

CBK Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8428

INTERIM
REPORT

2017



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This report, for which the directors (the “Directors”) of CBK Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Group. 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 there are no other matters the omission of which would make any statement herein or this report misleading.



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Corporate Information

BOARD OF DIRECTORS

Executive directors

Ms. Wong Wai Fong (*Chairman*)

Mr. Chan Lap Ping

Independent non-executive directors

Mr. Chan Hoi Kuen Matthew

Mr. Chung Wing Yin

Mr. Law Yui Lun

COMPLIANCE OFFICER

Ms. Wong Wai Fong

AUTHORISED REPRESENTATIVES

Ms. Wong Wai Fong

Mr. Chan Yu Chi

COMPANY SECRETARY

Mr. Chan Yu Chi

AUDIT COMMITTEE

Mr. Law Yui Lun (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Chung Wing Yin

REMUNERATION COMMITTEE

Mr. Chung Wing Yin (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Law Yui Lun

Ms. Wong Wai Fong

NOMINATION COMMITTEE

Mr. Chan Hoi Kuen Matthew (*Chairman*)

Mr. Chung Wing Yin

Mr. Law Yui Lun

Ms. Wong Wai Fong

LEGAL COMPLIANCE COMMITTEE

Ms. Wong Wai Fong (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Chan Yu Chi

Mr. Chung Wing Yin

Mr. Law Yui Lun

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

COMPLIANCE ADVISER

Guotai Junan Capital Limited

LEGAL ADVISER

D. S. Cheung & Co.

PRINCIPAL BANKS

Fubon Bank (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

Corporate Information

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**HEADQUARTERS AND PRINCIPAL PLACE
OF BUSINESS IN HONG KONG**

Room 1501, 15/F
Vanta Industrial Centre
21–33 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

**HONG KONG BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE**

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
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KY1-1111
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COMPANY WEBSITE

www.cbk.com.hk

STOCK CODE

8428

Financial Highlights (Unaudited)

The board of directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding period of 2016. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the prospectus of the Company dated 27 January 2017 (the “Prospectus”).

The Group recorded revenue of approximately HK\$53.7 million (six months ended 30 September 2016: approximately HK\$67.6 million) for the six months ended 30 September 2017.

The Group recorded gross profit of approximately HK\$30.1 million (six months ended 30 September 2016: approximately HK\$43.0 million) for the six months ended 30 September 2017.

Loss attributable to owners of our Company for the six months ended 30 September 2017 was approximately HK\$7.3 million (six months ended 30 September 2016: approximately HK\$0.8 million).

Basic and diluted loss per share was approximately 0.61 HK cents (six months ended 30 September 2016: approximately 0.09 HK cents) for the six months ended 30 September 2017.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2017

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	29,965	36,712	53,711	67,564
Cost of inventories sold		(13,737)	(12,486)	(23,649)	(24,580)
Gross profit		16,228	24,226	30,062	42,984
Other revenue and other income	4	284	439	984	544
Staff costs		(8,411)	(9,851)	(17,429)	(19,757)
Depreciation of property, plant and equipment		(739)	(623)	(1,470)	(1,509)
Property rentals and related expenses		(5,922)	(5,455)	(11,711)	(10,994)
Fuel and utility expenses		(1,236)	(1,248)	(2,202)	(2,625)
Administrative expenses		(2,980)	(3,593)	(6,062)	(8,732)
(Loss)/profit before tax	5	(2,776)	3,895	(7,828)	(89)
Income tax credit/(expenses)	6	519	(528)	496	(665)
(Loss)/profit and total comprehensive (loss)/income for the period		(2,257)	3,367	(7,332)	(754)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:					
Owners of the Company		(2,257)	3,353	(7,332)	(847)
Non-controlling interests		–	14	–	93
		(2,257)	3,367	(7,332)	(754)
(Loss)/earnings per share					
Basic and diluted (HK cents)	8	(0.19)	0.37	(0.61)	(0.09)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Notes	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	11,942	7,356
Deferred tax assets		1,334	820
Non-current deposits		3,341	3,725
		16,617	11,901
Current assets			
Inventories	10	296	245
Trade receivables	11	668	508
Deposits, prepayments and other receivables		8,094	5,536
Prepaid tax		611	611
Amount due from ultimate holding company		–	33
Cash and bank balances		68,826	84,422
		78,495	91,355
Current liabilities			
Trade payables	12	3,200	2,075
Accruals and other payables		7,876	9,829
Tax payables		614	598
		11,690	12,502
Net current assets		66,805	78,853
Net assets		83,422	90,754
Capital and reserves			
Share capital	13	12,000	12,000
Reserves		71,422	78,754
Total equity		83,422	90,754

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (audited)	706	–	–	42,066	42,772	(40)	42,732
Dividend paid (note 7)	–	–	–	(12,000)	(12,000)	–	(12,000)
(Loss)/profit and total comprehensive (loss)/income for the period	–	–	–	(847)	(847)	93	(754)
At 30 September 2016 (unaudited)	706	–	–	29,219	29,925	53	29,978
At 1 April 2017 (audited)	12,000	56,198	591	21,965	90,754	–	90,754
Loss and total comprehensive loss for the period	–	–	–	(7,332)	(7,332)	–	(7,332)
At 30 September 2017 (unaudited)	12,000	56,198	591	14,633	83,422	–	83,422

Note:

- (a) The merger reserve represented the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the reorganisation (the "Reorganisation") as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" of the Prospectus and the nominal value of the share capital of the Company issued in exchange thereof.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(9,593)	2,495
Net cash used in investing activities	(6,036)	(4,071)
Net cash generated from/(used in) financing activities	33	(1,981)
Decrease in cash and cash equivalents	(15,596)	(3,557)
Cash and cash equivalents at the beginning of the period	84,422	25,686
Cash and cash equivalents at the end of the period	68,826	22,129

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 September 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 1501, 15/F., Vanta Industrial Centre, 21–33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. Its ultimate holding company is Sure Wonder Investments Limited, a company incorporated in the British Virgin Islands.

The Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 February 2017 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of catering services in Hong Kong.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statement are consistent with those adopted in the annual financial statements of the Group for the year ended 31 March 2017 (the "2017 Annual Report").

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the unaudited condensed consolidated financial statements of the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle

The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The unaudited condensed consolidated financial statement do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2017 Annual Report.

The Group has not adopted new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Directors do not anticipate that the application of new and revised HKFRSs issued but not yet effective will have material impact on the Group's financial performance and unaudited condensed consolidated financial position for the future and/or the disclosure set out in the unaudited condensed consolidated financial statement.

The unaudited condensed consolidated financial statement have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. The unaudited condensed consolidated financial statement are presented in Hong Kong dollar ("HK\$") which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands (HK\$'000), unless otherwise stated.

The unaudited condensed consolidated financial statement have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

Notes to the Unaudited Condensed Consolidated Financial Statements

3. REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Restaurants operations	29,965	36,712	53,711	67,564

4. OTHER REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Promotion income	128	300	757	300
Tips income	94	122	141	179
Bank interest income	1	1	1	1
Others	61	16	85	64
	284	439	984	544

Notes to the Unaudited Condensed Consolidated Financial Statements

5. LOSS/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Cost of inventories sold	13,737	12,486	23,649	24,580
Depreciation of property, plant and equipment	739	623	1,470	1,509
Listing expenses	–	651	–	3,277
Minimum lease payments under operating lease in respect of restaurants and office premises	5,344	5,073	10,638	10,149
Employee benefit expenses (including directors' and chief executive's remuneration):				
— Salaries and allowances	8,085	9,351	16,639	18,793
— Staff benefits	35	70	76	127
— Retirement benefit scheme contributions	291	430	714	837
	8,411	9,851	17,429	19,757

6. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax				
(Credit)/charge for the period	(5)	528	18	665
Deferred tax credit	(514)	–	(514)	–
	(519)	528	(496)	665

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Notes to the Unaudited Condensed Consolidated Financial Statements

7. DIVIDEND

Pursuant to the written resolution of the shareholders of the Company, the Company declared dividends of HK\$12,000,000 to the then shareholders of the Company and the amount was settled in October 2016 with internal resources.

Saved as disclosed above, the Board does not recommend the payment of dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

8. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
(Loss)/profit for the purpose of calculating basic (loss)/profit per share	2,257	3,353	(7,332)	(847)

	As at 30 September	
	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,200,000	900,000

For the six months ended 30 September 2016, the weighted average number of ordinary shares for the purpose of calculating basic loss per share is calculated based on the assumption that 900,000,000 ordinary shares had been in issue, comprising 12,907,340 ordinary shares in issue and 887,092,660 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the sub-section headed "Share Capital" set out in the Prospectus as if the shares had been outstanding throughout the period.

Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in issue.

Notes to the Unaudited Condensed Consolidated Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired property, plant and equipment of approximately HK\$6.0 million (six months ended 30 September 2016: HK\$4.1 million).

10. INVENTORIES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Food and beverage, and other operating items for restaurant operations	296	245

Inventories are expected to be recovered within one year and were carried at net realisable value.

11. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
0–30 days	668	508

Trade receivables are neither past due nor impaired, with good credit quality and have no default of payment in the past.

12. TRADE PAYABLES

The following is aging analysis of trade payable presented based on the invoice dates:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
0–30 days	3,200	2,075

The average credit period granted by suppliers are usually within 30 days.

Notes to the Unaudited Condensed Consolidated Financial Statements

13. SHARE CAPITAL

	No. of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2017 and 30 September 2017	2,000,000	20,000
Issued and fully paid:		
At 31 March 2017 and 30 September 2017	1,200,000	12,000

14. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, during the period, the Group entered into the following material transactions with related parties:

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Management fee paid to a related company:		
— United Strategy Limited ("United Strategy") (note i)	—	53
Rental expenses paid to a related company:		
— Smart Elegant Enterprises Limited ("Smart Elegant") (note ii)	1,200	1,200

Notes:

- (i) United Strategy is owned by Ms. Wong Wai Fong ("Ms. Wong") and Mr. Kwok Yiu Chung ("Mr. Kwok").
- (ii) Smart Elegant is owned by Ms. Wong, Ms. Yang Dongxiang, Mr. Hui Chun Wah and close family of Mr. Tam Wai Shing.

Management Discussion and Analysis

INDUSTRY OVERVIEW

During the six months ended 30 September 2017, the global economic recovery was slow with growth remained weak in many countries. According to China's statistics office, China economy grew 6.7% in 2016 which was the slowest growth since 1990. All these factors added uncertainties to the Hong Kong economy. Despite the economic downturn, the food and beverage industry continued to face rising costs in labour, rent and food ingredients while the competition in the industry remained intense.

BUSINESS OVERVIEW

For the six months ended 30 September 2017, the Group operated nine restaurants in Hong Kong under the brands of "Calf Bone King (小肥牛火鍋活魚專門店)", "Beefy HotPot (小肥牛火鍋大排檔)", "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店)" and "CBK Prince Club (小肥牛太子會)".

FINANCIAL REVIEW

Revenue

Our revenue for the six months ended 30 September 2017 decreased by approximately HK\$13.9 million to HK\$53.7 million (six months ended 30 September 2016: approximately HK\$67.6 million). The drop in revenue was mainly due to (i) closures of CCSW and CYL in July 2016 and October 2016, respectively, as mentioned in the Prospectus; and (ii) the decrease in revenue from our existing restaurants as affected by the sluggish economy.

Cost of inventories sold

The cost of inventories sold mainly represents the costs of food ingredients and beverage for the operation of the Group's restaurants. The cost of inventories sold for the six months ended 30 September 2017 decreased by approximately HK\$1.0 million to HK\$23.6 million (six months ended 30 September 2016: approximately HK\$24.6 million). The decrease was mainly due to the decrease in revenue as mentioned above.

Gross profit and gross profit margin

The gross profit for the six months ended 30 September 2017 decreased by approximately HK\$12.9 million to HK\$30.1 million (six months ended 30 September 2016: approximately HK\$43.0 million) and the gross profit margin for the six months ended 30 September 2017 decreased by approximately 7.6% to 56.0% (six months ended 30 September 2016: approximately 63.6%). The decrease in gross profit margin was mainly due to the promotional campaign which provided a variety of discounts to customers.

Other revenue and other income

Our other revenue and other income increased by approximately HK\$0.5 million to approximately HK\$1.0 million (six months ended 30 September 2016: approximately HK\$0.5 million) for the six months ended 30 September 2017, which was primarily due to the increase in promotion income from beverage suppliers.

Management Discussion and Analysis

Staff costs

Our staff costs decreased by approximately HK\$2.4 million to HK\$17.4 million (six months ended 30 September 2016: approximately HK\$19.8 million) for the six months ended 30 September 2017. The decrease was mainly due to a reduction of employee benefits paid to the Directors and chief executive during the period.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment remained relatively stable of approximately HK\$1.5 million (six months ended 30 September 2016: approximately HK\$1.5 million) for the six months ended 30 September 2017.

Property rentals and related expenses

Our property rentals and related expenses increased by approximately HK\$0.7 million to HK\$11.7 million (six months ended 30 September 2016: approximately HK\$11.0 million) for the six months ended 30 September 2017. The increase was primarily due to the increase in rental expense incurred for CPE since November 2016.

Fuel and utility expenses

Our fuel and utility expenses decreased by approximately HK\$0.4 million to HK\$2.2 million (six months ended 30 September 2016: approximately HK\$2.6 million) for the six months ended 30 September 2017. The decrease was in line with the decrease in revenue for the same period.

Administrative expenses

Our administrative expenses decreased by approximately HK\$2.6 million to HK\$6.1 million (six months ended 30 September 2016: approximately HK\$8.7 million) for the six months ended 30 September 2017, which was mainly due to the absence of listing expenses during the period.

Loss and total comprehensive loss for the period attributable to owners of our Company

As a result of the cumulative effect of the above factors, the Group had loss and total comprehensive loss for the period attributable to owners of our Company of approximately HK\$7.3 million (six months ended 30 September 2016: approximately HK\$0.8 million) for the six months ended 30 September 2017. The loss and total comprehensive loss attributable to owners of our Company for the six months ended 30 September 2017 was primarily attributable to the decrease in revenue as discussed above.

Management Discussion and Analysis

USE OF PROCEEDS FROM PLACING

The Company was listed on the GEM of the Stock Exchange on 15 February 2017 and the net proceeds raised by the Company from the abovementioned Placing were approximately HK\$53.5 million. As at 30 September 2017, the net proceeds has been applied and utilized as follows:

	Actual net proceeds HK\$'000	Amount utilized as at 30 September 2017 HK\$'000	Unused net proceeds HK\$'000
Opening new hotpot restaurants	27,000	7,331	19,669
Setting up a central kitchen	6,000	537	5,463
Enhancement of existing hotpot restaurants	12,000	–	12,000
Strengthening information technology system	2,000	337	1,663
Setting up a new head office	3,000	–	3,000
General working capital	3,500	3,500	–
	53,500	11,705	41,795

Opening new hotpot restaurants

The Company had originally planned to use approximately HK\$9.0 million of the net proceeds to open two new restaurants for the six months ended 30 September 2017. However, only one restaurant was opened in Yau Tsim Mong district in September 2017. The cost of the new restaurant was approximately HK\$7.3 million. The Company encountered a difficult and challenging market environment since the beginning of this financial year. Facing such change in the market condition, the management introduced a new style hotpot restaurant under a new brand name with the aim to reach a wider customer base.

The Company has not yet identified suitable premises for the second restaurant. The Company expects the opening of the second restaurant will be delayed till the first half of 2018.

Setting up a central kitchen

The Company had planned to use approximately HK\$6.0 million of the net proceeds to establish a new central kitchen. In July 2017, the Company was able to secure a lease of premises in Kwai Chung which have food processing facilities. As at 30 September 2017, a total of approximately HK\$0.5 million was spent on establishing the central kitchen. The reasons for lower amount utilized as at 30 September 2017 were (i) the aforementioned premises have some basic food processing and production equipment and utensils; and (ii) the Company is still in the process of undertaking production trial to ensure that the central kitchen is capable of achieving standardisation and consistent food quality. The Company will spend additional amount to acquire new equipment and utensils once the central kitchen is ready to ramp up production in 2018.

Management Discussion and Analysis

Enhancement of existing hotpot restaurants

The Company had planned to use approximately HK\$3.0 million of the net proceeds to enhance its existing hotpot restaurant, namely CTP during the six months ended 30 September 2017. As at 30 September 2017, no proceeds are spent on enhancement work on CTP. The reasons for the delay with the enhancement work of CTP were (i) more than expected manpower was drawn on establishing the new restaurant in Yau Tsim Mong district; and (ii) the management needed more time to discuss with designers to finalise enhancement and upgrade plans for other existing restaurants to meet customers' expectation. Given that the first quarter of the year is usually the peak season of the Company's business, the Company currently expects the renovation and refurbishment of CTP will be scheduled in the second quarter of 2018.

Strengthening information technology system

The Company had planned to use approximately HK\$2.0 million of the net proceeds to upgrade the information technology system. As at 30 September 2017, a total of approximately HK\$0.3 million was spent on new computers and related hardware peripherals. The Company has planned to upgrade its management system to a resource planning management system but has not yet identified a suitable system. The Company expects its computer consultant to complete his evaluation of various systems and submit his report to the management by January 2018.

Except as explained above, the Company intends to continue to apply the net proceeds received from the Placing in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. However, the Directors will continue to evaluate the Group's business objective and will change or modify plans against the changing market condition to create greater value for the shareholders.

All the unutilised balances have been placed in a licensed bank in Hong Kong.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2017, the Group's source of funds was mainly from the net proceeds from the listing and internal generated resources. For the six months ended 30 September 2017, the Group recorded a net cash outflow of approximately HK\$15.6 million (six months ended 30 September 2016: approximately HK\$3.6 million), while its total cash and cash equivalents decreased to approximately HK\$68.8 million (as at 31 March 2017: approximately HK\$84.4 million).

As at 30 September 2017, current assets amounted to approximately HK\$78.5 million (as at 31 March 2017: approximately HK\$91.4 million) of which approximately HK\$68.8 million (as at 31 March 2017: approximately HK\$84.4 million) was cash and bank balances, HK\$8.8 million was trade receivables, and deposits, prepayments and other receivables (as at 31 March 2017: approximately HK\$6.1 million). Current liabilities amounted to approximately HK\$11.7 million (as at 31 March 2017: approximately HK\$12.5 million) as at 30 September 2017, of which approximately HK\$11.1 was trade payables, and accruals and other payables (as at 31 March 2017: approximately HK\$11.9 million).

As at 30 September 2017, the Group's current ratio and quick ratio were 6.7 and 6.7 respectively (as at 31 March 2017: 7.3 and 7.3 respectively).

The Group had no bank borrowings (as at 31 March 2017: nil) as at 30 September 2017 and up to the date of this interim report.

GEARING RATIO

As at 30 September 2017, the gearing ratio of the Group was nil (as at 31 March 2017: nil) as the Group did not have any loans or borrowings as at the respective dates.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 30 September 2017, the Company did not have any significant investments, material acquisitions and disposals of subsidiaries and associated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 214 employees in Hong Kong (As at 30 September 2016: 208 employees in Hong Kong), who had passed the probationary period. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all our employees.

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

CAPITAL COMMITMENTS

As at 30 September 2017, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

As at 30 September 2017, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 September 2017, the Group did not have any mortgage or charge over its assets.

EVENTS AFTER REPORTING DATE

There are no material subsequent events undertaken by the Group after the reporting period.

Other Information

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interests and short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in our Shares

Name of Director/chief executive	Capacity/ nature of interest	Number of shares held/ interested	Percentage of interest
Ms. Wong Wai Fong ("Ms. Wong")	Interest in controlled corporation	889,200,000	74.1%
Mr. Kwok Yiu Chung ("Mr. Kwok") (Note)	Family interest	889,200,000	74.1%

Note: Mr. Kwok, our chief executive officer, is Ms. Wong's spouse and is deemed to be interested in 889,200,000 shares in which Ms. Wong is interested under the SFO.

(ii) Long position in the ordinary shares of associated corporation

Name of Director/chief executive	Name of associated corporation	Capacity/ nature of interest	Number of shares held/ interested	Percentage of interest (approximate)
Ms. Wong (Note 1)	Sure Wonder Investments Limited ("Sure Wonder")	Beneficial owner	834	83.4%
		Family interest	17	1.7%
Mr. Kwok (Note 1)	Sure Wonder	Beneficial owner	17	1.7%
		Family interest	834	83.4%
Mr. Chan Lap Ping (Note 2)	Sure Wonder	Family interest	18	1.8%

Other Information

Notes:

1. Mr. Kwok, our chief executive officer, is Ms. Wong's spouse and is deemed to be interested in the shares of Sure Wonder held by Ms. Wong under the SFO. Accordingly, Ms. Wong, our executive director, is deemed to be interested in the shares of Sure Wonder held by Mr. Kwok under the SFO.
2. Mr. Chan Lap Ping, our executive director, is the spouse of Ms. Yang Dongxiang ("Ms. Yang") and is deemed to be interested in the shares of Sure Wonder held by Ms. Yang under the SFO.

Save as disclosed above, as at 30 September 2017, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interests and short positions of substantial shareholders and other persons in the shares, underlying shares and debentures of the Company and its associated corporations

So far as the Directors are aware of, as at 30 September 2017, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the shares and underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "Substantial Shareholders' Register"), or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

Long positions in the ordinary shares of the Company

Name	Capacity/nature of interest	Number of shares held/interested	Percentage of interest
Sure Wonder (Note)	Beneficial owner	889,200,000	74.1%

Note: In view of the concert party arrangement among Ms. Wong, Mr. Kwok, Mr. Tam Wai Shing ("Mr. Tam"), Ms. Yang and Mr. Hui Chun Wah ("Mr. Hui"), Ms. Wong, Mr. Kwok, Mr. Tam, Ms. Yang and Mr. Hui, who, through Sure Wonder, control an aggregate of 889,200,000 Shares, representing 74.1% of the issued share capital of our Company. Hence, Ms. Wong, Mr. Kwok, Mr. Tam, Ms. Yang, Mr. Hui and Sure Wonder are a group of controlling shareholders within the meaning of the GEM Listing Rules.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any persons who/entities which had any interest or short position in the shares or underlying shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

Other Information

COMPETING BUSINESS

None of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”)) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The issued shares of the Company were listed on the GEM of the Stock Exchange on 15 February 2017 (“the Listing Date”). Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company after the Listing Date and up to 30 September 2017.

CORPORATE GOVERNANCE CODE

For the six months ended 30 September 2017, the Directors consider that the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that the Directors have complied with such required standard of dealings and the Company’s code of conduct regarding Directors’ securities transactions for the six months ended 30 September 2017.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited (“Guotai Junan”) to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 17 October 2016.

SHARE OPTION SCHEME

The share option scheme of the Company (the “Scheme”) has been adopted by the resolutions in writing of all the shareholders passed on 20 January 2017. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 September 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "audit committee") was established on 20 January 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The audit committee currently consists of three independent non-executive Directors namely Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun. The chairman of the audit committee is Mr. Law Yui Lun, who has appropriate professional qualifications and experience in accounting matters.

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2017 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

CBK Holdings Limited

WONG Wai Fong

Chairman and Executive Director

Hong Kong, 6 November 2017

As at the date of this report, the chairman and the executive Director of the Company is Ms. WONG Wai Fong, the executive Director of the Company is Mr. CHAN Lap Ping; and the independent non-executive Directors of the Company are Mr. CHAN Hoi Kuen Matthew, Mr. CHUNG Wing Yin and Mr. LAW Yui Lun.

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.cbk.com.hk.