



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

2019 
First Quarterly Report



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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.

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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 2019. The unaudited first quarterly results for the three months ended 31 March 2018 were used as corresponding comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	6,561	11,372
Cost of Sales		(5,505)	(7,065)
Gross profit		1,056	4,307
Other operating income		277	342
Impairment losses reversed, net of impairment losses recognised	4	180	615
Selling and distribution expenses		(1,856)	(1,674)
Administrative and other operating expenses		(4,469)	(4,726)
Finance costs	5	(129)	(3,515)
Share of profit of joint ventures		–	1,197
Loss before tax		(4,941)	(3,454)
Income tax expenses	6	–	–
Loss for the period and total comprehensive expense for the period		(4,941)	(3,454)
(Loss) profit and total comprehensive (expense) income for the period attribute to			
– Owners of the Company		(4,906)	(3,627)
– Non-controlling interests		(35)	173
		(4,941)	(3,454)
		HK cent	HK cent
Loss per share	8		
– basic and diluted		(0.15)	(0.11)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
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)
At 1 January 2019 (audited)	63,403	497,676	(45,359)	(493,242)	22,478	(3,372)	19,106
Loss and total comprehensive expense for the period	–	–	–	(4,906)	(4,906)	(35)	(4,941)
At 31 March 2019 (unaudited)	63,403	497,676	(45,359)	(498,148)	17,572	(3,407)	14,165

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its shares 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 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 2019 are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019



3. REVENUE

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

	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Revenue from contracts with customers – Catering business	6,561	11,372

Timing of revenue recognition

	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
At a point in time	6,561	11,372

For catering business, revenue from restaurant operation is recognised at a point in time when the catering services is provided to customers. In general, payment of the transaction price is due immediately at the point the catering services is provided to customers. However, certain customers are granted credit period from 30 to 60 days.

4. IMPAIRMENT LOSSES REVERSED, NET OF IMPAIRMENT LOSSES RECOGNISED

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Impairment loss reversed on other receivables	180	615

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

5. FINANCE COSTS

	Three months ended 31 March	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interests on:		
– obligations under finance leases	2	6
– other borrowings	127	465
– convertible bonds	–	3,044
	<hr/>	<hr/>
	129	3,515
	<hr/>	<hr/>

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 2019 and 31 March 2018.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

8. LOSS PER SHARE

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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(4,906)	(3,627)
	Number of shares	
	Three months ended 31 March	
	2019	2018
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	3,170,160	3,170,160

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

Revenue

During the three months ended 31 March 2019 (the "Reporting Period"), the Group recorded a revenue of approximately HK\$6,561,000 (three months ended 31 March 2018: approximately HK\$11,372,000), representing a decrease of approximately 42% as compared with the last corresponding period.

Results for the Reporting Period

The Group recorded a loss of approximately HK\$4,941,000 for the Reporting Period, as compared with a loss of approximately HK\$3,454,000 of the last corresponding period. The increase in loss for the Reporting Period was mainly due to decrease in revenue and share of profit of joint ventures, and these were compensated by decrease in finance costs.

Catering Business

The segmental revenue of the catering business for the Reporting Period was approximately HK\$6,561,000 (three months ended 31 March 2018: approximately HK\$11,372,000), representing a decrease of approximately 42% as compared with the last corresponding period. The decrease in revenue of this business was due to the market forecast tends to be more conservative towards economic growth, the catering industry is put under operating pressure.

Since the restaurant resumed operation under the new brand name Fooklore in July 2018, the revenue continues to show steady growth. The Company believes that the restaurant's performance will continuously improve by providing a new dining experience and changing the new menu items of the restaurant would able to attract both local and Mainland Chinese customers.

CAPITAL STRUCTURE

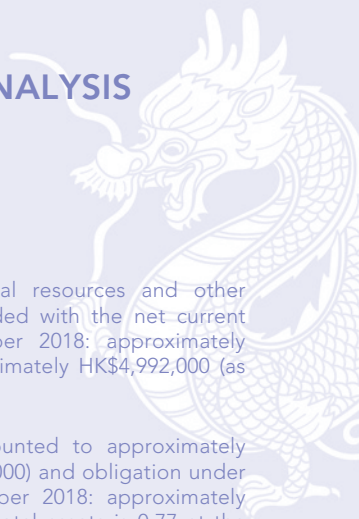
There was no change in the Company's capital structure during the Reporting Period.

As at 31 March 2019, 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 and other borrowings from financial institution. The Reporting Period ended with the net current liabilities of approximately HK\$35,728,000 (as at 31 December 2018: approximately HK\$31,229,000) including the bank balances and cash of approximately HK\$4,992,000 (as at 31 December 2018: approximately HK\$1,294,000).

As at 31 March 2019, the Group had other borrowings amounted to approximately HK\$9,095,000 (as at 31 December 2018: approximately HK\$2,095,000) and obligation under finance leases of approximately HK\$197,000 (as at 31 December 2018: approximately HK\$285,000). The gearing ratio, computed as total liabilities to total assets is 0.77 at the end of the Reporting Period (as at 31 December 2018: 0.67).

CHARGE ON GROUP'S ASSETS

As at 31 March 2019, the Company has pledged 70% equity interests of Able Wind Limited to secure an other borrowing of HK\$1,000,000 (as at 31 December 2018: HK\$1,000,000).

CAPITAL COMMITMENTS

As at 31 March 2019, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries or associates of the Company during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$180,000. 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. Subject to the approval by the shareholders of the Company at the extraordinary general meeting to be held on 12 June 2019, the Company would change the domicile from the Cayman Islands to Bermuda, adopt the new memorandum of continuance and bye-laws, cancel the share premium account, reorganize its capital and change the board lot size.

For details, please refer to the announcement of the Company dated 30 April 2019.

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) tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The revenue contributed by Fooklore has been steadily recovering after the renovation in July 2018. In order to improve the Group's performance, the Company is taking strategic steps to broaden the promotion of brand image and market recognition, gratify changing needs in local catering market, enhance customers' dining experience and provide better quality services. The Company believes that there will be a steady growth of catering market in the future and continues to implement a strategy of change amidst stability in response to the challenges.

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.

Fooklore, the restaurant managed and operated by Union Sky Wealth Limited (an indirect wholly-owned subsidiary of the Company) serving exquisite Cantonese and Sichuan cuisine on Second Basement Floor of Empire Hotel, has recently been sued by the landlord (for, *inter alia*, outstanding rental of approximately HK\$6,000,000, mesne profit and other relieves in the Court of First Instance of the High Court) and certain suppliers (for amounts due and owing in the Small Claims Tribunal). Such claims are being attended to. The management company of Fooklore is not only assisting in the handling of such claims but is involving in negotiations with the respective claimants for settlement as well as canvassing with the landlord on possible reduction of rental. The Company will make further disclosure of such litigation matters wherever appropriate or necessary.

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.

OTHER INFORMATION

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 2019, 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:

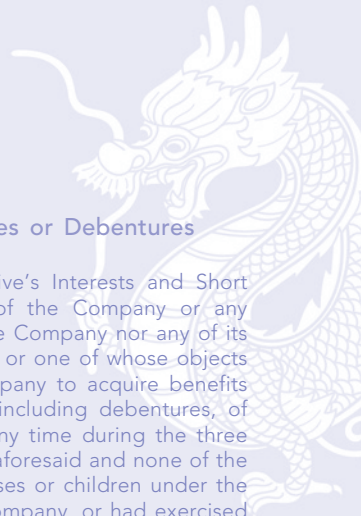
Long positions in the ordinary shares and underlying shares of HK\$0.02 each in the capital of the Company

Name of Director	Nature of interests/ holding capacity	Number of 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 31 March 2019, 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.



OTHER INFORMATION



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 2019, 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 2019, 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 2019, so far as is known to the Directors, other than Directors and the chief executive of the Company, no other party held any interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares as recorded in the register kept by the Company pursuant to Section 336 of the 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.

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.

OTHER INFORMATION

Audit Committee

The Company established an audit committee (the “Audit Committee”) on 10 June 2003 with latest revised written terms of reference adopted on 31 December 2018 in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee had three members comprising all the three independent non-executive Directors; namely, Mr. Lau Man Tak, Mr. Yeung Wai Hung, Peter, and Mr. Ma Stephen Tsz On. The chairman of the Audit Committee is Mr. Lau Man Tak, who has appropriate professional qualifications and experience in accounting matters.

The unaudited first quarterly results for the three months ended 31 March 2019 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, 7 May 2019

As at the date of this report, Mr. Chow Cheuk Hang and Ms. Wong Hei Man are executive Directors; Mr. Yeung Wai Hung, Peter, Mr. Lau Man Tak and Mr. Ma Stephen Tsz On are independent non-executive Directors.

