



2018
First Quarterly Report



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





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This report, for which the directors of Chinese Food and Beverage Group Limited (the "Company") (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the 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 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 2018. The unaudited first quarterly results for the three months ended 31 March 2017 were used as corresponding comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

| | | Three months ended | |
|---|-------|--|--|
| | Notes | 31 March 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Continuing operations | | | |
| Revenue | 3 | 11,372 | 11,045 |
| Cost of sales | | (7,065) | (6,542) |
| Gross profit | | 4,307 | 4,503 |
| Other operating income | | 342 | 398 |
| Other gains and losses | 4 | 615 | 46 |
| Selling and distribution expenses | | (1,674) | (1,975) |
| Administrative and other operating expenses | | (4,726) | (5,742) |
| Finance costs | 5 | (3,515) | (4,309) |
| Share of profit of joint ventures | | 1,197 | 598 |
| Share of loss of associates | | — | (795) |
| Loss before tax | | (3,454) | (7,276) |
| Income tax expense | 6 | — | — |
| Loss for the period from continuing operations | | (3,454) | (7,276) |
| Discontinued operation | | | |
| Loss for the period from discontinued operation | 7 | — | (824) |
| Loss for the period | | (3,454) | (8,100) |
| 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 | | (3,454) | (8,456) |

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

| | Notes | Three months ended 31 March 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
|--|-------|--|--|
| Loss for the period attributable to owners of the Company | | | |
| – from continuing operations | | (3,627) | (7,387) |
| – from discontinued operation | | – | (693) |
| | | (3,627) | (8,080) |
| Profit (loss) for the period attributable to non-controlling interests | | | |
| – from continuing operations | | 173 | 111 |
| – from discontinued operation | | – | (131) |
| | | 173 | (20) |
| | | (3,454) | (8,100) |
| Total comprehensive (expense) income for the period attributable to: | | | |
| Owners of the Company | | (3,627) | (8,436) |
| Non-controlling interests | | 173 | (20) |
| | | (3,454) | (8,456) |
| | | HK cent | HK cent |
| Loss per share | 9 | | |
| From continuing and discontinued operations | | | |
| – basic and diluted | | (0.11) | (0.31) |
| | | HK cent | HK cent |
| From continuing operations | | | |
| – basic and diluted | | (0.11) | (0.28) |

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

| | Attributable to owners of the Company | | | | | Total | Non-controlling interests | Total |
|---|---------------------------------------|---------------|---------------------------|---------------------|--------------------|----------|---------------------------|----------|
| | Share capital | Share premium | Convertible bonds reserve | Translation reserve | Accumulated losses | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2017 (audited) | 52,836 | 498,210 | 914 | (1,236) | (552,530) | (1,806) | (2,558) | (4,364) |
| Loss and total comprehensive expense 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) |
| At 1 January 2018 (audited) | 63,403 | 497,676 | - | - | (578,283) | (17,204) | (3,374) | (20,578) |
| (Loss) profit and total comprehensive (expense) income for the period | - | - | - | - | (3,627) | (3,627) | 173 | (3,454) |
| At 31 March 2018 (unaudited) | 63,403 | 497,676 | - | - | (581,910) | (20,831) | (3,201) | (24,032) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

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 Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Room 2101, Yue Xiu Building, No.160-174 Lockhart Road, Wan Chai, Hong Kong. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are catering business and securities trading.

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 2018 are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017.

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 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Catering business | 11,372 | 11,045 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

4. OTHER GAINS AND LOSSES

| | Three months ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Continuing operations: | | |
| Loss on disposal of held-for-trading investments | – | (54) |
| Reversal of impairment loss recognised in respect of other receivables | 615 | 100 |
| | 615 | 46 |

5. FINANCE COSTS

| | Three months ended | |
|----------------------------------|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Continuing operations: | | |
| Interest on: | | |
| – obligation under finance lease | 6 | 10 |
| – other borrowings | 465 | 472 |
| – convertible bonds | 3,044 | 3,827 |
| | 3,515 | 4,309 |

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 2018 and 31 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

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 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Loss for the period from discontinued operation attributable to: | | |
| – Owners of the Company | – | (693) |
| – Non-controlling interests | – | (131) |
| | – | (824) |

The results of sale of food manufacturing business for the period ended 31 March 2017, 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 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Revenue | – | – |
| Cost of sales | – | – |
| Gross loss | – | – |
| Other income | – | 42 |
| Selling and distribution expenses | – | (858) |
| Administrative and other operating expenses | – | (6) |
| Finance cost | – | (2) |
| Loss for the period from discontinued operation | – | (824) |

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Loss for the period attributable to owners of the Company | (3,627) | (8,080) |
| | No. of shares '000 | No. of shares '000 |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 3,170,160 | 2,641,800 |

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 2018 (Unaudited) HK\$'000 | 31 March 2017 (Unaudited) HK\$'000 |
| Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share | (3,627) | (8,080) |
| Less: Loss for the period from discontinued operation | — | 693 |
| Loss for the purposes of basic and diluted loss per share from continuing operations | (3,627) | (7,387) |

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

Revenue

During the three months ended 31 March 2018 (the "Reporting Period"), the Group recorded a revenue of approximately HK\$11,372,000 (three months ended 31 March 2017: approximately HK\$11,045,000), representing an increase of approximately 3% as compared with the last corresponding period.

Results for the Reporting Period

The Group recorded a loss of approximately HK\$3,454,000 for the Reporting Period, as compared with a loss of approximately HK\$8,100,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly due to decrease in administrative and other operating expenses and finance costs, 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\$11,372,000 (three months ended 31 March 2017: approximately HK\$11,045,000), representing an increase of approximately 3% as compared with the last corresponding period. This catering business maintained stable business performance during the Reporting Period.

Securities Trading

There was no gross proceeds from disposal of held-for-trading investments during the Reporting Period (three months ended 31 March 2017: approximately HK\$357,000).

CAPITAL STRUCTURE

There was no change in the Company's capital structure during the Reporting Period.

As at 31 March 2018, the Company's issued share capital was HK\$63,403,200 and the number of its issued ordinary shares was 3,170,160,000 shares of HK\$0.02 each (the "Shares").

SIGNIFICANT INVESTMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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\$97,981,000 (as at 31 December 2017: approximately HK\$93,529,000) including the bank balances and cash of approximately HK\$4,512,000 (as at 31 December 2017: approximately HK\$2,870,000).

As at 31 March 2018, the Group had other borrowings amounted to approximately HK\$70,000,000 (as at 31 December 2017: approximately HK\$70,000,000) and obligation under finance leases of approximately HK\$725,000 (as at 31 December 2017: approximately HK\$870,000). The gearing ratio, computed as total liabilities to total assets is 1.10 at the end of the Reporting Period (as at 31 December 2017: 1.08).

CHARGE ON GROUP'S ASSETS

As at 31 March 2018, certain assets with fair value of approximately HK\$208,068,000 (as at 31 December 2017: approximately HK\$226,843,000) were pledged for the convertible bonds.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Possible Disposal of Professional Guide Enterprise Limited

References are made to the announcements of the Company dated 12 July 2017, 1 September 2017 and 29 September 2017 in relation to, among other things, the possible disposal of 30% of the issued shares in Professional Guide Enterprise Limited ("Professional Guide") by Rich Paragon Limited ("Rich Paragon", an indirectly wholly-owned subsidiary of the Company) to Coqueen Company Limited ("Coqueen") for the settlement of the outstanding principal amount of the Convertible Bonds of US\$10,552,756 and all interest accrued and to be accrued thereon.

On 11 December 2017, the Company entered into the sale and purchase agreement to dispose of 31% equity interest in Fook Lam Moon Restaurant Limited, Fook Lam Moon (Kowloon) Restaurant Limited and Fook Lam Moon F&B Management Limited at a consideration of HK\$173,920,000 ("Possible Disposal"), in which constituted a very substantial disposal and connected transaction of the Company. A circular setting out, among other things, details of the above matters was published on 28 February 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

An extraordinary general meeting of the Company was held on 19 March 2018, the Possible Disposal has been approved by the shareholders of the Company and it is expected to be completed in second quarter of 2018.

For details, please refer to the announcements of the Company dated 12 July 2017, 1 September 2017, 29 September 2017, 7 November 2017, 11 December 2017, 2 January 2018, 1 March 2018, 19 March 2018 and 29 March 2018; and the circular of the Company dated 28 February 2018.

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 2018.

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 totally received approximately HK\$615,000. 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, Coqueen, Professional Guide, 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 Professional Guide 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").

MANAGEMENT DISCUSSION AND ANALYSIS

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 Professional Guide, 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 received totalling HK\$20,000,000 during the Reporting Period.

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 and 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. The Group operated its catering business in the name of 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 restaurant has been under renovation in early April of 2018 and will resume the business in the middle of the year, therefore, it is expected that the revenue of the Group in the second quarter will be temporarily affected. The renovated restaurant will carry under a new name and will feature signature dishes from Guo Fu Lou, as well as the addition of new menu items, with the main objective to retain regular customers and attract more Mainland Chinese customers. It is expected that the renovation will enhance the revenue and profit of the Group by accommodating more private dining rooms to increase the average spending of each customer.

OTHER INFORMATION

Fook Lam Moon

On 11 December 2017 (after trading hours), Rich Paragon, as vendor, the Company, Professional Guide, Coqueen, Flame Soar Limited (the “SPV”), Fortunate Soar International Limited (the “Purchaser”) and the FLM Directors (i.e. Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan) (together, the “Parties”) entered into the sale and purchase agreement, pursuant to which (i) the Parties shall carry out the restructuring; and (ii) Rich Paragon shall sell and assign the sale shares, representing 31% of the entire portfolio of issued shares in the SPV together with all rights and interests attached thereto, to the Purchaser at the consideration of HK\$173,920,000.

The aforesaid transaction was approved at an extraordinary general meeting of the Company held on 19 March 2018 and it is expected to be completed in second quarter of 2018.

Upon completion of the sale and purchase agreement, the Company shall be interested in 19% of the entire portfolio of issued shares in the SPV and the SPV will be regarded as an investment and will no longer be a joint venture of the Company.

For details, please refer to the announcements of the Company dated 11 December 2017, 2 January 2018, 1 March 2018 and 19 March 2018; and the circular of the Company dated 28 February 2018.

Other catering business

The Company has, from time to time, reviewed business projects and looking for other investment opportunities in the catering and food processing industry in Hong Kong, aiming at exploring the feasibility of further expansion in the catering business, including but not limited to opening up new restaurants and food-related 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 2018, 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 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 | | Total number of Shares and underlying Shares | Approximate percentage of interests in the Company's issued share capital |
|---------------------------|--|-----------|----------------------|--|--|
| | | Shares | underlying Shares | | |
| Mr. Yeung Wai Hung, Peter | Personal | 137,500 | – | 137,500 | 0.004% |

OTHER INFORMATION

Save as disclosed above, as at 31 March 2018, 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 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 2018, 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 2018, 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 2018, 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 |
|--|--|--|--|
| China Merchants Securities Investment Management (HK) Co., Limited ("CMS") | Beneficial owner | 346,625,000 underlying Shares* (Notes 2 and 6) | 65.60% (Note 1) |
| China Merchants Securities International Company Limited ("CMS International") | Interest through controlled corporation | 346,625,000 underlying Shares* (Notes 2 and 6) | 65.60% (Note 1) |

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 2 and 6) | 65.60% (Note 1) |
| Gothic Global Holding Ltd. ("Gothic") | Beneficial owner | 51,993,750 underlying Shares* (Notes 3 and 7) | 9.84% (Note 1) |
| CLJ Investment Partners Company Limited ("CLJ") (now known as CL Investment Partners Company Limited) | Interest through controlled corporation | 51,993,750 underlying Shares* (Notes 3 and 7) | 9.84% (Note 1) |
| Chailease Holding Company Limited ("Chailease") | Interest through controlled corporation | 51,993,750 underlying Shares* (Notes 3 and 7) | 9.84% (Note 1) |
| Yellowstone Financial Advisory Corp. ("Yellowstone") | Interest through controlled corporation | 51,993,750 underlying Shares* (Notes 3 and 7) | 9.84% (Note 1) |
| Lii Jiunn-Chang | Interest through controlled corporation | 51,993,750 underlying Shares* (Notes 3 and 7) | 9.84% (Note 1) |
| Pacific Star Universal Group Ltd. ("Pacific Star") | Beneficial owner | 34,662,500 underlying Shares* (Notes 4 and 7) | 6.56% (Note 1) |
| Huang Cheng Ming (Note 5) | Interest through controlled corporation | 34,662,500 underlying Shares* (Notes 4 and 7) | 6.56% (Note 1) |
| Lai Shu-Mei (Note 5) | Interest of spouse | 34,662,500 underlying Shares* (Notes 4 and 7) | 6.56% (Note 1) |

* Long Positions

OTHER INFORMATION

Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. According to the forms of disclosure of interests filed by the shareholders on 31 March 2014.
7. 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 2018 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 2018 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
Chow Cheuk Hang
Executive Director

Hong Kong, 10 May 2018

As at the date of this report, Mr. Chow Cheuk Hang, Mr. Yuen Koon Tung and Mr. Lam Raymond Shiu Cheung 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.