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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, 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 announcement 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 announcement misleading.

This announcement 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.

The board of Directors of the Company (the "Board") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 together with the comparative figures for the previous corresponding period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations			
Revenue	4	41,673	44,390
Cost of sales		(27,833)	(29,317)
Gross profit			
Other operating income	6	13,840	15,073
Other gains and losses	7	1,143	1,124
Change in fair value of derivative financial liability		12,687	3,797
Selling and distribution expenses		–	16,871
Administrative and other operating expenses		(7,610)	(7,957)
Finance costs	8	(20,553)	(24,728)
Share of loss of associates		(16,187)	(56,625)
Share of loss of joint ventures		(1,941)	(25,438)
		(6,176)	(9,098)
Loss before tax			
Income tax expense	9	(24,797)	(86,981)
		–	–
Loss for the year from continuing operations			
	10	(24,797)	(86,981)
Discontinued operation			
Loss for the year from discontinued operation		(1,772)	(22,886)
Loss for the year			
		(26,569)	(109,867)
Other comprehensive income (expense) for the year, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of translation reserve of associates		1,009	(1,228)
Release of translation reserve of associates		227	–
		1,236	(1,228)
Total comprehensive expense for the year			
		(25,333)	(111,095)
Loss for the year attributable to owners of the Company:			
– from continuing operations		(24,438)	(86,691)
– from discontinued operation		(1,315)	(22,013)
		(25,753)	(108,704)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		(359)	(290)
– from discontinued operation		(457)	(873)
		(816)	(1,163)
		(26,569)	(109,867)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(24,517)	(109,932)
– Non-controlling interests		(816)	(1,163)
		(25,333)	(111,095)
Loss per share			
From continuing and discontinued operations			
– Basic and diluted	12	(HK0.91 cent)	(HK27.16 cents)
From continuing operations			
– Basic and diluted	12	(HK0.86 cent)	(HK21.66 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Plant and equipment		2,016	4,391
Interests in associates		–	6,129
Interests in joint ventures		71,220	212,525
		73,236	223,045
Current assets			
Inventories		966	1,262
Trade and other receivables	13	36,401	36,085
Deposits paid		20,000	20,000
Held-for-trading investments		–	411
Bank balances and cash		2,870	2,388
		60,237	60,146
Assets classified as held for sale		135,129	–
		195,366	60,146
Current liabilities			
Trade and other payables	14	126,521	117,835
Other borrowings		70,000	70,500
Obligations under finance leases – current portion		585	569
Convertible bonds		91,789	97,781
		288,895	286,685
Net current liabilities		(93,529)	(226,539)
Total assets less current liabilities		(20,293)	(3,494)
Non-current liabilities			
Obligations under finance leases – non-current portion		285	870
Net liabilities		(20,578)	(4,364)
Capital and reserves			
Share capital		63,403	52,836
Reserves		(80,607)	(54,642)
Equity attributable to owners of the Company		(17,204)	(1,806)
Non-controlling interests		(3,374)	(2,558)
Total deficits		(20,578)	(4,364)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company						Non-	
	Share capital HK\$'000	Share premium HK\$'000	Convertible bonds reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	controlling interests HK\$'000	Total HK\$'000
At 1 January 2016	5,284	248,175	-	(8)	(443,826)	(190,375)	(1,395)	(191,770)
Loss for the year	-	-	-	-	(108,704)	(108,704)	(1,163)	(109,867)
Other comprehensive expense for the year, net of income tax								
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Share of translation reserve of associates	-	-	-	(1,228)	-	(1,228)	-	(1,228)
Total comprehensive expense for the year	-	-	-	(1,228)	(108,704)	(109,932)	(1,163)	(111,095)
Recognition of equity component of convertible bond	-	-	914	-	-	914	-	914
Ordinary shares issued in respect of rights issue	47,552	261,538	-	-	-	309,090	-	309,090
Transaction costs attributable to rights issue	-	(11,503)	-	-	-	(11,503)	-	(11,503)
At 31 December 2016	52,836	498,210	914	(1,236)	(552,530)	(1,806)	(2,558)	(4,364)
Loss for the year	-	-	-	-	(25,753)	(25,753)	(816)	(26,569)
Other comprehensive income for the year, net of income tax								
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Share of translation reserve of associates	-	-	-	1,009	-	1,009	-	1,009
Release of translation reserve of associates	-	-	-	227	-	227	-	227
	-	-	-	1,236	-	1,236	-	1,236
Total comprehensive income (expense) for the year	-	-	-	1,236	(25,753)	(24,517)	(816)	(25,333)
Cancellation of convertible bond	-	-	(914)	-	-	(914)	-	(914)
Ordinary shares issued in respect of placing	10,567	-	-	-	-	10,567	-	10,567
Transaction costs attributable to placing	-	(534)	-	-	-	(534)	-	(534)
At 31 December 2017	63,403	497,676	-	-	(578,283)	(17,204)	(3,374)	(20,578)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

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

The principal activities of the Company is investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are catering business and securities trading.

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

2. BASIS OF PREPARATION

The Group incurred a loss for the year attributable to owners of the Company of approximately HK\$25,753,000 for the year ended 31 December 2017 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$93,529,000 and HK\$20,578,000, respectively.

In the opinion of the Directors, the Group is able to operate as a going concern in the next twelve months from 31 December 2017 after taking into consideration of the following measures:

- (a) The Group has enforced cost-saving measures to reduce the operating expenses. Administrative and other operating expenses were reduced by 17% and the finance costs were reduced by 71%, as compared with year 2016;
- (b) During the year ended 31 December 2017, the Group ceased the operating segment of food manufacturing business which recorded a segment loss of approximately HK\$1,772,000 and HK\$22,886,000 in 2017 and 2016 respectively;
- (c) The Group has entered into a sale and purchase agreement on 11 December 2017 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. The disposal has been approved by the Company's shareholders in the extraordinary general meeting held on 19 March 2018 and is expected to be completed in second quarter of 2018; and
- (d) The Group is exploring other fund raising opportunities including, but not limited to, equity and debt financing.

The Directors are of the opinion that the Group will be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2017. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2017 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to Hong Kong Accounting Standard (“HKAS”) 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/ or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the consolidated financial statements, the application of these amendments has had no impact on the Group’s consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC) – Interpretation (“Int”) 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle ¹
Amendments to HKFRSs	Annual improvement on HKFRSs 2015–2017 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs and interpretations mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

An analysis of the Group’s revenue for the year from continuing operations is as follows:

	2017	2016
	HK\$’000	HK\$’000
		(Restated)
Catering business	41,673	44,390

5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

Catering business	–	operation of Chinese restaurants in Hong Kong
Securities trading	–	trading of securities

An operating segment regarding the food manufacturing business was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation.

(a) Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable and operating segment:

	Continuing Operations				Total	
	Catering business		Securities trading		2017 HK\$’000	2016 HK\$’000 (Restated)
	2017 HK\$’000	2016 HK\$’000	2017 HK\$’000	2016 HK\$’000		
Segment revenue						
– from external customers	41,673	44,390	–	–	41,673	44,390
Segment result	(335)	(334)	(283)	(199)	(618)	(533)
Share of loss of associates					(1,941)	(25,438)
Share of loss of joint ventures					(6,176)	(9,098)
Change in fair value of contingent consideration receivable					–	(4,731)
Change in fair value of derivative financial liability					–	16,871
Reduction in promissory notes payable					–	6,802
Reversal of impairment loss recognised in respect of other receivables					673	2,360
Loss on written-off of plant and equipment					–	(212)
Gain on disposal of plant and equipment					370	–
Gain (loss) on disposal of a subsidiary, net					12,011	(387)
Written-off of other receivables					(75)	–
Exchange loss					(175)	–
Finance costs					(16,187)	(56,625)
Unallocated corporate income					1,143	1,124
Unallocated corporate expenses					(13,822)	(17,114)
Loss before tax					(24,797)	(86,981)

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the loss from each segment without allocation of share of loss of associates, share of loss of joint ventures, change in fair value of contingent consideration receivable, change in fair value of derivative financial liability, reduction in promissory notes payable, reversal of impairment loss recognised in respect of other receivables, loss on written-off of plant and equipment, gain on disposal of plant and equipment, gain (loss) on disposal of a subsidiary, net, written-off of other receivables, exchange loss, finance costs, other income, central administration costs and directors’ emoluments. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Continuing Operations				Total		
	Catering business		Securities trading		2017	2016	
	2017	2016	2017	2016	2017	2016	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
						(Restated)	
ASSETS							
Segment assets	9,005	8,686	418	990	9,423	9,676	
Unallocated corporate assets							
- Interests in associates						-	6,129
- Interests in joint ventures						71,220	212,525
- Amounts due from joint ventures						26,678	27,146
- Others						26,152	24,268
						133,473	279,744
Assets classified as held for sales						135,129	-
						268,602	279,744
Assets relating to discontinued operation						-	3,447
Consolidated assets						268,602	283,191
LIABILITIES							
Segment liabilities	9,049	11,089	-	-	9,049	11,089	
Unallocated corporate liabilities							
- Other borrowings						70,000	70,500
- Convertible bonds						91,789	97,781
- Amounts due to joint ventures						98,511	81,854
- Others						19,831	19,012
						289,180	280,236
Liabilities relating to discontinued operation						-	7,319
Consolidated liabilities						289,180	287,555

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, amounts due from joint ventures, deposits paid, certain other receivables, bank balances and cash and certain plant and equipment, assets classified as held for sales, assets relating to discontinued operation; and
- all liabilities are allocated to operating segments other than other borrowings, obligations under finance leases, convertible bonds, amounts due to joint ventures, certain other payables and liabilities relating to discontinued operation.

(c) Other segment information

Continuing operations

	Catering business		Securities trading		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount included in the measure of segment results or segment assets:								
Additions to plant and equipment	7	1,116	-	-	-	188	7	1,304
Depreciation of plant and equipment	668	862	-	-	782	810	1,450	1,672
Unrealised change in fair value of held-for-trading investments	-	-	-	(22)	-	-	-	(22)
Loss on disposal of held-for-trading investments	-	-	54	57	-	-	54	57
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Capital contribution to associate	-	-	-	-	-	3,988	-	3,988
Share of loss of associates	-	-	-	-	1,941	25,438	1,941	25,438
Share of loss of joint ventures	-	-	-	-	6,176	9,098	6,176	9,098
Change in fair value of contingent consideration receivable	-	-	-	-	-	4,731	-	4,731
Change in fair value of derivative financial liability	-	-	-	-	-	(16,871)	-	(16,871)
Reduction in promissory notes payable	-	-	-	-	-	(6,802)	-	(6,802)
Reversal of impairment loss recognised in respect of other receivables	-	-	-	-	(673)	(2,360)	(673)	(2,360)
Loss on written-off of plant and equipment	-	-	-	-	-	212	-	212
Gain on disposal of plant and equipment	-	-	-	-	(370)	-	(370)	-
(Gain) loss on disposal of a subsidiary, net	-	-	-	-	(12,011)	387	(12,011)	387
Written-off of other receivables	-	-	-	-	75	-	75	-
Exchange loss	-	-	-	-	175	-	175	-
Finance costs	-	-	-	-	16,187	56,625	16,187	56,625

(d) Geographical information

For the years ended 31 December 2017 and 31 December 2016, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

None of the customers contributing over 10% of the total revenue of the Group for the years ended 31 December 2017 and 31 December 2016.

6. OTHER OPERATING INCOME

	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Compensation in respect of damaged plant and equipment	–	250
Rental income	800	430
Others	343	444
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	1,143	1,124

7. OTHER GAINS AND LOSSES

	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Gain on disposal of plant and equipment	370	–
Loss on written-off of plant and equipment	–	(212)
Written-off of other receivables	(75)	–
Impairment loss recognised in respect of trade receivables	(63)	–
Unrealised change in fair value of held-for-trading investments	–	22
Loss on disposal of held-for-trading investments	(54)	(57)
Change in fair value of contingent consideration receivable	–	(4,731)
Reduction in promissory notes payable	–	6,802
Reversal of impairment loss recognised in respect of other receivables	673	2,360
Gain (loss) on disposal of a subsidiary, net	12,011	(387)
Exchange loss	(175)	–
	<hr/>	
	12,687	3,797

8. FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
Interests on:		
– Other borrowings	1,899	1,791
– Obligations under finance leases	32	59
– Convertible bonds	14,256	52,830
– Promissory note payable	–	1,945
	<hr/>	
	16,187	56,625

9. 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.

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for taxation in Hong Kong has been made as certain group entities did not generate any assessable profits arising in Hong Kong and assessable profits of certain group entities were wholly absorbed by tax losses brought forward for the years ended 31 December 2017 and 2016.

10. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2017 HK\$'000	2016 HK\$'000 (Restated)
Staff costs (including directors' and chief executive's emoluments):		
– salaries, bonuses and allowances	20,418	25,247
– retirement benefit scheme contributions, net	1,250	1,237
	21,668	26,484
Auditor's remuneration		
– Audit service	1,036	1,051
– Non-audit service	–	20
Cost of inventories recognised as expenses	12,536	13,653
Depreciation of plant and equipment	1,450	1,672
Operating lease rentals in respect of rented premises	8,102	7,284
Legal and professional fees	537	258

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

12. LOSS PER SHARE

From continuing and discontinued operations

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

	2017 HK\$'000	2016 HK\$'000
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	25,753	108,704
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,843,011	400,239

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:

	2017 HK\$'000	2016 HK\$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	25,753	108,704
Less: Loss for the year from discontinued operation	(1,315)	(22,013)
	<hr/>	<hr/>
Loss for the purpose of basic and diluted loss per share from continuing operations	24,438	86,691

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.05 cent per share (2016: HK5.50 cents per share), based on the loss for the year from the discontinued operation of HK\$1,315,000 (2016: HK\$22,013,000) and the denominators detailed above for both basic and diluted loss per share.

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

13. TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	5,141	3,639
Less: Accumulated impairment loss	(337)	–
	<hr/>	<hr/>
Trade receivables, net (Note)	4,804	3,639
	<hr/>	<hr/>
Other receivables	23,229	24,797
Prepayments and deposits paid	4,522	4,008
	<hr/>	<hr/>
	27,751	28,805
Less: Accumulated impairment loss	(22,832)	(23,505)
	<hr/>	<hr/>
Other receivables, prepayments and deposit paid, net	4,919	5,300
	<hr/>	<hr/>
Amounts due from joint ventures	26,678	27,146
	<hr/>	<hr/>
	36,401	36,085

Note:

The sales in catering and food manufacturing business are mainly conducted in cash or by credit cards. Certain customers are granted credit period from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and other receivable balances. Trade receivables are non-interest bearing.

The following is an aged analysis of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates:

	2017 HK\$'000	2016 HK\$'000
0-30 days	719	833
31-60 days	308	350
61-90 days	283	144
91-120 days	315	128
More than 120 days	3,179	2,184
	4,804	3,639

At 31 December 2017 and 31 December 2016, the aging analysis of trade receivables that was past due but not impaired are as follows:

	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired			
			1-30 days HK\$'000	31-60 days HK\$'000	61-90 days HK\$'000	More than 90 days HK\$'000
At 31 December 2017	4,804	1,027	283	315	220	2,959
At 31 December 2016	3,639	1,174	151	127	338	1,849

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

The movement of accumulated impairment loss recognised in respect of trade receivables is as follows:

	HK\$'000
At 1 January 2016 and 31 December 2016	-
Impairment loss recognised during the year	337
At 31 December 2017	337

At the end of the reporting period, the Group's trade receivables were individually determined to be impaired.

14. TRADE AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Trade payables (Note)	3,924	5,573
Other payables and accruals	24,086	30,408
Amounts due to joint ventures	98,511	81,854
	126,521	117,835

Note:

The following is an aged analysis of trade payable presented based on the invoice date:

	2017 HK\$'000	2016 HK\$'000
Within 30 days	1,024	1,166
31-60 days	759	1,082
61-90 days	715	780
91-120 days	520	966
More than 120 days	906	1,579
	3,924	5,573

Payment terms granted by suppliers are generally 30 to 90 days (2016: 30 to 90 days) after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual audited consolidated financial statements for the year ended 31 December 2017 which has included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material fundamental uncertainties relating to going concern basis

As set out in the consolidated statement of profit or loss and other comprehensive income, the Group incurred a loss for the year attributable to owners of the Company of approximately HK\$25,753,000 for the year ended 31 December 2017 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$93,529,000 and the Group had net liabilities of approximately HK\$20,578,000. Also, the holders of the CMS CB, as stated in Note 35 to the consolidated financial statements, exercised their early redemption right by requesting the Company to redeem the CMS CB during the year ended 31 December 2015, of which approximately HK\$91,789,000 (equivalent to approximately US\$11,745,000) remained unsettled as at 31 December 2017. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company (the "Directors") on a going concern basis, the validity of which is dependent on the Group's ability to obtain sufficient future funding. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that this material uncertainty relating to going concern basis and their cumulative effect on the consolidated financial statements is so extreme that we have disclaimed our opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 31 December 2017 (the "Reporting Period"), the Group recorded a revenue of approximately HK\$41,673,000 (2016: approximately HK\$44,390,000 (restated)), approximately representing a 6% decrease as compared with the last corresponding period.

Results for the year

The Group recorded a loss of approximately HK\$26,569,000 for the Reporting Period, as compared with a loss of approximately HK\$109,867,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly due to increase in gain on disposal of subsidiary, decrease in administrative and other operating expenses, finance costs, share of losses of joint ventures and associates and cessation of food manufacturing segment.

Catering Business

The segmental revenue of the catering business for the Reporting Period was approximately HK\$41,673,000 (2016: approximately HK\$44,390,000), representing a decrease of approximately 6% as compared with the last corresponding period. The decrease in this business was due to poor sentiment of the consumption market, which had impact on banquet spending during the year.

Securities trading

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

CAPITAL STRUCTURE

As at 31 December 2017, 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").

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

On 16 August 2017, both tranche A convertible bond and the tranche B promissory note had been cancelled upon the completion of the transactions contemplated under the Deed of Settlement (as defined below) entered into between Success Century Investments Limited ("Success Century"), Golden Eva Limited ("Golden Eva") and the Company dated 16 August 2017.

For details, please refer to the announcements of the Company dated 17 November 2016 and 16 August 2017 and the section headed "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES".

FUND RAISING ACTIVITY

Placing of New Shares under General Mandate

On 19 July 2017, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent a maximum of 528,360,000 placing shares at the placing price of HK\$0.02 each under the general mandate granted to the Directors at the annual general meeting held on 14 June 2017 (the "Placing").

The Placing had been completed on 15 August 2017. For details, please refer to the announcements of the Company dated 19 July 2017 and 15 August 2017.

The net proceeds from the Placing amounted to approximately HK\$10,033,000 and were used for (i) approximately HK\$3,395,000 for partial repayment of outstanding interest of convertible bonds; (ii) approximately HK\$3,249,000 for staff costs and other administrative expenses; and (iii) approximately HK\$3,389,000 for settlement of accounts payable.

SIGNIFICANT INVESTMENTS

As at 31 December 2017, the Group did not have any significant investments.

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\$673,000. The Group will proceed to recover the outstanding amount in reliance on legal advice.

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

On 23 January 2013, the Company, Rich Paragon Limited ("Rich Paragon", an indirectly wholly-owned subsidiary of the Company), Coqueen Company Limited ("Coqueen"), Professional Guide Enterprise Limited ("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").

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 after 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and debt financing. The Reporting Period ended with the net current liabilities of approximately HK\$93,529,000 (2016: approximately HK\$226,539,000) including the bank balances and cash of approximately HK\$2,870,000 (2016: approximately HK\$2,388,000).

As at 31 December 2017, the Group had other borrowings amounted to approximately HK\$70,000,000 (2016: approximately HK\$70,500,000) and obligations under finance leases of approximately HK\$870,000 (2016: approximately HK\$1,439,000). The gearing ratio, computed as total liabilities to total assets, is 1.08 at the end of the Reporting Period (2016: 1.02).

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group's major foreign currency exposure is in United States dollar which Hong Kong dollar has been pegged. The Group does not have a foreign currency hedging policy as the Board considers that such risk is low. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

CHARGE ON GROUP'S ASSETS

As at 31 December 2017, certain assets with fair value of approximately HK\$226,843,000 (2016: approximately HK\$234,616,000) were pledged for the convertible bonds.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

(i) Disposal of 65% of the Entire Issued Share Capital of Fook Lam Moon Macau Holdings Limited

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

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

(ii) Disposal of 100% Equity Interest in Power Tool Investments Limited

On 16 August 2017, Golden Eva, being the vendor and the Company, entered into the deed of settlement in relation to, among other things, the settlement of the liabilities under the tranche A convertible bond with Success Century, being the purchaser (the "Deed of Settlement"). Pursuant to the Deed of Settlement, the vendor shall, as beneficial owner of the Power Tool Investments Limited ("Power Tool"), sell and the purchaser shall purchase (i) 100 shares of Power Tool, representing all the shares issued by Power Tool; and (ii) the shareholder's loan in the sum of HK\$23,885,615.60, being the aggregate of all the outstanding indebtedness owing by Power Tool to Golden Eva, at the consideration of HK\$18,000,000.

The transaction was completed on 16 August 2017, pursuant to the Deed of Settlement, the Company had paid to the purchaser in the sum of HK\$3,000,000 as compensation and reimbursement. The parties shall be released and discharged from their respective duties, responsibilities and obligations under and pursuant to the 2015 Sale and Purchase Agreement.

For details, please refer to the announcement of the Company dated 16 August 2017.

(iii) 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 by Rich Paragon to 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.

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 and 19 March 2018; and circular dated 28 February 2018.

Save as disclosed in this announcement, the Group did not have any other material acquisition and disposal of subsidiaries and affiliated companies for the year ended 31 December 2017 and up to the date of this announcement.

EVENTS AFTER REPORTING PERIOD

With reference to the sub-section "(iii) Possible Disposal of Professional Guide Enterprise Limited" under the section of "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES" of the "MANAGEMENT DISCUSSION AND ANALYSIS" in this announcement, the Possible Disposal has been approved by the shareholders of the Company on 19 March 2018 and it is expected to be completed in second quarter of 2018.

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 has been operating its catering business at 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 will be under renovation in second quarter of 2018 and will be re-opened in the middle of the year. 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.

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.

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 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.

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 announcement, 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed a total of 62 employees (2016: 71). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$21,668,000 (2016: approximately HK\$26,484,000 (restated)).

The Group decided the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2017 (2016: Nil).

COMPETING INTERESTS

For the year ended 31 December 2017, 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.

COMPLIANCE OF THE CODE PROVISIONS

Throughout the year ended 31 December 2017, the Company applied the principles and complied with the code provisions on Corporate Governance Practices as set out in Corporate Governance Code and Corporate Governance Report (Appendix 15) to the GEM Listing Rules (the "CG Code") except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company did not appoint a chairman or a chief executive during the year ended 31 December 2017. The functions of the chairman and chief executive are performed by the executive Directors. The Board is of the view that there existed a balance of power and authority and will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board ("Chairman") should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a Chairman, no such meeting was held in this regard for the year ended 31 December 2017.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on the preliminary announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transaction by the Directors 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. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year under review, 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 on 10 June 2003 with latest written terms of reference adopted on 12 November 2015 in compliance with the GEM Listing Rules. In accordance with provisions set out in the CG Code which are available on the websites of the Exchange and the Company.

The Audit Committee currently consists of 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 Group's audited consolidated financial statements for the year ended 31 December 2017 including the accounting principles and practices adopted have been reviewed by the Audit Committee. The Audit Committee considers that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

APPRECIATION

The Board would like to thank all business partners and Shareholders 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, 22 March 2018

As at the date of this announcement, 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.