

華人



飲食

First Quarterly Report

2017



Chinese Food And Beverage Group Limited
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8272

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors of CHINESE FOOD AND BEVERAGE GROUP LIMITED (the "Company") (the "Director(s)") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.cfbgroup.com.hk.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2017. The unaudited first quarterly results for the three months ended 31 March 2016 were used as corresponding comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2017

		Three months ended 31 March 2017 (Unaudited) HK\$'000	31 March 2016 (Unaudited) (Restated) HK\$'000
	Notes		
Continuing operations			
Revenue	3	11,045	11,552
Cost of sales		(6,542)	(8,656)
Gross profit		4,503	2,896
Other operating income		398	50
Other gains and losses	4	46	1,443
Selling and distribution expenses		(1,975)	(1,622)
Administrative and other operating expenses		(5,742)	(6,166)
Finance costs	5	(4,309)	(11,335)
Share of profit (loss) of joint ventures		598	(2,814)
Share of loss of associates		(795)	(1,431)
Loss before tax		(7,276)	(18,979)
Income tax expense	6	–	–
Loss for the period from continuing operations		(7,276)	(18,979)
Discontinued operation			
Loss for the period from discontinued operation	7	(824)	(7,616)
Loss for the period		(8,100)	(26,595)
Other comprehensive expense for the period, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of translation reserve of associates		(356)	–
Total comprehensive expense for the period		(8,456)	(26,595)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2017

	Notes	Three months ended 31 March 2017 (Unaudited) HK\$'000	31 March 2016 (Unaudited) (Restated) HK\$'000
Loss for the period attributable to owners of the Company			
– from continuing operations		(7,743)	(18,829)
– from discontinued operation		(693)	(7,232)
		(8,436)	(26,061)
Loss for the period attributable to non-controlling interests			
– from continuing operations		111	(150)
– from discontinued operation		(131)	(384)
		(8,456)	(26,595)
Loss for the period attributable to:			
Owners of the Company		(8,080)	(26,061)
Non-controlling interests		(20)	(534)
		(8,100)	(26,595)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(8,436)	(26,061)
Non-controlling interests		(20)	(534)
		(8,456)	(26,595)
		HK cent	HK cents
Loss per share	9		
From continuing and discontinued operations – basic and diluted		(0.32)	(9.86)
		HK cent	HK cents
From continuing operations – basic and diluted		(0.29)	(7.12)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Convertible bonds reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (audited)	5,284	248,175	–	(8)	(443,826)	(190,375)	(1,395)	(191,770)
Loss for the period	–	–	–	–	(26,061)	(26,061)	(534)	(26,595)
At 31 March 2016 (unaudited)	5,284	248,175	–	(8)	(469,887)	(216,436)	(1,929)	(218,365)
At 1 January 2017 (audited)	52,836	498,210	914	(1,236)	(552,530)	(1,806)	(2,558)	(4,364)
Loss for the period	–	–	–	–	(8,436)	(8,436)	(20)	(8,456)
At 31 March 2017 (unaudited)	52,836	498,210	914	(1,236)	(560,966)	(10,242)	(2,578)	(12,820)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its shares are listed on the GEM of the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business in Hong Kong is Room 2101, Yue Xiu Building, No.160-174 Lockhart Road, Wan Chai, Hong Kong. The principal activity of the Company is investment holding.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), including applicable Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Group's unaudited quarterly financial statements include applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the value of the consideration given in exchange for goods.

The principal accounting policies applied in the preparation of the unaudited condensed consolidated financial statement for the three months ended 31 March 2017 are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016.

3. REVENUE

Revenue represents the turnover from catering business during the period.

An analysis of the Group's revenue from continuing operations for the period is as follows:

	Three months ended	
	31 March 2017 (Unaudited)	31 March 2016 (Unaudited) (Restated)
	HK\$'000	HK\$'000
Catering business	11,045	11,552

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

4. OTHER GAINS AND LOSSES

	Three months ended	
	31 March 2017 (Unaudited)	31 March 2016 (Unaudited) (Restated)
	HK\$'000	HK\$'000
Continuing operations:		
Unrealised change in fair value of held-for-trading investments	–	(60)
Loss on disposal of held-for-trading investments	(54)	(57)
Reversal of impairment loss recognised in respect of other receivables	100	1,560
	46	1,443

5. FINANCE COSTS

	Three months ended	
	31 March 2017 (Unaudited)	31 March 2016 (Unaudited) (Restated)
	HK\$'000	HK\$'000
Continuing operations:		
Interest on:		
– obligation under finance lease	10	16
– other borrowings	472	416
– convertible bonds	3,827	10,903
	4,309	11,335

6. INCOME TAX EXPENSE

The Company is an exempted company incorporated in the Cayman Islands, as such it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

No provision for Hong Kong Profits Tax or other jurisdictions has been made as the Group did not have any assessable profits for the three months ended 31 March 2017 and 31 March 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

7. DISCONTINUED OPERATION

During the period ended 31 March 2017, the Group ceased the operating segment of food manufacturing business in order to focus the Group's resources in its remaining businesses. The loss for the period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the food manufacturing business as a discontinued operation.

	Three months ended	
	31 March 2017	31 March 2016
	HK\$'000	HK\$'000
Loss for the period from discontinued operation attributable to:		
– Owners of the Company	(693)	(7,232)
– Non-controlling interests	(131)	(384)
	(824)	(7,616)

The results of sale of food manufacturing business for the period, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Three months ended	
	31 March 2017	31 March 2016
	HK\$'000	HK\$'000
Revenue	–	4,484
Cost of sales	–	(5,926)
Gross loss	–	(1,442)
Other income	42	138
Selling and distribution expenses	(858)	(3,904)
Administrative and other operating expenses	(6)	(2,325)
Finance cost	(2)	–
Written-off in respect of inventories	–	(83)
Loss for the period from discontinued operation	(824)	(7,616)

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following:

	Three months ended	
	31 March 2017 (Unaudited) HK\$'000	31 March 2016 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(8,436)	(26,061)
	No. of shares '000	No. of shares (Restated) '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,641,800	264,180
Basic and diluted loss per share	HK(0.32) cent	HK(9.86) cents

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended	
	31 March 2017 (Unaudited) HK\$'000	31 March 2016 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(8,436)	(26,061)
Less: Loss for the period from discontinued operation	(693)	(7,232)
Loss for the purposes of diluted loss per share from continuing operations	(7,743)	(18,829)

The denominators used are the same as those detailed above for basic and diluted loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the three months ended 31 March 2017 is HK0.03 cent (three months ended 31 March 2016: approximately HK2.74 cents) based on the loss for the three months ended 31 March 2017 from the discontinued operation approximately HK\$693,000 (three months ended 31 March 2016: approximately HK\$7,232,000) and the denominators detailed above for both basic and diluted loss per share.

The denominator for the purpose of calculating basic and diluted loss per share for the three months ended 31 March 2016 has been restated to reflect the effect of the share consolidation during the year ended 31 December 2016.

The computation of diluted loss per share for the three months ended 31 March 2016 and 31 March 2017 does not assume the conversion of the Company's outstanding convertible bonds into ordinary shares of the Company since the conversion would result in a decrease in loss per share for the years.

10. COMPARATIVE FIGURES

During the three months ended 31 March 2017, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the condensed consolidated financial statements in respect of the last corresponding period to achieve comparability with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

Revenue

During the three months ended 31 March 2017 (the “Reporting Period”), the Group recorded a revenue of approximately HK\$11,045,000 (three months ended 31 March 2016: approximately HK\$11,552,000), representing a decrease of approximately 4% as compared with the last corresponding period. The decrease was mainly due to cease of food manufacturing business.

Results for the Reporting Period

The Group recorded a loss of approximately HK\$8,456,000 for the Reporting Period, as compared with a loss of approximately HK\$26,595,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly due to decrease in administrative and other operating expenses, finance costs and share of loss of associates, and increase in share of profit of joint ventures.

Catering Business

The segmental revenue of the catering business for the Reporting Period was approximately HK\$11,045,000 (three months ended 31 March 2016: approximately HK\$11,552,000), representing a decrease of approximately 4% as compared with the last corresponding period. This catering business maintained stable business performance during the Reporting Period.

Securities Trading

The gross proceeds from disposal of held-for-trading investments for the Reporting Period was approximately HK\$357,000 (three months ended 31 March 2016: approximately HK\$304,000), representing an increase of approximately 17% as compared with the last corresponding period.

Food Manufacturing Business

During the Reporting Period, the food manufacturing business recorded no revenue and an operating loss continuously, the management has closed down the production thereon.

CAPITAL STRUCTURE

As at 31 March 2017, the Company’s issued share capital was HK\$52,836,000 and the number of its issued ordinary shares was 2,641,800,000 shares of HK\$0.02 each (the “Shares”).

On 6 November 2015, the Group had issued the tranche A promissory note and the tranche B promissory note in the aggregate principal sum of HK\$24,000,000 (subject to adjustment) free of interest and repayable on 6 November 2017. In August 2016, tranche A promissory note has exchanged for tranche A convertible bond in the principal amount of HK\$18,000,000. The tranche B promissory note may be exchanged for the tranche B convertible bond, subject to the terms and conditions in the sale and purchase agreement executed on 29 September 2015 and its supplemental agreement on 30 October 2015.

For details, please refer to the announcement of the Company dated 17 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

Save as those disclosed in this report, there were no other significant investments held by the Company during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources. The Reporting Period ended with the net current liabilities of approximately HK\$233,799,000 (as at 31 December 2016: approximately HK\$226,539,000) including the bank balances and cash of approximately HK\$1,755,000 (as at 31 December 2016: approximately HK\$2,388,000).

As at 31 March 2017, the Group had other borrowings amounted to approximately HK\$70,500,000 (31 December 2016: approximately HK\$70,500,000) and obligation under finance leases of approximately HK\$1,297,000 (31 December 2016: approximately HK\$1,439,000). The gearing ratio, computed as total liabilities to total assets is 1.05 at the end of the Reporting Period (31 December 2016: 1.02).

CHARGE ON GROUP'S ASSETS

As at 31 March 2017, certain assets with fair value of approximately HK\$234,825,000 (as at 31 December 2016: approximately HK\$234,616,000) were pledged for the convertible bonds.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any contingent liability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 27 February 2017, Elite Trade Global Limited ("Elite Trade") issued and FLM Macau Ventures Limited ("FLM Macau Ventures") signed the buy-out notice, pursuant to which FLM Macau Ventures and Elite Trade have agreed to terminate the joint venture agreement dated 17 September 2014 by way of Elite Trade acquiring the 65% issued share capital of Fook Lam Moon Macau Holdings Limited from FLM Macau Ventures. The disposal was completed and the Group ceased in holding any interest in Fook Lam Moon Macau Holdings Limited.

For details, please refer to the announcement of the Company dated 27 February 2017.

Save as disclosed in this report, the Group did not have any other material acquisition and disposal of subsidiaries and affiliated companies for the three months ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

ADVANCE TO ENTITY

(i) **Advance to entity in the amount of HK\$44,000,000**

Details of advance to entity in the amount of HK\$44,000,000 paid to Key Ally Limited were set out under the section of “Advance to Entity” on pages 13 to 14 of the Company’s quarterly report for the three months ended 31 March 2014. The Directors considered that the likelihood of recovery of the outstanding principal and accrued interest amount was very remote and the impairment loss of loan receivables of HK\$28,225,000 was recognised during the eight months ended 31 December 2013. During the Reporting Period, the Group received a further sum of HK\$100,000 (as at 31 December 2016: approximately HK\$2,360,000). The Group will proceed to recover the outstanding amount in reliance on legal advice.

(ii) **Advance to entity in the amount of HK\$20,000,000 on 24 April 2013**

On 23 January 2013, the Company, Rich Paragon Limited (“Rich Paragon”, an indirectly wholly-owned subsidiary of the Company), Coqueen Company Limited (“Coqueen”), Professional Guide Enterprise Limited (“SPV”), Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan entered into the second framework agreement (as supplemented by the supplemental second framework agreement dated 30 January 2013) (the “Second Framework Agreement”) which was then superseded by the third framework agreement on 24 April 2013 (as supplemented by a supplemental third framework agreement dated 6 August 2014) (the “Third Framework Agreement”) in relation to, inter alia, the acquisition of a portion of Coqueen’s entire shareholding in SPV from Coqueen by Rich Paragon pursuant to the Second Framework Agreement. Pursuant to the Third Framework Agreement, Rich Paragon have paid HK\$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit (the “Framework Deposit”).

On 10 October 2014, Rich Paragon and the Company entered into a sale and purchase agreement (as supplemented by an addendum dated 13 March 2015 and a second addendum dated 30 April 2015) (the “Coqueen Sale and Purchase Agreement”) with Coqueen, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan. Pursuant to the Coqueen Sale and Purchase Agreement, the Framework Deposit paid to Coqueen by Rich Paragon have been applied to settle part of the consideration of the acquisition of remaining 50% of the entire issued share capital in each of SPV, Great Way Investing Company Limited and Leading Win Development Limited. As the conditions precedent stated in the announcement of the Company dated 30 April 2015 have not been fulfilled by 29 January 2016, the Coqueen Sale and Purchase Agreement had lapsed and the Framework Deposit should be refunded by Coqueen to Rich Paragon accordingly. The Company has issued letters to Coqueen or its legal representative to request for the refund of the Framework Deposit. The Company is still awaiting the repayment plan from Coqueen, and is considering other possible alternative arrangements.

MANAGEMENT DISCUSSION AND ANALYSIS

The amount of the Framework Deposit exceeds 8% of the total asset of the Company as defined under Chapter 19 of the GEM Listing Rules and it constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 24 April 2013, 18 October 2013, 6 August 2014, 30 April 2015, 16 October 2015, 13 November 2015, 3 February 2016 and 15 August 2016, and the circular of the Company dated 29 August 2014.

PROSPECT AND OUTLOOK

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to, the food and beverage industry in the PRC.

Guo Fu Lou (國福樓)

One of the current key businesses of the Group is the catering business and the Group is currently operating Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been consolidating its catering business with an ongoing vision in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

Fook Lam Moon

The Company has been evaluating the operation results of SPV and its subsidiaries (the "SPV Group") and is positive about the future prospects of the SPV Group. With the focus of operating high-end Chinese restaurants serving high-quality Cantonese cuisine, the SPV Group has developed strong brand and customer loyalty.

Other catering business

The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in catering business.

OTHER INFORMATION

LITIGATIONS

Reference is made to the claim by Megamillion Asia Limited ("Megamillion"), an indirect wholly-owned subsidiary of the Company, against Cheong Tat International Development Limited ("Cheong Tat") the particulars of which have been disclosed at pages 9 to 10 of the annual report of the Company for the financial year ended 30 April 2013. Megamillion had obtained judgment against Cheong Tat on (i) principal amount of the loan and interest accrued thereon (the "Loan Amount"), and (ii) the amount for redemption of the convertible bond (the "Redemption Amount").

Cheong Tat and Megamillion entered into a deed of settlement dated 31 December 2013 (the "Deed of Settlement") under and pursuant to which Cheong Tat transferred certain portfolio of shares in a Hong Kong listed company for full and final settlement of the Loan Amount.

Subject to legal advice and pending ascertainment that Cheong Tat has assets available for execution, Megamillion will proceed to recover the Redemption Amount.

Save as disclosed above, as at the date of this report, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group and that the Company will disclose any Megamillion's recovery action and other litigation matters of material importance wherever appropriate or necessary.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation
As at 31 March 2017, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares and underlying shares of HK\$0.02 each in the capital of the Company

Name of Director	Nature of interests/ holding capacity	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
Mr. Yeung Wai Hung, Peter	Personal	137,500	–	137,500	0.005%

OTHER INFORMATION

Save as disclosed above, as at 31 March 2017, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Save as disclosed under section "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, as at 31 March 2017, neither the Company nor any of its subsidiaries was a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, or there have, at any time during the three months ended 31 March 2017, subsisted such arrangement(s) as aforesaid and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

Substantial Shareholders and Other Persons with Interests and Short Positions in the Shares and Underlying Shares

As at 31 March 2017, the following parties, other than Directors and the chief executive of the Company, held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital
Chinese Strategic Holdings Limited ("Chinese Strategic")	Interest through controlled corporation	208,925,000 Shares* (Note 2)	7.90% (Note (1a))
Rich Best Asia Limited ("Rich Best")	Interest through controlled corporation	208,925,000 Shares* (Note 2)	7.90% (Note (1a))
Excel Return Enterprises Limited ("Excel Return")	Beneficial owner	167,500,000 Shares* (Note 2)	6.34% (Note (1a))
China Merchants Securities Investment Management (HK) Co., Limited ("CMS")	Beneficial owner	346,625,000 underlying Shares* (Notes 3 and 7)	65.60% (Note (1b))
China Merchants Securities International Company Limited ("CMS International")	Interest through controlled corporation	346,625,000 underlying Shares* (Notes 3 and 7)	65.60% (Note (1b))

OTHER INFORMATION

Name of Shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital
China Merchants Securities Company Limited	Interest through controlled corporation	346,625,000 underlying Shares* (Notes 3 and 7)	65.60% (Note 1b))
Gothic Global Holding Ltd. ("Gothic")	Beneficial owner	51,993,750 underlying Shares* (Notes 4 and 8)	9.84% (Note 1b))
CLJ Investment Partners Company Limited ("CLJ") (now known as CL Investment Partners Company Limited)	Interest through controlled corporation	51,993,750 underlying Shares* (Notes 4 and 8)	9.84% (Note 1b))
Chailease Holding Company Limited ("Chailease")	Interest through controlled corporation	51,993,750 underlying Shares* (Notes 4 and 8)	9.84% (Note 1b))
Yellowstone Financial Advisory Corp. ("Yellowstone")	Interest through controlled corporation	51,993,750 underlying Shares* (Notes 4 and 8)	9.84% (Note 1b))
Lii Jiunn-Chang	Interest through controlled corporation	51,993,750 underlying Shares* (Notes 4 and 8)	9.84% (Note 1b))
Pacific Star Universal Group Ltd. ("Pacific Star")	Beneficial owner	34,662,500 underlying Shares* (Notes 5 and 8)	6.56% (Note 1b))
Huang Cheng Ming (Note 6)	Interest through controlled corporation	34,662,500 underlying Shares* (Notes 5 and 8)	6.56% (Note 1b))
Lai Shu-Mei (Note 6)	Interest of spouse	34,662,500 underlying Shares* (Notes 5 and 8)	6.56% (Note 1b))

* Long Positions

Notes:

- 1a. As at 31 March 2017, the Company's issued ordinary share capital was HK\$52,836,000 divided into 2,641,800,000 Shares of HK\$0.02 each.
- 1b. Before the Share Consolidation and issuance of Rights Issue both effected in November 2016, the former issued ordinary share capital of the Company was HK\$5,283,600 divided into 528,360,000 shares of HK\$0.01 each.

OTHER INFORMATION

2. 167,500,000 Shares are beneficially owned by Excel Return, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by Rich Best which in turn is wholly owned by Chinese Strategic through controlled corporations. By virtue of the SFO, Rich Best and Chinese Strategic are deemed to be interested in the Shares held by Excel Return.
3. These underlying Shares represent a maximum of 346,625,000 new Shares that may be issued upon full conversion of the Convertible Bonds which are beneficially owned by CMS whose entire issued share capital is beneficially owned by CMS International which in turn is wholly owned by China Merchants Securities Company Limited. By virtue of the SFO, each of China Merchants Securities Company Limited and CMS International is deemed to be interested in the underlying Shares held by CMS. The Company had repaid the partial repayment of the Convertible Bonds as per the Company's announcement dated 23 December 2016.
4. These underlying Shares represent a maximum of 51,993,750 new Shares that may be issued upon full conversion of the Convertible Bonds which are beneficially owned by Gothic, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by CLJ Greater China SME Fund L.P. (now known as Chailease Great China SME Fund L.P.). Each of 37.5% of CLJ was owned by Yellowstone, in which is wholly and beneficially owned by Lii Jiunn-Chang, and Chailease International (BVI) Corp. The entire issued share capital of Chailease International (BVI) Corp. is owned by Chailease International Company (Malaysia) Limited which in turn is wholly owned by Chailease. By virtue of the SFO, each of Lii Jiunn-Chang, Yellowstone, CLJ and Chailease is deemed to be interested in the underlying Shares held by Gothic. The Company had repaid the partial repayment of the Convertible Bonds as per the Company's announcement dated 23 December 2016.
5. These underlying Shares represent a maximum of 34,662,500 new Shares that may be issued upon full conversion of the Convertible Bonds which are beneficially owned by Pacific Star whose entire issued share capital is beneficially owned by Huang Cheng Ming. By virtue of the SFO, Huang Cheng Ming is deemed to be interested in the underlying Shares held by Pacific Star. The Company had repaid the partial repayment of the Convertible Bonds as per the Company's announcement dated 23 December 2016.
6. Lai Shu-Mei is the spouse of Huang Cheng Ming. By virtue of the SFO, Lai Shu-Mei is also deemed to be interested in the Shares held by Pacific Star in which Huang Cheng Ming is deemed to be interested.
7. According to the forms of disclosure of interests filed by the shareholders on 31 March 2014.
8. According to the forms of disclosure of interests filed by the shareholders on 18 December 2014.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short position in the shares and underlying shares of the Company as at 31 March 2017 which is required to be recorded pursuant to Section 336 of SFO.

OTHER INFORMATION

Competing Interests

The Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 10 June 2003 with latest revised written terms of reference adopted on 12 November 2015 in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee had four members comprising all the four independent non-executive Directors; namely, Mr. Kam Tik Lun, Mr. Yeung Wai Hung, Peter, Mr. Ho Siu King Stanley and Mr. Ma Stephen Tsz On. The chairman of the Audit Committee is Mr. Kam Tik Lun, who has appropriate professional qualifications and experience in accounting matters.

The unaudited first quarterly results for the three months ended 31 March 2017 have been reviewed by the members of the Audit Committee before recommending it to the Board for approval.

APPRECIATION

The Board would like to thank all business partners and shareholders of the Company for their continued support and confidence in our management and the Company. It is our vision to continue our Group's corporate strategy to explore other industries with good business potential and growth prospects to gain attractive returns for our investors.

By Order of the Board
Chinese Food and Beverage Group Limited
Yu Sau Lai
Executive Director

Hong Kong, 11 May 2017

As at the date of this report, Ms. Yu Sau Lai, Mr. Lam Raymond Shiu Cheung, Mr. Chow Cheuk Hang and Mr. Yuen Koon Tung are executive Directors; Mr. Yeung Wai Hung, Peter, Mr. Kam Tik Lun, Mr. Ho Siu King Stanley and Mr. Ma Stephen Tsz On are independent non-executive Directors.