



2018  
Third 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 will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and the Company's website at [www.cfbgroup.com.hk](http://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 nine months ended 30 September 2018. The unaudited third quarterly results for the nine months ended 30 September 2017 were used as corresponding comparative figures.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

		Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Continuing operations</b>					
Revenue	3	4,364	9,449	16,692	29,780
Cost of Sales		(5,021)	(6,584)	(13,511)	(19,110)
<b>Gross (loss) profit</b>		(657)	2,865	3,181	10,670
Other operating income		265	402	838	1,195
Other gains and losses	4	374	13,146	1,307	13,372
Selling and distribution expenses		(2,031)	(1,848)	(4,753)	(6,085)
Administrative and other operating expenses		(3,706)	(4,762)	(12,442)	(15,344)
Finance costs	5	(4,518)	(3,294)	(11,556)	(12,009)
Share of loss of joint ventures		(402)	(3,390)	(554)	(5,064)
Share of loss of associates		–	(248)	–	(1,941)
<b>(Loss) profit before tax</b>		(10,675)	2,871	(23,979)	(15,206)
Income tax expenses	6	–	–	–	–
<b>(Loss) profit for the period from continuing operations</b>		(10,675)	2,871	(23,979)	(15,206)
<b>Discontinued operation</b>					
Loss for the period from discontinued operation	7	–	(16)	–	(1,449)
<b>(Loss) profit for the period</b>		(10,675)	2,855	(23,979)	(16,655)
<b>Other comprehensive expense for the period, net of income tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of translation reserve of associates		–	(5)	–	(320)
<b>Total comprehensive (expense) income for the period</b>		(10,675)	2,850	(23,979)	(16,975)

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(Loss) profit for the period attribute to owners of the Company					
— from continuing operations		(10,623)	3,043	(23,922)	(14,955)
— from discontinued operation		—	(16)	—	(1,318)
		(10,623)	3,027	(23,922)	(16,273)
Loss for the period attribute to non-controlling interests					
— from continuing operations		(52)	(172)	(57)	(251)
— from discontinued operation		—	—	—	(131)
		(52)	(172)	(57)	(382)
		(10,675)	2,855	(23,979)	(16,655)
Total comprehensive (expense) income for the period attribute to:					
Owners of the Company		(10,623)	3,022	(23,922)	(16,593)
Non-controlling interests		(52)	(172)	(57)	(382)
		(10,675)	2,850	(23,979)	(16,975)
(Loss) earnings per share	9	HK cents	HK cents	HK cents	HK cents
From continuing and discontinued operations					
— basic and diluted		(0.34)	0.11	(0.75)	(0.60)
From continuing operations					
— basic and diluted		(0.34)	0.11	(0.75)	(0.55)



# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Attributable to owners of the Company					Non-Controlling		
	Share capital	Share premium	Convertible bonds reserve	Translation reserve	Accumulated losses	Total	interest	Total
	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)
Placing of new shares	10,567	–	–	–	–	10,567	–	10,567
Expenses on placing of new shares	–	(535)	–	–	–	(535)	–	(535)
Loss and total comprehensive expense for the period	–	–	–	–	(16,593)	(16,593)	(382)	(16,975)
At 30 September 2017 (unaudited)	63,403	497,675	914	(1,236)	(569,123)	(8,367)	(2,940)	(11,307)
At 1 January 2018 (audited)	63,403	497,676	–	–	(578,283)	(17,204)	(3,374)	(20,578)
Loss and total comprehensive expense for the period	–	–	–	–	(23,922)	(23,922)	(57)	(23,979)
At 30 September 2018 (unaudited)	63,403	497,676	–	–	(602,205)	(41,126)	(3,431)	(44,557)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on 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 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 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 nine months ended 30 September 2018 are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017, except in relation to the new and revised HKFRSs, HKASs and interpretations that are first time effective for the current period.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 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 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Catering business	4,364	9,449	16,692	29,780

For the nine months ended 30 September 2018, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong (nine months ended 30 September 2017: all in Hong Kong) and accordingly, no further analysis of the Group's geographical information is disclosed.

## 4. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
(Loss) gain on disposal/ written-off of fixed assets	(36)	100	(68)	100
Loss on disposal of held-for- trading investments	—	—	—	(54)
Reversal of impairment loss recognised in respect of other receivables	410	393	1,375	673
Gain on disposal of subsidiaries	—	12,653	—	12,653
	374	13,146	1,307	13,372

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on:				
— obligation under finance leases	4	8	14	26
— other borrowings	543	467	1,448	1,426
— convertible bonds	3,971	2,819	10,094	10,557
	4,518	3,294	11,556	12,009

## 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 tax of other jurisdictions has been made as the Group did not have any assessable profit for the nine months ended 30 September 2018 and 30 September 2017.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 7. DISCONTINUED OPERATION

On 31 March 2017, the Directors resolved to cease the food manufacturing business in order to focus the Group's resources in its remaining businesses.

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss of food manufacturing operation for the period attributable to:				
Owners of the Company	—	(16)	—	(1,318)
Non-controlling interests	—	—	—	(131)
Loss for the period	—	(16)	—	(1,449)

The results of the food manufacturing business for the period ended 30 September 2017, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	—	—	—	—
Cost of sales	—	—	—	—
Gross profit	—	—	—	—
Other income	—	—	—	42
Loss on written-off of plant and equipment	—	—	—	(392)
Selling and distribution expenses	—	(10)	—	(1,000)
Administrative and other operating expenses	—	(5)	—	(94)
Finance costs	—	(1)	—	(5)
Loss for the period from discontinued operation	—	(16)	—	(1,449)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 8. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: nil).

## 9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit for the period attributable to owners of the Company	(10,623)	3,027	(23,922)	(16,273)
	No. of shares '000	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares in issue	3,170,160	2,730,828	3,170,160	2,730,828



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 9. (LOSS) EARNINGS PER SHARE (CONTINUED)

From continuing operations

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	(10,623)	3,027	(23,922)	(16,273)
Less: Loss for the period from discontinued operation	—	(16)	—	(1,318)
(Loss) profit for the purposes of basic and diluted (loss) earnings per share from continuing operations	(10,623)	3,043	(23,922)	(14,955)

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND FINANCIAL REVIEW

### Revenue

During the nine months ended 30 September 2018 (the “Reporting Period”), the Group recorded a revenue of approximately HK\$16,692,000 (nine months ended 30 September 2017: approximately HK\$29,780,000), approximately representing a 44% decrease as compared with the last corresponding period.

### Results for the Reporting Period

The Group recorded a loss of approximately HK\$23,979,000 for the Reporting Period, as compared with a loss of approximately HK\$16,655,000 of the last corresponding period. The increase in loss for the Reporting Period was mainly due to decrease in revenue and gain on disposal of subsidiaries.

### Catering Business

The segmental revenue of the catering business for the Reporting Period was approximately HK\$16,692,000 (nine months ended 30 September 2017: approximately HK\$29,780,000), representing a decrease of approximately 44% as compared with the last corresponding period. The revenue decreased in this business was due to the renovation of the restaurant operated by the Group in Wanchai during the period from April to July of 2018. The restaurant has resumed operation in early July 2018 under the new brand named Fooklore (享福) (formerly known as Guo Fu Lou (國福樓)).

After the renovation, the revenue of the restaurant has been steadily recovering. The Company believes that the restaurant’s performance will continuously improve by providing a new dining experience for customers. Meanwhile, other factors from economy and markets have brought negative impact to the catering industry in Hong Kong, such as the deflation of the RMB have affected the willingness of spending of the customers, especially the Mainland Chinese travelers.

In order to improve the Group’s performance amidst of external uncertainties, the Company is taking strategic steps to improve brand recognition by broadening the promotion of the brand image and market recognition. It is also expected that the new dining experience and the new menu items of the restaurant would able to attract both local and Mainland Chinese customers among different age groups so that the customer base would be expanded.

### Securities Trading

There was no gross proceeds from disposal of held-for-trading investments for the Reporting Period (nine months ended 30 September 2017: approximately HK\$357,000).



# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

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

As at 30 September 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.

## 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\$121,204,000 (as at 31 December 2017: approximately HK\$93,529,000) including the bank balances and cash of approximately HK\$806,000 (as at 31 December 2017: approximately HK\$2,870,000).

As at 30 September 2018, the Group had other borrowings amounted to approximately HK\$71,500,000 (31 December 2017: approximately HK\$70,000,000) and obligations under finance leases of approximately HK\$433,000 (31 December 2017: approximately HK\$870,000). The gearing ratio, computed as total liabilities to total assets, is 1.18 at the end of the Reporting Period (31 December 2017: 1.08).

## CHARGE ON GROUP'S ASSETS

As at 30 September 2018, certain assets with fair value of approximately HK\$206,263,000 (as at 31 December 2017: approximately HK\$226,843,000) were pledged for the Convertible Bonds.

## CAPITAL COMMITMENTS

As at 30 September 2018, the Group did not have any capital commitment.

## CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any material contingent liability.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 subsequently, completed on 25 October 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, 29 March 2018, 31 May 2018, 15 June 2018, 16 July 2018, 18 July 2018, 20 July 2018, 31 July 2018, 20 August 2018, 11 September 2018, 3 October 2018, 12 October 2018 and 25 October 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 nine months ended 30 September 2018.

### ADVANCE TO ENTITY

#### 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\$1,375,000. The Group will proceed to recover the outstanding amount in reliance on legal advice.

### 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.

#### Fooklore (享福)

One of the current key businesses of the Group is the catering business. The Group operated its catering business in the name of Fooklore (享福) (formerly known as Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant) tailored to provide premium



## MANAGEMENT DISCUSSION AND ANALYSIS

Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The restaurant had been renovated in early April of 2018 and resumed the business in early July of 2018, therefore, the revenue of the Group in the second quarter was temporarily affected. After the renovation, the revenue contributed by Fooklore has been steadily recovering. The Company believes that Fooklore will continuously improve its performance by providing a new dining experience for customers. In order to improve the Group's performance, the Company is taking strategic steps to broaden the promotion of the brand image and market recognition. It is also expected that the new dining experience and the new menu items of Fooklore would be able to attract both local and Mainland Chinese customers among different age groups so that the customer base would be expanded.

### 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 subsequently, completed on 25 October 2018.

Upon fulfillment of all the conditions precedent under the sale and purchase agreement, the Company is 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, 19 March 2018, 29 March 2018, 31 May 2018, 15 June 2018, 16 July 2018, 18 July 2018, 20 July 2018, 31 July 2018, 20 August 2018, 11 September 2018, 3 October 2018, 12 October 2018 and 25 October 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.

On 11 May 2018, the Company received a statutory demand issued by the legal representative of China Merchants Securities Investment Management (HK) Co., Limited (the "Creditor") demanding the Company to pay the outstanding debt in the principal amount of US\$7,044,967.19 and interest in the sum of US\$1,181,475.95. The Creditor has not taken any further action since then and the amount due to the Creditor has been fully repaid and discharged on 25 October 2018.

### 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 30 September 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



## OTHER INFORMATION

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 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	0.004%

Save as disclosed above, as at 30 September 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 30 September 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 nine months ended 30 September 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.

## OTHER INFORMATION

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

As at 30 September 2018, the following parties, other than Directors and the chief executive of the Company, held interests or short positions (directly or indirectly) in the 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)
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)



## 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
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

### Notes:

- 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.
- 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 and had fully repaid the Convertible Bonds on 25 October 2018.

## OTHER INFORMATION

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 and had fully repaid the Convertible Bonds on 25 October 2018.
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 and had fully repaid the Convertible Bonds on 25 October 2018.
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 30 September 2018 which is required to be recorded pursuant to Section 336 of SFO.

### 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.



## OTHER INFORMATION

### 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 third quarterly results for the nine months ended 30 September 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, 8 November 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.*