 | – | – | – | 2,165 | – | 2,165 |
| Total comprehensive loss | – | – | – | 2,165 | – | (10,549) | – | (8,384) | 9,539 | 1,155 |
| **Transaction with owners in their capacity as owners:** | | | | | | | | | | |
| Issuance of ordinary share | 300 | 49,300 | – | – | – | – | – | 49,600 | – | 49,600 |
| Share-based payment | – | – | – | – | 1,528 | – | – | 1,528 | – | 1,528 |
| Lapse of share options | – | – | – | – | (477) | 477 | – | – | – | – |
| Transfer to statutory reserve | – | – | – | – | – | (994) | 1,947 | 953 | (953) | – |
| **Balance as at 30 June 2019 (Unaudited)** | 5,880 | 304,370 | 4,986 | 1,772 | 9,847 | (180,769) | 2,597 | 148,683 | 66,668 | 215,351 |

| | 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 *HK$'000* |
|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2018 (Audited) | 5,580 | 236,120 | 4,986 | 3,206 | 23,428 | (142,359) | 130,961 |
| **Comprehensive income:** | | | | | | | |
| Loss for the period | – | – | – | – | – | (15,716) | (15,716) |
| **Other comprehensive income:** | | | | | | | |
| Currency translation difference | – | – | – | (403) | – | – | (403) |
| **Total other comprehensive loss** | – | – | – | (403) | – | – | (403) |
| Total comprehensive loss | – | – | – | (403) | – | (15,716) | (16,119) |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Share-based payment | – | – | – | – | 3,134 | – | 3,134 |
| Balance as at 30 June 2018 (Unaudited) | 5,580 | 236,120 | 4,986 | 2,803 | 26,562 | (158,075) | 117,976 |

# 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, 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, securities trading business and environmental maintenance service 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 28 August 2019.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, 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 2018, 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 2.1 of this announcement.

## 2.1 New Accounting Standards and Accounting Changes

The HKICPA has issued certain new HKFRSs, amendments to HKFRSs and interpretations that are first effective for the current accounting period of the Group and the following new HKFRS is relevant to the Group's consolidated financial statements:

***HKFRS 16 "Leases"***

The Group assesses whether a contract is or contains a lease, at the inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

– fixed payments (including in-substance fixed payments), less any lease incentives receivables;

– variable lease payments that depend on an index or a rate, initially measured using index or rate as at the commencement date;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

– the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

– the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

– a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

***Impact and changes in accounting policies of application on HKFRS 16 Leases***

*Amounts recognised in the unaudited condensed interim consolidated balance sheet and statement of comprehensive income.*

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

| | **Right-of-use assets – Buildings** | **Lease liabilities** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | Unaudited | Unaudited |
| **As at 1 January 2019** | 77,742 | 87,417 |
| Additions | 54,489 | 54,489 |
| Depreciation charge | (18,543) | – |
| Interest expense | – | 2,839 |
| Payments | – | (20,276) |
| **As at 30 June 2019** | 113,688 | 124,469 |
| Analysed for reporting purpose as: | | |
| Non-current | 113,688 | 87,915 |
| Current | – | 36,554 |
| | 113,688 | 124,469 |

The Group recognised rental expenses from short-term leases of HK$13,236,000 for the period ended 30 June 2019.

The Group has not applied any new standard of interpretation that is not yet effective for the current accounting period.

As at 30 June 2019, the Group's current liabilities exceeded its current assets by approximately HK$174,388,000 (as at 31 December 2018: approximately HK$189,707,000). The current liabilities mainly consisted of consideration payable of HK$74,571,000 (as at 31 December 2018: approximately HK$113,102,000) for the acquisition of BYL Property Holdings Group Limited (the "Acquisition") in 2018, lease liabilities of HK$36,554,000 (as at 31 December 2018: Nil), and contract liabilities arising from deposits received from customers of approximately HK$37,249,000 (as at 31 December 2018: approximately HK$36,272,000), 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 Chief Operating Decision Maker ("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 2018, the Group has Four reportable and operating segments (i) Chinese restaurant business, (ii) property leasing business, (iii) securities trading business and (iv) environmental maintenance business. Environmental maintenance business is a new business segment identified during the year 2018.

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 | | Environmental maintenance business | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Six month ended 30 June | | Six month ended 30 June | | Six month ended 30 June | | Six month ended 30 June | | Six month ended 30 June | |
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment revenue | | | | | | | | | | |
| External Revenue | **133,770** | 183,190 | **2,320** | 2,255 | **–** | 19 | **99,631** | – | **235,721** | 185,464 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | – | **–** | – | **–** | 468 | – | – | **–** | 468 |
| Segment profit/(loss) | **(4,720)** | 241 | **1,374** | 809 | **–** | 202 | **27,786** | – | **24,440** | 1,252 |
| Finance income | | | | | | | | | **471** | 233 |
| Finance costs | | | | | | | | | **(4,783)** | (1,277) |
| Unallocated corporate expenses | | | | | | | | | **(17,662)** | (15,607) |
| Profit/(loss) before tax | | | | | | | | | **2,466** | (15,399) |

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 | | Environmental maintenance business | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 30 June 2019 (Unaudited) *HK$'000*** | As at 31 December 2018 (Audited) *HK$'000* | **As at 30 June 2019 (Unaudited) *HK$'000*** | As at 31 December 2018 (Audited) *HK$'000* | **As at 30 June 2019 (Unaudited) *HK$'000*** | As at 31 December 2018 (Audited) *HK$'000* | **As at 30 June 2019 (Unaudited) *HK$'000*** | As at 31 December 2018 (Audited) *HK$'000* | **As at 30 June 2019 (Unaudited) *HK$'000*** | As at 31 December 2018 (Audited) *HK$'000* |
| Segment assets | **197,691** | 62,964 | **122,690** | 130,050 | **–** | – | **291,075** | 245,381 | **611,456** | 438,395 |
| Cash and cash equivalents | | | | | | | | | **32,569** | 117,635 |
| Current income tax recoverable | | | | | | | | | **535** | – |
| Contingent consideration receivables | | | | | | | | | **5,427** | 6,878 |
| Deferred income tax assets | | | | | | | | | **7,791** | 6,473 |
| Other unallocated corporate assets | | | | | | | | | **1,819** | 2,118 |
| Total assets | | | | | | | | | **659,597** | 571,499 |
| Segment liabilities | **199,390** | 79,828 | **1,701** | 1,724 | **–** | – | **28,147** | 30,717 | **229,238** | 112,269 |
| Loans from a director of certain subsidiaries | | | | | | | | | **39,000** | 19,000 |
| Bank borrowings | | | | | | | | | **5,684** | – |
| Deferred income tax liabilities | | | | | | | | | **48,754** | 44,048 |
| Amounts due to a related company | | | | | | | | | **3,440** | 3,453 |
| Amounts due to a director | | | | | | | | | **1,100** | 1,100 |
| Consideration payables | | | | | | | | | **74,571** | 113,102 |
| Loans from a shareholder | | | | | | | | | **26,151** | 95,043 |
| Current income tax liabilities | | | | | | | | | **11,252** | 14,183 |
| Other unallocated corporate liabilities | | | | | | | | | **5,056** | 6,233 |
| Total liabilities | | | | | | | | | **444,246** | 408,431 |

**(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 | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***(HK$'000)*** | *(HK$'000)* |
| China | **101,951** | 2,255 |
| Hong Kong | **133,770** | 183,209 |
| | **235,721** | 185,464 |

***Information about major customers***

For six months ended 30 June 2019, no single customer accounted for more than 10% of the Group's total revenue (six months ended 30 June 2018: Nil).

**4. REVENUE, OTHER INCOME AND OTHER GAIN**

Turnover which consists of revenue from (i) Chinese restaurants business, (ii) property leasing business, (iii) securities trading business and (iv) environmental maintenance business, for the six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding periods in 2018 are as follows:

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| **Chinese restaurant business:** | | |
| Revenue from Chinese restaurants operations | **133,770** | 183,190 |
| **Property leasing business:** | | |
| Rental income | **2,320** | 2,255 |
| **Securities trading business:** | | |
| Dividend income | **–** | 19 |
| **Environmental maintenance business** | | |
| Service income for provision of environmental maintenance services | **99,631** | – |
| | **235,721** | 185,464 |

**Assets and liabilities related to contracts with customers**

The Group has recognised the following revenue-related contract assets and liabilities

| | **As at 30 June 2019** *HK$'000* |
|---|---|
| **Contract assets** | |
| Classified under: | |
| – non-current assets | **12,096** |
| – current assets | **2,791** |
| | **14,887** |
| **Contract liabilities** | |
| Classified under: | |
| – non-current liabilities | **8,040** |
| – current liabilities | **37,249** |
| | **45,289** |

As at 30 June 2019, contract assets amounting to HK$14,887,000 as the Group has entered into a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services ahead of the agreed payment schedule of 8 years. Contract assets of HK$2,791,000 and HK$12,096,000 are classified under current and non-current assets, respectively, based on the agreed payment schedule as at 30 June 2019.

As at 30 June 2019, contract liabilities mainly include deposits received from customers under the contracts for banquet and wedding banquet services of the Group's Chinese restaurant business. Revenue recognised during the six months ended 30 June 2019 that was included in the contract liabilities balance at the beginning of the period is HK$20,775,000.

As at 30 June 2019, aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied is HK$45,289,000.

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Other income** | | |
| Forfeiture of deposits received | **434** | 672 |
| Miscellaneous income | **984** | 273 |
| | **1,418** | 945 |

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Other gain** | | |
| Gain on disposal of property, plant and equipment | **–** | 206 |

## 5. COST OF REVENUE

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Cost of materials consumed | | |
| – Chinese restaurant business | **34,935** | 50,606 |
| – Environmental maintenance business | **12,568** | – |
| Other | **438** | 414 |
| | **47,941** | 51,020 |

## 6. OTHER EXPENSES

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Auditor's remuneration | **103** | 124 |
| Advertising and promotions | **3,385** | 4,330 |
| Cleaning and laundry expense | **2,505** | 3,523 |
| Credit card charges | **1,736** | 2,224 |
| Kitchen consumables | **341** | 458 |
| Repair and maintenance | **1,908** | 2,244 |
| Entertainment | **1,630** | 977 |
| Consumable stores | **875** | 1,406 |
| Insurance | **766** | 851 |
| Legal and professional fee | **561** | 704 |
| Printing and stationery | **470** | 600 |
| Staff messing | **662** | 805 |
| Service fee to temporary workers | **10,085** | 11,679 |
| Consultancy service fee | **–** | 1,895 |
| Banquet expenses | **353** | 210 |
| Transportation | **893** | 285 |
| Share-based payment expenses granted to consultants | **1,042** | 2,129 |
| Others | **3,142** | 3,199 |
| | **30,457** | 37,643 |

## 7. INCOME TAX EXPENSES

| | For six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| Hong Kong profit tax | **–** | – |
| PRC enterprise income tax | **6,850** | 234 |
| Deferred income tax | | |
| Origination and reversal of temporary differences | **(3,374)** | 83 |
| Income tax expenses | **3,476** | 317 |

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2019 and 2018. 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 2019 (six months ended 30 June 2018: 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 | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| Loss attributable to owners of the Company *(HK$'000)* | **10,549** | 15,716 |
| Weighted average number of ordinary shares in issue *(thousands)* | **569,271** | 533,570 |
| Loss per share *(HK$)* | **2 cents** | 3 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 2019, the Company has one category of dilutive potential ordinary shares: 10,400,000 share options granted (six months ended 30 June 2018: 24,430,000 contingent returnable shares and 11,600,000 share options granted).

The potential ordinary shares arising from 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 2018: same).

## 10. TRADE RECEIVABLES

| | **30 June 2019 (Unaudited)** ***HK$'000*** | 31 December 2018 (Audited) *HK$'000* |
|---|---|---|
| 0 to 30 days | **21,260** | 8,592 |
| 31 to 60 days | **16,312** | 3,432 |
| More than 60 days | **23,083** | – |
| | **60,655** | 12,024 |

The Group's revenue from its Chinese restaurant operations is mainly conducted in cash or by credit cards. The credit periods granted by the Group to its customers for its newly acquired environmental maintenance business and its tenants range from 30 to 90 days. As at 30 June 2019, the Group's trade receivables mainly comprised credit card receivables in restaurant business and receivables from the Group's environmental maintenance business. These receivables were not past due nor impaired and amounted to approximately HK$60,655,000 (31 December 2018: HK$12,024,000). They are related to customers for whom there were no recent history of default.

As at 30 June 2019, no trade receivables were impaired (31 December 2018: same). No provision for impairment of trade receivables was made as at 30 June 2019 (31 December 2018: same).

## 11. DEPOSIT AND PREPAYMENTS AND OTHER RECEIVABLES

The carrying amounts of deposits, prepayments and other receivable approximate their fair values and are denominated in HK$, except for HK$11,545,000 which was denominated in Renminbi ("RMB").

In accordance with the service contracts with customers and the common practice in the environmental maintenance industry in the PRC, certain customers request the Group to maintain deposits with them. These deposits will be released and refunded to the Group when the relevant environmental maintenance services contract expired, normally in one to three years. The balances are regularly reviewed by management with reference to the historical default rates or forfeiture rate. No loss allowances were made on these deposits as at 30 June 2019.

## 12. TRADE PAYABLES

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

| | **30 June 2019 (Unaudited)** | 31 December 2018 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **10,281** | 12,492 |
| 31-60 days | **8,714** | 7,595 |
| More than 60 days | **2,815** | 163 |
| | **21,810** | 20,250 |

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

## 13. 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 |
| Mr. Cheung Ka Ho ("Mr. Cheung") | Director of certain subsidiaries of the Group |
| 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** | |
|---|---|---|
| | **2019** | 2018 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest expenses paid or payable to Mr. Sang | **1,170** | 606 |

**(c) Balances with related parties**

The Group had the following balances with related parties:

***(i) Amount due to a related company***

| | **30 June 2019 (Unaudited)** | 31 December 2018 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Non-trade payables to a related company: | | |
| Guorun Construction Group Co. Ltd | **3,440** | 3,453 |

As at 30 June 2019 and 31 December 2018, amount due to a related company 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 2019 (Unaudited)** | 31 December 2018 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Amount due to Mr. Xu | **1,100** | 1,100 |

As at 30 June 2019 and 31 December 2018, 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 2019 (Unaudited)** | 31 December 2018 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loans from Mr. Sang | **26,151** | 95,043 |

On 1 November 2018, 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 2019, a total of HK$26,151,000 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.

***(iv) Loans from a director of certain subsidiaries***

| | **30 June 2019 (Unaudited)** ***HK$'000*** | 31 December 2018 (Audited) *HK$'000* |
|---|---|---|
| Loans from Mr. Cheung | **39,000** | 19,000 |

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 2.5 years. As at 30 June 2019, a total of HK$39,000,000 were drawn down including interest accrued. The carrying amounts of loans from a director of certain subsidiaries approximate their fair values, are denominated in HK$ and repayable on demand.

For the six months ended 30 June 2019, loan interest expenses paid or payable for this borrowings amounted to HK$768,000 (six months ended 30 June 2018: HK$636,000).

## 14. 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 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONAL OVERVIEW

For the six months ended 30 June 2019, the Group was principally engaged in four operating segments (i) Chinese restaurant and wedding business, (ii) property leasing business, (iii) securities trading business, and (iv) environmental maintenance business in the PRC.

**Restaurants Operation**

As at 30 June 2019, the Group operated a total of eight restaurants, six of which were under "U Banquet（譽宴）" brand (including "U Banquet • The StarView（譽宴•星海）"), one was under "U • Kitchen（譽廚）" brand and one was under "U • Pot（譽鍋）" brand. During the Interim Period, the Group had closed three restaurants which located in Causeway Bay and Wong Tai Sin and newly open a restaurant which located in Sha Tin.

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 to 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.

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 wedding 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 wedding service industry and they are familiar with different aspects of operations of these industries.

**Environmental maintenance business**

The Group starts to engage in environmental maintenance business in the PRC after the completion of Acquisition on 22 October 2018. The scope of services mainly include (i) janitorial services on streets, in green belts zones, gullies and other public areas, such as street cleaning, mechanical cleaning and dust removal; (ii) waste management, such as disposal and recycling of solid waste, bulky garbage, construction waste and food waste; and (iii) facility maintenance management, such as provision of cleaning and maintenance services (including minor repair and maintenance) for public facilities, containers and refuse collection points.

The Group deploys sufficient cleaning staff and supervisors, specialised vehicles and cleaning equipment in carrying out such specialized cleaning services such as dust removal with the use of mist cannon trucks to reduce haze pollution. All cleaning works were generated from contracts with the government officials via tendering and such contracts generally dealt with public areas of between approximately 300,000 and 1,600,000 square meters, mainly in Chengdu, the PRC.

**Property Leasing Business**

During the Interim Period, the Group recorded rental income in the amount of HK$2,320,000 for the leasing of a Beijing office (six months ended 30 June 2018: HK$2,255,000).

**Securities Trading Business**

During the Interim Period, the Group recorded no dividend income from held for trading investment. (six months ended 30 June 2018: HK$19,000).

## FINANCIAL REVIEW

### Revenue

The table below sets forth the revenue breakdown of the Group's for the Interim Period and the corresponding period in 2018:

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Revenue | | |
| – from Chinese restaurants business | **133,770** | 183,190 |
| – from property leasing business | **2,320** | 2,255 |
| – from securities trading business | **–** | 19 |
| – from environmental maintenance business | **99,631** | – |
| | **235,721** | 185,464 |

During the Interim Period, the Group reported a total revenue of approximately HK$235,721,000 (six months ended 30 June 2018: approximately HK$185,464,000), representing an increase of approximately 27.1% as compared to the corresponding period in 2018. The increase was primarily due to the increase of revenue from environmental maintenance business, acquired in October 2018, which contributed revenue of approximately HK$99,631,000.

Revenue from the Chinese restaurants business of approximately HK$133,770,000, representing approximately 56.8% of total revenue. The revenue of Chinese restaurants deceased by HK$49,420,000 or 27.0% as compared to the corresponding period in 2018. It is mainly due to three restaurants was closed while only one new restaurant was opened during the Interim Period.

## 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 2018:

| | Six months ended 30 June | | Six months ended 30 June | | | | Six months ended 30 June | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | | 2018 | | **2019** | 2018 |
| | **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) | **3.07** | 3.35 | **103** | **628** | 107 | 645 | **186,613** | 200,444 |
| U Banquet • The StarView (Kwun Tong) | **4.20** | 4.08 | **101** | **609** | 113 | 612 | **144,215** | 135,090 |
| U Banquet (Causeway Bay)/U Banquet – The StarView (Causeway Bay) *(Note 2)* | **1.35** | 2.17 | **125** | **652** | 112 | 641 | **69,478** | 96,850 |
| U • Kitchen (North Point) and U • Pot (North Point) | **2.53** | 2.64 | **96** | **528** | 98 | N/A | **132,301** | 141,016 |
| U • Kitchen (Wong Tai Sin) and U • Pot (Wong Tai Sin) *(Note 3)* | **1.48** | 3.10 | **66** | **N/A** | 82 | 532 | **68,281** | 178,421 |
| U Banquet (Sino Plaza) *(Note 4)* | **2.38** | 2.62 | **169** | **540** | 141 | 619 | **89,326** | 82,524 |
| U Banquet • The StarView (The One) | **1.24** | 1.21 | **269** | **788** | 411 | 821 | **187,425** | 177,749 |
| U Banquet • The StarView (Sha Tin) *(Note 5)* | **0.42** | N/A | **226** | **671** | N/A | N/A | **26,425** | N/A |

*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. U Banquet (Causeway Bay) was changed to U Banquet • The StarView (Causeway Bay) in mid-May 2019, the restaurant is mainly focus on banquet business.

3. The restaurants named U • Kitchen (Wong Tai Sin) and U • Pot (Wong Tai Sin) were closed its business on 2 January 2019.

4. U Banquet (Sino Plaza) was closed its business on 1 April 2019.

5. U Banquet • The StarView (Sha Tin) is mainly focus on banquet business and opened on mid-May 2019.

### Cost of Revenue

The cost of revenue is mainly comprised of cost of materials consumed for Chinese restaurant business and environmental maintenance business. Cost of revenue for the Interim Period amounted to approximately HK$47,941,000 (Six months ended 30 June 2018: HK$51,020,000), representing a decrease of approximately 6.0% as compared to corresponding period in 2018. The decrease in cost of revenue mainly in line with decrease of revenue from Chinese restaurant business.

### Employee Benefit Expenses

The Group had 1,349 employees as at 30 June 2019 (Six months ended 30 June 2018: 417 employees). The increase in the number of employees was mainly due to the acquisition of the environmental maintenance business in October 2018.

Employee benefits expenses were approximately HK$85,898,000 for the Interim Period (Six month ended 30 June 2018: approximately HK$49,406,000), representing an increase of approximately 73.9% compared to the corresponding period in 2018. The Group would regularly review the work allocation of the staff to improve and maintain a high standard of service.

### Other Expenses

Other expenses mainly represent expenses incurred for the Group's Chinese restaurants 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$30,457,000 representing a decrease of approximately 19.1% as compared to the corresponding period in 2018. The decrease was in line with the decrease of revenue from Chinese restaurants business as certain restaurants was closed during the period.

**Profit Before Tax and Loss Attributable to Owners of the Company**

During the period under review, the Group's revenue increased from approximately HK$185,464,000 in the corresponding period in 2018 to approximately HK$235,721,000.

The performance of restaurant operation for dining services had been declined as compared to the corresponding period in 2018. It is primarily due to the loss of revenue which three restaurants were closed during the Interim Period while only one restaurant had been closed for the corresponding period in 2018. Hence, despite the opening of the U Banquet • The StarView (Sha Tin) for the Interim Period, the aggregated revenue generated from restaurant operation decreased from approximately HK$183,190,000 in first half of 2018 to approximately HK$133,770,000 for the Interim Period.

On the other hand, revenue from environmental maintenance business acquired in October 2018 contributed significant revenue in the amount of approximately HK$99,631,000.

The cost of revenue and other operating cost decreased slightly despite of the increase in revenue, the employee benefit expenses increased significantly mainly due to the increase of head count from environmental maintenance business. The Group loss before tax and loss attributable to owners of the Company had been improved from approximately loss of HK$15,399,000 and loss of HK$15,716,000 respectively for the first half of 2018 to approximately profit of HK$2,466,000 and loss of HK$1,010,000, respectively for the Interim Period.

**Liquidity, Financial Resources and Capital structure**

***Capital Structure***

The Group's objectives of 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 for lower the gearing ratio to an acceptable level remain constant during the Interim Period.

***Cash position and pledged bank deposit***

As at 30 June 2019, the Group's cash and cash equivalents were approximately HK$32,569,000 representing a decrease of approximately 72.3% as compared with approximately HK$117,635,000 as at 31 December 2018. The decrease was mainly due to the payment of consideration for the Acquisition and the renovation of U Banquet • The StarView (Causeway Bay) and U Banquet • The StarView (Sha Tin) during the Interim Period.

***Loans from a director of certain subsidiaries***

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 2.5 years. As at 30 June 2019, a total of HK$39,000,000 were drawn down including interest accrued. The carrying amounts of loans from a director of subsidiaries approximate their fair values, are denominated in HK$ and repayable on demand.

Subsequent to the balance sheet date, the Group has further drawn down HK$15,000,000 of this borrowings.

For the Interim Period, loan interest expenses paid or payable for this borrowings amounted to HK$768,000 (six months ended 30 June 2018: HK$636,000).

***Bank Borrowings***

In June 2019, Chengdu Sanchuang Cityscape Environment management Company Limited ("Chengdu Sanchuang"), a subsidiary of the Company has entered into a loan agreement with the Bank of Communications in PRC, in which the bank has granted a loan facility amounted to RMB5,000,000 with an interest rate of 4.79% per annum for a term of one year. As at 30 June 2019, the carrying amounts of the loan approximate its fair value, and are denominated in RMB. The loan is secured by Mr. Wan Zhong, a director of Chengdu Sanchuang.

For the Interim Period, loan interest expenses payable for this bank borrowings amount to HK$4,652 (six month ended 30 June 2018: HK$Nil).

As at 30 June 2019, there were no charges on assets for bank borrowings.

***Trade receivables***

As at 30 June 2019, the Group's trade receivables were approximately HK$60,655,000, representing an increase of approximately 404.4% as compared to such amount as at 31 December 2018. The trade receivables were mainly comprised of trade receivable from the Chinese restaurants operation and environmental maintenance business. The increase of trade receivables mainly arose from the environmental maintenance business acquired in October 2018.

***Gearing ratio***

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings, consideration payables, loans from a director of certain subsidiaries, loans from a shareholder less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. As at 30 June 2019, the Group's gearing ratio was approximately 34% (As at 31 December 2018: 40%).

**Foreign Exchange Exposure**

The Group operated in Hong Kong and PRC and primarily used HKD and RMB for the business in Hong Kong and PRC. The Group was exposed to foreign exchange risk based on fluctuations between HKD and RMB arising from its core operation in the Hong Kong and PRC. The Group did not undertake and derivatives financial instruments or hedging instruments for speculative purposes. The Group will constantly review the economic situation and its foreign currency risk profile, continue to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

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

***Subscription of New Shares Under General Mandate***

On 29 March 2019, the Company entered into the a subscription agreement with China Aerospace Environmental Holdings Group Limited（中國航天環保控股集團有限公司）, a limited company incorporated in the British Virgin Islands, ("the New Subscriber"), pursuant to which the New Subscriber has conditionally agreed to subscribe for (or procure the subscription by its nominee(s)) and the Company has agreed to allot and issue 30,000,000 new Shares at the subscription price of HK$1.70 per subscription share to the New Subscriber (or its nominee(s)) ("the New Subscription Agreement"). All the conditions precedent under the New Subscription Agreement have been fulfilled and completion of the subscription took place on 24 April 2019.(the "New Subscription") For details, please refer to the announcements of the Company dated 29 March 2019 and 24 April 2019.

***Potential future investment***

On 24 April 2019 , the Company entered into a memorandum of understanding agreement ("the MOU") with Hui Tian Network Technology Co., Ltd.*（匯天網絡科技有限公司）, a company incorporated in the PRC with limited liability (the "Target Company") and Ms. Yang Meiling ("Ms. Yang") in respect of the proposed capital injection into the Target Company. . For details, please refer to the announcement of the Company 24 April 2019.

Save for the above business plan as disclosed, there is no plan for material investment or capital assets as at 30 June 2019.

## USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2019:

### Use of Proceeds from the New Subscriptions

The gross proceeds from the New Subscription are HK$51,000,000. The net proceeds from the New Subscription are approximately HK$49,600,000 which were all applied for the repayment of a shareholder's loan. For details, please refer to the announcements of the Company dated 29 March 2019 and 24 April 2019.

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 2019, the Group did not have any material contingent liabilities.

**Employees and Remuneration Policies**

The Group had 1,349 (30 June 2018: 417) employees as at 30 June 2019. 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 2018: Nil).

**Share Option**

The share option scheme of the Company (the "Share Option Scheme") was adopted on 19 November 2013. No option had been exercised or issued during the Interim Period. During the Interim Period, 120,000 options was lapsed, 280,000 options was forfeited and there were 10,400,000 share option remained outstanding as at 30 June 2019 under the Share Option Scheme.

**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 2019 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.

The Group starts to engage in the environmental maintenance business in the PRC after the completion of Acquisition on 22 October 2018. Since then, it has already generated significant service income and segment profit to the Group. The Company believes that the environmental maintenance industry in the PRC will enjoy a sustainable growth in the future and thus enhance the business development and financial prospect of the Group.

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.

## 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 Mr. Wong Sincere.

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 2019 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, 28 August 2019

*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 Mr. Wong Sincere.*