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U BANQUET GROUP HOLDING LIMITED

譽宴集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

For the six months period ended 30 June 2020 (the “Interim Period”), unaudited operating results of the Group (as defined below) were as follows:

- Revenue from continuing operations reached approximately HK\$123,759,000 representing an increase of 21.4% compared to the same period of the previous financial year;
- Profit from continuing operations attributable to shareholders of the Company increased by 197.9% to HK\$9,378,000 for the Interim Period as compared to HK\$3,148,000 for the same period of previous financial year;
- Basic and diluted earnings per share for profit from continuing operations for the Interim Period were HK1.3 cents;
- Basic earnings per share for the Interim Period based on weighted average number of ordinary shares of 701,143,000 issued was HK11.4 cents;
- No dividend was declared for the Interim Period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the “Board”) of U Banquet Group Holding Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the Interim Period together with the comparative unaudited figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Unaudited for the six months ended 30 June	
	Note	2020 HK\$'000	2019 HK\$'000 (Restated)
Continuing operations			
Revenue	4	<u>123,759</u>	<u>101,951</u>
Cost of revenue		<u>(81,620)</u>	<u>(69,920)</u>
Gross profit		42,139	32,031
Amortisation		(9,529)	(8,357)
General and administrative expenses	5	(6,645)	(7,321)
Other income		310	944
Fair value gain on financial assets at fair value through profit or loss		<u>254</u>	<u>–</u>
Operating profit		26,529	17,297
Finance income	6	2,232	65
Finance costs		<u>(411)</u>	<u>(1,199)</u>
Finance income/(cost) – net		<u>1,821</u>	<u>(1,134)</u>
Profit before income tax		28,350	16,163
Income tax expense	7	<u>(10,187)</u>	<u>(3,476)</u>
Profit for the period from continuing operations		18,163	12,687

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2020

		Unaudited for the six months ended 30 June	
	<i>Note</i>	2020	2019
		HK\$'000	HK\$'000
			(Restated)
Discontinued operations			
Loss for the period from discontinued operations	8	(10,597)	(13,697)
Gain on disposal of discontinued operations	8	81,401	–
		<hr/>	<hr/>
Profit/(loss) for the period arising from discontinued operations		70,804	(13,697)
		<hr/>	<hr/>
Profit/(loss) for the period		88,967	(1,010)
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Equity holders of the Company		80,182	(10,549)
Non-controlling interests		8,785	9,539
		<hr/>	<hr/>
		88,967	(1,010)
		<hr/>	<hr/>
Profit/(loss) attributable to the equity holders of the Company arise from:			
– Continuing operations		9,378	3,148
– Discontinued operations		70,804	(13,697)
		<hr/>	<hr/>
		80,182	(10,549)
		<hr/>	<hr/>
Other comprehensive (loss)/income for the period:			
Items that may be reclassified to profit or loss			
– Exchange difference on translation of foreign operations		(8,669)	2,165
		<hr/>	<hr/>
Other comprehensive (loss)/income for the period, net of tax		(8,669)	2,165
		<hr/>	<hr/>
Total comprehensive income for the period		80,298	1,155
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2020

		Unaudited for the six months ended 30 June	
		2020	2019
	Note	HK\$'000	HK\$'000 (Restated)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		70,517	(8,384)
Non-controlling interests		9,781	9,539
		<u>80,298</u>	<u>1,155</u>
Total comprehensive income/(loss) for the period attributable to the equity holders of the Company arise from:			
– Continuing operations		(287)	5,313
– Discontinued operations		70,804	(13,697)
		<u>70,517</u>	<u>(8,384)</u>
Earnings/(loss) per share attributable to the equity holders of the Company during the period			
Basic and diluted			
– Continuing operations		0.013	0.005
– Discontinued operations		0.101	(0.024)
Total – Included discontinued operations	10	<u>0.114</u>	<u>(0.019)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

		30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		40,464	54,702
Investment properties		93,387	95,222
Goodwill		104,717	106,774
Right of use assets		2,338	29,673
Deferred income tax assets		5,328	5,120
Intangible assets		46,995	57,402
Non-current deposits		2,382	7,084
Prepayment for acquisition of property, plant and equipment		–	844
Contract assets		27,972	27,543
		<u>323,583</u>	<u>384,364</u>
		-----	-----
Current assets			
Trade receivables	11	62,434	36,020
Deposits, prepayments and other receivables		17,016	26,939
Financial assets at fair value through profit or loss	12	27,693	537
Cash and cash equivalents		187,844	230,498
		<u>294,987</u>	<u>293,994</u>
		-----	-----
Total assets		<u>618,570</u>	<u>678,358</u>
		-----	-----
EQUITY			
Equity attributable to owners of the Company			
Share capital		7,050	5,880
Share premium		480,200	304,370
Reserves		(154,862)	(49,776)
		<u>332,388</u>	<u>260,474</u>
Non-controlling interest		<u>75,221</u>	<u>66,416</u>
		-----	-----
Total equity		<u>407,609</u>	<u>326,890</u>
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CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2020

		30 June 2020 (Unaudited) <i>HK\$'000</i>	31 December 2019 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Contract liabilities		–	2,103
Lease liabilities		1,323	29,440
Deferred income tax liabilities		40,235	39,480
Provision for reinstatement costs		–	447
		41,558	71,470
		41,558	71,470
Current liabilities			
Trade payables	<i>13</i>	24,629	29,387
Accruals, provisions and other payables		29,543	49,818
Contract liabilities		–	23,915
Lease liabilities		1,079	18,648
Consideration payables		73,134	74,571
Amount due to a related company	<i>14(c)(i)</i>	3,307	3,378
Deposits received		606	578
Current income tax liabilities		16,610	16,374
Amount due to a director of certain subsidiaries		–	99
Amount due to a director	<i>14(c)(ii)</i>	700	1,100
Loans from a shareholder	<i>14(c)(iii)</i>	19,795	19,456
Loans from a director of certain subsidiaries		–	41,000
Bank borrowings		–	1,674
		169,403	279,998
		169,403	279,998
Total liabilities		210,961	351,468
Total equity and liabilities		618,570	678,358

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital	Share premium	Capital reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Statutory reserve	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2020 (Audited)	5,880	304,370	181,986	(4,246)	10,409	(242,346)	4,421	260,474	66,416	326,890
Comprehensive income:										
Profit for the period	-	-	-	-	-	80,182	-	80,182	8,785	88,967
Other comprehensive loss:										
Currency translation difference	-	-	-	(9,665)	-	-	-	(9,665)	996	(8,669)
Total other comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,665)</u>	<u>996</u>	<u>(8,669)</u>
Total comprehensive income	-	-	-	(9,665)	-	80,182	-	70,517	9,781	80,298
Transaction with owners in their capacity as owners:										
Issuance of ordinary share	1,170	175,830	(177,000)	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	421	-	-	421	-	421
Transfer to statutory reserve	-	-	-	-	-	(1,016)	1,992	976	(976)	-
Balance as at 30 June 2020 (Unaudited)	<u>7,050</u>	<u>480,200</u>	<u>4,986</u>	<u>(13,911)</u>	<u>10,830</u>	<u>(163,180)</u>	<u>6,413</u>	<u>332,388</u>	<u>75,221</u>	<u>407,609</u>

	Share capital	Share premium	Capital reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Statutory reserve	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 loss:										
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 income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,165</u>	<u>-</u>	<u>2,165</u>
Total comprehensive income	-	-	-	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)	<u>5,880</u>	<u>304,370</u>	<u>4,986</u>	<u>1,772</u>	<u>9,847</u>	<u>(180,769)</u>	<u>2,597</u>	<u>148,683</u>	<u>66,668</u>	<u>215,351</u>

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 P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company's principal place of business is located at Suite 1201, Cityplaza One, 1111 King's 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 environmental maintenance business, property leasing business, 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 14 August 2020.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

On 21 April 2020, the Company entered into a sale and purchase agreement with Mr. Chow Ka Chun Simon ("Mr. Chow") to dispose of the Group's 100% equity interest in YuYan Group (Hong Kong) Investment Limited (the "Disposal Group") to Mr. Chow at a consideration of HK\$200,000.

The Group completed such disposal on 28 May 2020. Accordingly, the financial results of disposal businesses for the period from 1 January 2020 to 27 May 2020 were presented as "Discontinued Operations" in the accompanying condensed consolidated statement of comprehensive income in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for the period ended 30 June 2019 had been restated accordingly.

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 2019, 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 following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2020. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

		Effective for accounting periods beginning on or after
HKAS1 and HKAS 8 (Amendment)	Definition of Material	1 January 2020
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	1 January 2021
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 16 (Amendment)	Rent-concession	1 June 2020

Note:

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The Group has not applied any new standards and interpretations that are not effective for current accounting period.

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.

The Group has three operating segments (i) environmental maintenance business, (ii) property leasing business and (iii) securities trading business.

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 operating segment:

	Environmental maintenance business		Property leasing business		Securities trading business		Continuing Operations Sub-total		Discontinued Operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue												
External Revenue	122,861	99,631	537	2,320	361	-	123,759	101,951	21,253	133,770	145,012	235,721
Fair value gain on financial assets at fair value through profit and loss	-	-	-	-	254	-	254	-	-	-	254	-
Segment profit/(loss)	42,102	25,830	(101)	1,840	648	-	42,649	27,670	(6,652)	(4,720)	35,997	22,950
Finance income							2,232	65	1	406	2,233	471
Finance costs							(411)	(1,199)	(1,385)	(3,584)	(1,796)	(4,783)
Unallocated corporate expenses							(16,120)	(10,373)	(2,561)	(5,799)	(18,681)	(16,172)
Profit/(loss) before tax							28,350	16,163	(10,597)	(13,697)	17,753	2,466

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit/(loss) represents the loss incurred/profit earned 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 operating segment:

	Continuing Operations								Discontinued Operations		Total	
	Environmental maintenance business		Property leasing business		Securities trading business		Sub-total		Chinese restaurant and wedding business			
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019		
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000		
Segment assets	277,804	268,187	115,934	114,880	27,156	-	420,894	383,067	-	57,052	420,894	440,119
Cash and cash equivalents											187,844	230,498
Contingent consideration receivables											537	537
Deferred income tax assets											5,328	5,120
Other unallocated corporate assets											3,967	2,084
Total assets											618,570	678,358
Segment liabilities	48,918	55,317	821	275	536	527	50,275	56,119	-	93,319	50,275	149,438
Loans from a director of certain subsidiaries											-	41,000
Deferred income tax liabilities											40,235	39,480
Amount due to a related company											3,307	3,378
Amount due to a director											700	1,100
Amount due to a director of certain subsidiaries											-	99
Consideration payables											73,134	74,571
Loans from a shareholder											19,795	19,456
Current income tax liabilities											16,610	16,374
Other unallocated corporate liabilities											6,905	6,572
Total liabilities											210,961	351,468

(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 or revenue source for the Interim Period are presented as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Restated)
	HK\$'000	HK\$'000
China	123,398	101,951
Hong Kong	361	–
	123,759	101,951

Information about major customers

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

4. REVENUE

Turnover which consists of revenue from (i) environmental maintenance business, (ii) property leasing business and (iii) securities trading business, for the Interim Period together with the comparative unaudited figures for the corresponding period in 2019 are as follows:

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Restated)
	HK\$'000	HK\$'000
Revenue		
Environmental maintenance business		
Service income for provision of environmental maintenance services	122,861	99,631
Property leasing business:		
Rental income	537	2,320
Securities trading business:		
Bond interest income	361	–
	123,759	101,951

Assets and liabilities related to contracts with customers

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

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Contract assets		
Classified under:		
– non-current assets	27,972	27,543
– current assets	–	–
	<u>27,972</u>	<u>27,543</u>
Contract liabilities		
Classified under:		
– non-current liabilities	–	2,103
– current liabilities	–	23,915
	<u>–</u>	<u>26,018</u>

As at 30 June 2020, contract assets amounting to HK\$27,972,000 (As at 31 December 2019: HK\$27,543,000) 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\$27,972,000 are classified as non-current assets, based on the agreed payment schedule as at 30 June 2020.

As at 30 June 2020 there is no contract liabilities (As at 31 December 2019: HK\$26,018,000) as the Group had disposed the Chinese restaurant and wedding business. Contract liabilities mainly include deposits received from customers under the contracts for banquet and wedding banquet services of the Chinese restaurant and wedding business.

5. GENERAL AND ADMINISTRATIVE EXPENSES

	For six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Restated) HK\$'000
Depreciation on fixed assets	1,133	730
Legal and professional fee	967	457
Rent and rate	232	1,115
Share-based payment expenses	421	1,042
Staff salaries and allowances	2,981	2,977
Travelling expenses	420	739
Others	491	261
	<u>6,645</u>	<u>7,321</u>

6. FINANCE INCOME

The finance income for the Interim Period amounted to approximately HK\$2,232,000 (six month ended 30 June 2019: HK\$65,000) mainly comprised of interest income on short-term bank deposits.

7. INCOME TAX EXPENSE

	For six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current income tax		
Hong Kong profit tax	–	–
PRC enterprise income tax	10,187	6,850
Deferred income tax		
Origination and reversal of temporary differences	–	(3,374)
Income tax expenses	<u>10,187</u>	<u>3,476</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for six months ended 30 June 2020 and 2019. The applicable corporate income tax rate for Mainland China subsidiaries is 25% on the estimated assessable profits.

8. DISCONTINUED OPERATIONS

On 21 April 2020, the Company entered into a sale and purchase agreement with Mr. Chow, to dispose its entire Chinese restaurant and wedding business through the disposal of the Group's 100% equity interest in the Disposal Group. As the disposed businesses are considered as separate major line of businesses, the corresponding operations had been classified as discontinued operations as a result of the completion of such disposal.

The results of these discontinued operations for the six month period ended 30 June 2020 and 2019 are set out below:

	Unaudited for the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Revenue	21,523	133,770
Other income	1,663	474
Cost of revenue	(4,129)	(34,935)
Employee benefit expenses	(8,829)	(30,922)
Depreciation	(11,762)	(23,821)
Rental and related expenses	(469)	(13,850)
Utilities expenses	(2,756)	(13,204)
Other expenses	(4,454)	(28,031)
Operating loss	(9,213)	(10,519)
Finance income	1	406
Finance cost	(1,385)	(3,584)
Finance cost – net	(1,384)	(3,178)
Loss before income tax	(10,597)	(13,697)
Income tax expense	–	–
Loss for the period from discontinued operations	<u>(10,597)</u>	<u>(13,697)</u>

The disposal was completed on 28 May 2020. The carrying amounts of assets and liabilities as at 28 May 2020, the disposal date, were as follow:

	<i>HK\$'000</i>
Property, plant and equipment	9,175
Rental deposit	4,655
Right-of-use assets	20,937
Deferred income tax assets	847
Trade receivables	391
Deposits and prepayments	6,127
Current income tax recoverable	627
Cash and cash equivalents	527
Trade payables	(817)
Accruals, other payables and provision	(2,202)
Lease liabilities	(38,267)
Contract liabilities	(29,038)
Amounts due to a director of the disposed entities/amounts due to disposed entities	(53,510)
Deferred income tax liabilities	(207)
Provision for reinstatement cost	(446)
	<hr/>
	(81,201)
Gain on disposal	81,401
	<hr/>
	200
	<hr/> <hr/>
Satisfied by:	
Cash consideration received	200
Cash and cash equivalents disposed of	(527)
	<hr/>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(327)
	<hr/> <hr/>

9. DIVIDENDS

The Directors do not recommend payment of interim dividend for the Interim Period (six months ended 30 June 2019: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Interim Period.

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company (<i>HK\$'000</i>)	<u>80,182</u>	<u>(10,549)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>701,143</u>	<u>569,271</u>
Earnings/(loss) per share (<i>HK\$</i>)	<u><u>0.114</u></u>	<u><u>(0.019)</u></u>

(b) Diluted

Diluted earning/(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 Interim Period, the Company has one category of dilutive potential ordinary shares: 10,400,000 share options granted (six months ended 30 June 2019: 10,400,000 share options granted). However, the computation of diluted earnings per share for the Interim Period does not assume the exercise of share option granted by the Company as the exercise price of those options was higher than the average market price per share.

The potential ordinary shares arising from share options had an anti-dilutive effect on the basic loss per share for the six months ended 30 June 2019, hence they were ignored in the calculation of diluted loss per share.

11. TRADE RECEIVABLES

	30 June 2020 (Unaudited) <i>HK\$'000</i>	31 December 2019 (Audited) <i>HK\$'000</i>
0 to 30 days	37,203	19,826
31 to 60 days	4,118	8,806
More than 60 days	21,113	7,388
	<u>62,434</u>	<u>36,020</u>

As at 30 June 2020, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. These receivables were not past due nor impaired and amounted to approximately HK\$62,434,000 (As at 31 December 2019: HK\$36,020,000). They are related to customers for whom there were no recent history of default.

As at 30 June 2020, no trade receivables were impaired (As at 31 December 2019: same). No provision for impairment of trade receivables was made as at 30 June 2020 (As at 31 December 2019: same).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<i>Debt instruments</i>		
Listed bond with fixed interest of 11% per annum and maturity date of 6 November 2020 – Singapore	6,259	–
Listed bond with fixed interest of 10.875% per annum and maturity date of 24 August 2020 – Singapore	11,633	–
Listed bond with fixed interest of 12% per annum and maturity date of 25 June 2021– Hong Kong	9,264	–
<i>Others</i>		
Contingent consideration receivables	<u>537</u>	<u>537</u>
	<u>27,693</u>	<u>537</u>

13. TRADE PAYABLES

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

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
0-30 days	8,005	9,695
31-60 days	263	13,737
More than 60 days	<u>16,361</u>	<u>5,955</u>
	<u>24,629</u>	<u>29,387</u>

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

14. 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 individuals/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 Interim period:

	For six months end 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Interest expenses paid or payable to Mr. Sang	381	1,170

(c) **Balances with related parties**

The Group had the following balances with related parties:

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

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Non-trade payables to a related company:		
Guorun Construction Group Co. Ltd	<u>3,307</u>	<u>3,378</u>

As at 30 June 2020 and 31 December 2019, 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 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Amount due to Mr. Xu	<u>700</u>	<u>1,100</u>

As at 30 June 2020 and 31 December 2019, 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 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Loans from Mr. Sang	<u>19,795</u>	<u>19,456</u>

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 2020, a total of HK\$19,795,000 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.

15. EVENTS AFTER THE REPORTING PERIOD

On 2 July 2020, Wah Shuk Holdings Limited (“the Subscriber”), an indirect wholly-owned subsidiary of the Company, had entered into the subscription agreement with Deep Blue Fund SPC (“the Fund”), pursuant to which the Subscriber had agreed to subscribe for the Class B Shares in the segregated portfolio in a sum of US\$7,000,000. The subscription amount was determined after arm’s length negotiations with reference to, among other things, the prospect and the return of the segregated portfolio and the financial resources available to the Group. The subscription provides an investment opportunity to increase short-term investment return by utilising part of the Company’s fund after considering the past experience and performance of the fund manager and its core investment management team members. The segregation portfolio’s redemption policy would also allow the Group to maintain flexibility in managing its funds and retain a healthy liquidity position.

Save as disclosed above, there is no material subsequent event undertaken by the Group after 30 June 2020, up to the date of this results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL OVERVIEW

For the Interim Period, the Group was principally engaged in three operating segments, (i) environmental maintenance business, (ii) property leasing business and (iii) securities trading business.

2020 was a landmark year for the Group. The Group has significantly improved its financial position after the disposal of (the “Disposal”) its entire Chinese restaurant and wedding business (the “Discontinued Operation”).

For the Interim Period, the Company and its subsidiaries (excluding the Discontinued Operation) mainly engaged in the environmental maintenance business which recorded a revenue of approximately HK\$123,759,000, compared to a revenue of approximately HK\$101,951,000 for the six month period ended 30 June 2019 (the “Comparative Period”). Profit attributable to the equity holders of the Company from the continuing operations was approximately HK\$9,378,000 for the Interim Period (Comparative period: Profit of HK\$3,148,000).

For the Interim Period, the Discontinued Operation recorded a revenue of HK\$21,523,000, compared to a revenue of HK\$133,770,000 for the Comparative Period. The decrease in revenue is mainly due to (i) the outbreak of the Coronavirus Disease 2019 (“COVID-19”) and the subsequent quarantine measures severely affecting the operating environment in food and beverage business, (ii) the Group disposed two restaurants in November 2019 and (iii) two restaurants were closed in February 2020 after the expiry of lease contract. Profit attributable to the equity holders of the Company from the Discontinued Operation was HK\$70,804,000 for the Interim Period (Comparative Period: Loss of HK\$13,697,000).

The Group profit attributable to the equity holders of the Company was approximately HK\$80,182,000 for the Interim Period, while loss attributable to the equity holders of the Company was approximately HK\$10,549,000 for the Comparative Period.

Disposal

Taking into account the severe market competition and increasingly challenging operating environment of Chinese restaurant and wedding business brought by the social unrest of Hong Kong in the second half of 2019 and the COVID-19 pandemic in 2020, a strategic decision was taken and executed to dispose the Chinese restaurant and wedding business.

In April 2020, the Board agreed to dispose of the Discontinued Operation. The transaction was subsequently approved by shareholders in the extraordinary general meeting of the Company held on 28 May 2020, and all the conditions precedent of the transaction were fulfilled on the same date. For details, please refer to the Company's announcements dated 21 April 2020 and 28 May 2020.

The Board believes the completion of the Disposal shall generate greater managerial focus and release internal resources of the Group to prioritise the environmental maintenance business and allocate resources flexibly to seize any possible investment opportunities, in addition to the significant improvement to the Group's financial situation. The Board believes that the Group's business will continue to expand and generate greater value to our investors.

Discontinued Operations

Chinese restaurant and wedding business in Hong Kong has been classified as Discontinued Operation in accordance with International Financial Reporting Standard 5. Please refer to the announcement dated 28 May 2020 and the circular of the Company dated 11 May 2020 for further details. A gain on disposal of approximately HK\$81,401,000 was recognised in the Interim Period, resulting from a significant portion of the Group's net deficit being disposed of in the Disposal.

Environmental maintenance business

The environmental maintenance business is based in Chengdu, the PRC, and is penetrating into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. Its scope of services mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

As of 30 June 2020, the Group had a total of 23 environmental maintenance service contracts in progress with the total contract amount for the remaining contract term of approximately RMB650 million.

Property Leasing Business

During the Interim Period, the Group recorded rental income in the amount of HK\$537,000 for the leasing of an office in Beijing (Comparative Period: HK\$2,320,000). The decrease in rental income arises from the vacancy of the office since August 2019. The office was re-decorated into four separate units and three units were leased out in November 2019, April 2020 and June 2020 respectively.

Securities Trading Business

During the Interim Period, the Group recorded bond interest income in the amount of HK\$361,000 from financial assets at fair value through profit or loss (Comparative Period: Nil).

FINANCIAL REVIEW

Revenue

The table below sets forth the revenue breakdown of the Group's for the Interim Period and Comparative Period:

	For the six months ended	
	30 June	
	2020	2019
	(Unaudited)	(Restated)
	HK\$'000	HK\$'000
Revenue		
– from environmental maintenance business	122,861	99,631
– from property leasing business	537	2,320
– from securities trading business	361	–
	<u>123,759</u>	<u>101,951</u>

During the Interim Period, the Group recorded a total revenue of approximately HK\$123,759,000 (Comparative Period: approximately HK\$101,951,000) from its continuing operations, representing an increase of approximately 21.4% as compared to the corresponding period in 2019. The increase was primarily due to the increase of revenue from environmental maintenance business.

Cost of Revenue

The cost of revenue is mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the Interim Period amounted to approximately HK\$81,620,000 (Comparative Period: HK\$69,920,000), representing an increase of approximately 16.7% as compared to Comparative Period. The increase in cost of revenue mainly in line with increase of revenue from the environmental maintenance business.

Employee Benefit Expenses

The Group had 1,057 workers from the environmental maintenance business in PRC and 32 staff from Hong Kong and PRC office, total 1,089 employees as at 30 June 2020 for the continuing operations (As at 30 June 2019: 1,042 workers and 28 office staff, total 1,070 employees for the continuing operations). Salaries and benefits expenses for workers were recognised as service fees to workers and classified under cost of revenue while salaries and benefits expenses for office staff were classified under general and administrative expenses.

During the Interim Period, salaries and benefits expenses for workers and staff were respectively approximately HK\$51,341,000 and HK\$2,981,000 (Comparative Period: approximately HK\$49,436,000 and HK\$2,977,000). Salaries and benefits expenses for workers increased in line with the increase in number of workers employed while the salaries and benefits expenses for office staff remains constant. The Group would regularly review the work allocation of the workers and office staff to maintain a high standard of service.

Profit/(loss) attributable to the equity holders of the Company

During the Interim Period, the Group recorded profit attributable to the equity holders of the Company in the amount of approximately HK\$80,182,000 (Comparative Period: loss of approximately HK\$10,549,000). The improvement on profit attributable to the equity holders of the Company was mainly driven by the recognition of the gain on disposal of discontinued operations in the amount of approximately HK\$81,401,000 and the improvement in the performance of environmental maintenance business.

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 lowering the gearing ratio to an acceptable level remain constant during the Interim Period.

Cash position and pledged bank deposit

As at 30 June 2020, the Group's cash and cash equivalents were approximately HK\$187,844,000 representing a decrease of approximately 18.5% as compared with approximately HK\$230,498,000 as at 31 December 2019. The decrease was mainly due to the investment in financial assets at fair value through profit and loss and increase in trade receivables from the environmental maintenance business during the Interim Period.

Bank Borrowings

During the Interim Period, the Group have repaid bank borrowings in the amount of approximately HK\$1,674,000. There is no bank borrowings as at 30 June 2020 (As at 31 December 2019: HK\$1,674,000).

For the Interim Period, loan interest expenses incurred for bank borrowings amounted to approximately HK\$4,000 (Comparative Period: approximately HK\$5,000).

Trade receivables

As at 30 June 2020, the Group's trade receivables were approximately HK\$62,434,000, representing an increase of approximately 73.4% as compared to such amount as at 31 December 2019. The trade receivables were mainly comprised of trade receivable from the environmental maintenance business.

Capital Expenditure

For the Interim Period, the Group's capital expenditure was approximately HK\$3,884,000 (Comparative Period: approximately HK\$6,625,000), which was mainly used in the environmental maintenance business.

Gearing ratio

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables plus loans from a shareholder less cash and cash equivalents. Total capital is calculated as 'equity' shown in the consolidated balance sheet plus net debt. As at 30 June 2020 and 31 December 2019, the Group was in a net cash position, hence, no gearing ratio is disclosed.

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 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 16 December 2019, the Company entered into a subscription agreement with Goldpalm Offshore Limited (金棕欄海外有限公司), a limited company incorporated in the British Virgin Islands, (“Goldpalm”), pursuant to which Goldpalm has conditionally agreed to subscribe for (or procure the subscription by its nominee(s)) and the Company has agreed to allot and issue 117,000,000 new Shares at the subscription price of HK\$1.53 per subscription share to Goldpalm 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 7 January 2020 (the “2020 Subscription”). For details, please refer to the announcements of the Company dated 16 December 2019, 19 December 2019 and 7 January 2020.

Subscription of interest in a segregated portfolio of a Fund

On 2 July 2020, Wah Shuk Holdings Limited (“the Subscriber”), an indirect wholly-owned subsidiary of the Company, had entered into the subscription agreement with Deep Blue Fund SPC (“the Fund”), pursuant to which the Subscriber had agreed to subscribe for the Class B Shares in the segregated portfolio in a sum of US\$7,000,000. The subscription amount was determined after arm’s length negotiations with reference to, among other things, the prospect and the return of the segregated portfolio and the financial resources available to the Group. The subscription provides an investment opportunity to increase short-term investment return by utilising part of the Company’s fund after considering the past experience and performance of the fund manager and its core investment management team members. The segregation portfolio’s redemption policy would also allow the Group to maintain flexibility in managing its funds and retain a healthy liquidity position.

The Company believe that the subscription would provide a good opportunity in enhancing shareholders’ value. For details, please refer to the announcements of the Company dated 2 July 2020 and 13 July 2020.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2020:

Use of Proceeds from the New Subscriptions

The net proceeds from the 2020 Subscription were approximately HK\$177,000,000 and the Company intends to apply the net proceeds in (i) the settlement of outstanding consideration payable for the acquisition of BYL Property Holdings Group Limited in 2018 (“Settlement of Consideration Payable”) amounting to approximately HK\$74,571,000 as at 31 December 2019; and (ii) general working capital as to the remaining balance. Up to the date of this announcement, the Company had paid approximately HK\$13,920,000 for the Settlement of consideration payable. The Group has no intention to change the use of proceeds from the 2020 Subscriptions.

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 2020, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

The Group had 1,089 (as at 30 June 2019: 1,070) employees as at 30 June 2020 for the continuing operations. 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 (Comparative Period: 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, issued, lapsed or forfeited during the Interim Period, and there were 10,400,000 share option remained outstanding as at 30 June 2020 under the Share Option Scheme.

Prospects

During the Interim Period, the Group completed the Disposal which has significantly strengthened the financial position of the Group. The Disposal provided the Group with more flexibility and liquidity to expand its business scale, and generated greater opportunities for future growth and expansion within environmental maintenance business.

The Neijiang Urban and Rural Solid Waste Treatment PPP Project (內江城鄉生活垃圾處理PPP項目) (the “Neijiang Project”) has formally entered into operation phase since July 2020. The operation period of the Neijiang Project is 22 years. The operation areas include Neijiang Economic Development Zone, Dongxing District, Zizhong County and Weiyuan County, and its scope of services covers 79 towns, 1,394 villages and 159 communities with a population of approximately 2.75 million. The daily average volume of household garbage collected and transported is 910 tons. The annual operation service fee income to be generated from the Neijiang Project is expected to be not less than RMB68 million with total service fee incomes during the operation period of not less than RMB1,500 million.

As of 30 June 2020, the Group had a total of 23 environmental maintenance service contracts in progress (excluding the Neijiang Project) with the total contract amount for the remaining contract term of approximately RMB650 million.

Looking forward, the Group will continue to utilise its available resources to engage and develop its core business. Apart from this, the Group will also explore business opportunities to strengthen its revenue base such as acquisition of similar environmental maintenance business to generate a stable and constant stream of 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Interim Period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 2020 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, 14 August 2020

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.