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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 and continued in Bermuda with limited liability)*

**(Stock Code: 8272)**

## **UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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 Listed Company Information” 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 six months ended 30 June 2019. The unaudited interim results for the six months ended 30 June 2018 were used as corresponding comparative figures.

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

For the six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	4,553	956	11,114	12,328
Cost of Sales		(4,302)	(1,425)	(9,807)	(8,490)
<b>Gross profit (loss)</b>		<b>251</b>	<b>(469)</b>	<b>1,307</b>	<b>3,838</b>
Other operating income		249	231	526	573
Other gains and losses	4	(1,979)	(32)	(1,979)	(32)
Impairment losses reversed, net of impairment losses recognised	5	–	350	180	965
Selling and distribution expenses		(2,154)	(1,048)	(4,010)	(2,722)
Administrative and other operating expenses		(3,533)	(4,010)	(8,002)	(8,736)
Finance costs	6	(411)	(3,523)	(598)	(7,038)
Share of loss of joint ventures		–	(1,349)	–	(152)
<b>Loss before tax</b>		<b>(7,577)</b>	<b>(9,850)</b>	<b>(12,576)</b>	<b>(13,304)</b>
Income tax expenses	7	–	–	–	–
<b>Loss and total comprehensive expense for the period</b>	8	<b>(7,577)</b>	<b>(9,850)</b>	<b>(12,576)</b>	<b>(13,304)</b>
Loss and total comprehensive expense for the period attribute to					
– Owners of the Company		(7,227)	(9,672)	(12,191)	(13,299)
– Non-controlling interests		(350)	(178)	(385)	(5)
		<b>(7,577)</b>	<b>(9,850)</b>	<b>(12,576)</b>	<b>(13,304)</b>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	10				
– basic and diluted		<b>(0.23)</b>	<b>(0.31)</b>	<b>(0.38)</b>	<b>(0.42)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipment		4,470	4,751
Right-of-use assets		6,495	–
Equity instruments at fair value through other comprehensive income		39,801	39,801
Contingent consideration receivable – non-current portion		5,834	5,834
		<u>56,600</u>	<u>50,386</u>
<b>Current assets</b>			
Inventories		207	755
Trade and other receivables	11	7,195	4,608
Contingent consideration receivable – current portion		394	394
Bank balances and cash		1,502	1,294
		<u>9,298</u>	<u>7,051</u>
<b>Current liabilities</b>			
Trade and other payables	12	42,402	35,951
Other borrowings		10,095	2,095
Lease liabilities – current portion		1,850	–
Obligation under finance leases – current portion		178	234
		<u>54,525</u>	<u>38,280</u>
<b>Net current liabilities</b>		<u>(45,227)</u>	<u>(31,229)</u>
<b>Total assets less current liabilities</b>		<u>11,373</u>	<u>19,157</u>
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion		4,833	–
Obligation under finance leases – non-current portion		–	51
		<u>4,833</u>	<u>51</u>
<b>Net assets</b>		<u>6,540</u>	<u>19,106</u>
<b>Capital and reserves</b>			
Share capital	13	63,403	63,403
Reserves		(53,116)	(40,925)
Equity contribute to owners of the Company		10,287	22,478
Non-controlling interests		(3,747)	(3,372)
<b>Total equity</b>		<u>6,540</u>	<u>19,106</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company						
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Fair value through other comprehensive income reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-Controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	–	–	–	(13,299)	(13,299)	(5)	(13,304)
At 30 June 2018 (unaudited)	<u>63,403</u>	<u>497,676</u>	<u>–</u>	<u>(591,582)</u>	<u>(30,503)</u>	<u>(3,379)</u>	<u>(33,882)</u>
At 1 January 2019 (audited)	63,403	497,676	(45,359)	(493,242)	22,478	(3,372)	19,106
Capital contributions from non-controlling interests of a subsidiary	–	–	–	–	–	10	10
Loss and total comprehensive expense for the period	–	–	–	(12,191)	(12,191)	(385)	(12,576)
At 30 June 2019 (unaudited)	<u>63,403</u>	<u>497,676</u>	<u>(45,359)</u>	<u>(505,433)</u>	<u>10,287</u>	<u>(3,747)</u>	<u>6,540</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(8,437)	(2,451)
Net cash (used in) from investing activities	(3,263)	14,942
Net cash from (used in) financing activities	<u>11,908</u>	<u>(14,375)</u>
Net increase (decrease) in cash and cash equivalents	208	(1,884)
Cash and cash equivalents at beginning of the period	<u>1,294</u>	<u>2,870</u>
Cash and cash equivalents at end of the period	<u><u>1,502</u></u>	<u><u>986</u></u>
Represented by:		
Bank balances and cash	<u><u>1,502</u></u>	<u><u>986</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and continues as an exempted company with limited liability in Bermuda upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 25 June 2019. Its shares are listed on GEM of the Exchange. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 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 six months ended 30 June 2019 are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2018, except below.

### **IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessees and lessors. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Distinction of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exception) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows

will also be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The Group elected the modified retrospective approach for the application of IFRS 16 as lessee and recognized the cumulative effect of initial application without restating comparative information.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the turnover from catering business during the period.

An analysis of the Group's revenue, results and total assets and liabilities by reportable and operating segment is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>				
– Catering business	<u>4,553</u>	<u>956</u>	<u>11,114</u>	<u>12,328</u>
<b>Timing of revenue recognition</b>				
At a point in time	<u>4,553</u>	<u>956</u>	<u>11,114</u>	<u>12,328</u>
<b>Segment result</b>				
– Catering business	<u>(3,551)</u>	<u>(2,713)</u>	<u>(6,325)</u>	<u>(1,853)</u>
– Securities trading	<u>(41)</u>	<u>(37)</u>	<u>(85)</u>	<u>(82)</u>
	<u>(3,592)</u>	<u>(2,750)</u>	<u>(6,410)</u>	<u>(1,935)</u>
Impairment losses reversed on other receivables	–	350	180	965
Loss on written-off of plant and equipment	(1,979)	(32)	(1,979)	(32)
Share of loss of joint ventures	–	(1,349)	–	(152)
Finance costs	(411)	(3,523)	(598)	(7,038)
Unallocated corporate income	249	231	526	573
Unallocated corporate expenses	<u>(1,844)</u>	<u>(2,777)</u>	<u>(4,295)</u>	<u>(5,685)</u>
Loss before tax	<u>(7,577)</u>	<u>(9,850)</u>	<u>(12,576)</u>	<u>(13,304)</u>

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
<b>Segment assets</b>		
Catering business	9,940	9,116
Securities trading	313	302
	<u>10,253</u>	<u>9,418</u>
Unallocated corporate assets	55,645	48,019
	<u>65,898</u>	<u>57,437</u>
<b>Segment liabilities</b>		
Catering business	18,221	16,631
Securities trading	–	6
	<u>18,221</u>	<u>16,637</u>
Unallocated corporate liabilities	41,137	21,694
	<u>59,358</u>	<u>38,331</u>

For the six months ended 30 June 2019, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong (six months ended 30 June 2018: all in Hong Kong) and accordingly, no further analysis of the Group's geographical information is disclosed.

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. OTHER GAINS AND LOSSES

	<b>Three months ended 30 June 2019 (Unaudited) HK\$'000</b>		<b>Six months ended 30 June 2019 (Unaudited) HK\$'000</b>	
	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss on written-off of plant and equipment	<u>(1,979)</u>	<u>(32)</u>	<u>(1,979)</u>	<u>(32)</u>

#### 5. IMPAIRMENT LOSSES REVERSED, NET OF IMPAIRMENT LOSSES RECOGNISED

	<b>Three months ended 30 June 2019 (Unaudited) HK\$'000</b>		<b>Six months ended 30 June 2019 (Unaudited) HK\$'000</b>	
	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Impairment losses reversed on:				
– Other receivables	<u>–</u>	<u>350</u>	<u>180</u>	<u>965</u>



## 6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Interest on:				
– obligation under finance leases	–	4	2	10
– lease liabilities	78	–	136	–
– other borrowings	333	440	460	905
– convertible bonds	–	3,079	–	6,123
	<u>411</u>	<u>3,523</u>	<u>598</u>	<u>7,038</u>

## 7. INCOME TAX EXPENSE

The Company is an exempted company incorporated in the Cayman Islands and re-domiciled and continued in Bermuda, as such it is not liable for taxations in the Cayman Islands on its non-Cayman Islands income and in Bermuda on its non-Bermuda 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 six months ended 30 June 2019 and 30 June 2018.

## 8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Staff costs (including Directors' emoluments)				
– salaries, bonuses and allowances	2,823	1,646	6,274	5,511
– retirement benefit scheme contributions	260	84	549	346
	<u>3,083</u>	<u>1,730</u>	<u>6,823</u>	<u>5,857</u>
Cost of inventories recognised as expenses	1,706	395	4,005	3,995
Depreciation of plant and equipment	1,042	372	1,524	660
Operating lease rentals in respect of rented premises	1,546	1,275	3,511	3,263

## 9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 10. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to owners of the Company	<u>(7,227)</u>	<u>(9,672)</u>	<u>(12,191)</u>	<u>(13,299)</u>
	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue	<u>3,170,160</u>	<u>3,170,160</u>	<u>3,170,160</u>	<u>3,170,160</u>

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

## 11. TRADE AND OTHER RECEIVABLES

The sales in catering business is 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.

An aged analysis of trade receivables, net of impairment loss recognised, presented based on invoice date at the end of the reporting period is as follows:

	30 June	31 December
	2019	2018
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	26	267
31–60 days	279	83
61–90 days	148	111
91–120 days	238	116
More than 120 days	<u>1,813</u>	<u>826</u>
	2,504	1,403
Other receivables, prepayments and deposit paid, net	<u>4,691</u>	<u>3,205</u>
	<u>7,195</u>	<u>4,608</u>

## 12. TRADE AND OTHER PAYABLES

An aged analysis of trade payables, presented based on invoice date at the end of the reporting period is as follows:

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
0–30 days	374	635
31–60 days	82	523
61–90 days	376	505
91–120 days	567	535
More than 120 days	<u>3,667</u>	<u>2,314</u>
	<b>5,066</b>	4,512
Amount due to a director	608	608
Amounts due to joint ventures	7,353	7,353
Amount due to non-controlling shareholder	4,495	–
Other payables and accruals	<u>24,880</u>	<u>23,478</u>
	<b><u>42,402</u></b>	<b><u>35,951</u></b>

## 13. SHARE CAPITAL

	<b>Par value per share HK\$</b>	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Authorised:			
<b>Ordinary shares</b>			
At 1 January 2019 and 30 June 2019	<u>0.02</u>	<u>5,000,000</u>	<u>100,000</u>
Issued and fully paid:			
<b>Ordinary shares</b>			
At 1 January 2019 and 30 June 2019	<u>0.02</u>	<u>3,170,160</u>	<u>63,403</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND FINANCIAL REVIEW**

#### **Revenue**

During the six months ended 30 June 2019 (the “Reporting Period”), the Group recorded a revenue of approximately HK\$11,114,000 (six months ended 30 June 2018: approximately HK\$12,328,000), representing a 10% decrease as compared with the last corresponding period.

#### **Results for the Reporting Period**

The Group recorded a loss of approximately HK\$12,576,000 for the Reporting Period, as compared with a loss of approximately HK\$13,304,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly attributable to the combined effect of (i) decrease in finance costs; (ii) decrease in revenue; (iii) increase in selling and distribution expenses; and (iv) increase in loss on written-off of plant and machinery.

#### **Catering Business**

The segmental revenue of the catering business for the Reporting Period was approximately HK\$11,114,000 (six months ended 30 June 2018: approximately HK\$12,328,000), representing a decrease of approximately 10% as compared with the last corresponding period.

Due to the deteriorating business performance and consistent loss-making of Fooklore, the Board considered that it would be unhealthy for the Group to keep operating the restaurant. Consequently, the operation of Fooklore was discontinued in June 2019.

Meanwhile the Group reallocated its resources to invest in a company by a majority stake of approximately 52.38% for launching a new restaurant in Yau Tsim Mong District under the name of Real Stone Grill. Real Stone Grill has commenced its operation in mid of June 2019. By providing a new dining experience in Korean cuisine and strategically locating the new restaurant at one of most densely populated district in Hong Kong, it is expected to attract both local customers and visitors.

#### **Securities Trading**

There was no gross proceeds from disposal of held-for-trading investments for the Reporting Period (six months ended 30 June 2018: Nil).

## **CAPITAL STRUCTURE**

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

As at 30 June 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").

At the extraordinary general meeting of the Company held on 12 June 2019, the shareholders of the Company have approved, among others, the change of its domicile from the Cayman Islands to Bermuda and the reorganization of its share capital. The capital reorganization (the "Capital Reorganization") involved the following:

### **1. Share consolidation**

Pursuant to the share consolidation (the "Share Consolidation"), every forty (40) issued and unissued existing shares of HK\$0.02 each were consolidated into one (1) consolidated share of HK\$0.80 each (the "Consolidated Shares") and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation.

### **2. Capital reduction and share subdivision**

- (a) The issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.79 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share was reduced from HK\$0.80 to HK\$0.01 (the "Capital Reduction");
- (b) Immediately following the Capital Reduction, each of the authorized but unissued Consolidated Shares of HK\$0.80 each was sub-divided into eighty (80) new shares of HK\$0.01 each; and
- (c) The credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the Capital Reduction were credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

Upon the Capital Reorganization becoming effective on 18 July 2019, the authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each, of which 79,254,000 shares were in issue and the aggregate nominal value of the issued share capital was approximately HK\$792,540. For details, please refer to the announcements of the Company dated 30 April 2019, 20 May 2019, 12 June 2019, 26 June 2019, 17 July 2019 and the circular of the Company dated 20 May 2019.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2019, the Group has 19% equity interest in Flame Soar Limited.

## **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\$45,227,000 (as at 31 December 2018: approximately HK\$31,229,000) including the bank balances and cash of approximately, HK\$1,502,000 (as at 31 December 2018: approximately HK\$1,294,000).

As at 30 June 2019, the Group had other borrowings amounted to approximately HK\$10,095,000 (as at 31 December 2018: approximately HK\$2,095,000) and obligation under finance leases of approximately HK\$178,000 (as at 31 December 2018: approximately HK\$285,000). The gearing ratio, computed as total liabilities to total assets, is 0.90 at the end of the Reporting Period (as at 31 December 2018: 0.67).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2019, the Group employed a total of 51 employees as compared with 34 employees in the last corresponding period. Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$6,823,000 (six months ended 30 June 2018: approximately HK\$5,857,000).

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.

## **CHARGE ON GROUP'S ASSETS**

As at 30 June 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 30 June 2019, the Group did not have any capital commitment (as at 31 December 2018: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any material contingent liability (as at 31 December 2018: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

In June 2019, the Group obtained a majority stake of approximately 52.38% equity interest in a company which operates a restaurant under the name of “Real Stone Grill” in Yau Tsim Mong District, and such company has become the Company’s subsidiary.

### **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. As approved by the shareholders of the Company at the extraordinary general meeting held on 12 June 2019, the Company has changed the domicile from the Cayman Islands to Bermuda, which became effective on 25 June 2019 and has reorganized its Share Capital which became effective on 18 July 2019.

For details, please refer to the announcements of the Company dated 30 April 2019, 20 May 2019, 12 June 2019, 26 June 2019, 17 July 2019 and the circular of the Company dated 20 May 2019.

### **Fooklore**

The Group operated a restaurant under the name of Fooklore which tailored to provide Chinese banqueting services for corporate and family gatherings. After the renovation in July 2018, the revenue contributed by Fooklore could not achieve the satisfactory result. Due to the deteriorating business performance and consistent loss-making from, among other things, the inefficiencies in cost management, the Board considered that it would be unhealthy for the Group to keep operating the restaurant. Consequently, the operation in Fooklore was discontinued in June 2019.

## **Real Stone Grill**

In June 2019, the Group reallocated its resource to invest in a company by a majority stake of approximately 52.38% for launching a Korean restaurant under the name of Real Stone Grill. Real Stone Grill operates as a restaurant serving Korean cuisine and is located at Yau Tsim Mong District which is one of most densely populated district, having the highest flow of tourist and locals in Hong Kong. It is positioned as a middle end restaurant with approximately 3,000 square feet and around 100 seats to provide quality imported meat and a variety of Korean cuisine to customers who look for spacious and comfortable dining experience. Also there has an innovative facility which emits fragrant spray onto customers after dining so as to remove their smells of grilling. The Board is of the view that Real Stone Grill is expected to grow steadily and has a better performance than Chinese restaurant given that Korean restaurant is more competitive as it offers affordable pricing with mid-range price whereas the Chinese restaurant provides upper-end and expensive dining experience. Real Stone Grill has greater attraction to additional young customers than other traditional cuisine, accompanied by the spread of contemporary Korean pop-culture which is highly influential amongst young people in Hong Kong.

## **Other catering business**

The Company has, from time to time, reviewed business projects and look 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 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) (the “High Court Action”) and certain suppliers (for amounts due and owing in the Small Claims Tribunal) (the “Small Claim Cases”). The management company of Fooklore and the landlord has reached an amicable resolution in July 2019 for settling the High Court Action. The Company will make further disclosure of the Small Claim Cases 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 litigation matters of material importance wherever appropriate or necessary.

### **Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation**

As at 30 June 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 Rules 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 June 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 Rules 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 June 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 six months ended 30 June 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 30 June 2019, so far as is known to the Directors, other than Directors and the chief executive of the Company, no other party 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.

## **Share Option Scheme**

The share option scheme of the Company was adopted on 31 October 2013. During the six months ended 30 June 2019, there was no share option granted, exercised, cancelled or lapsed under the share option schemes and no share option remained outstanding at the beginning and at the end of the Reporting Period under the share option schemes of the Company.

## **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.

## **Corporate Governance**

The Company has applied the principles and save as disclosed herein, has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules throughout the Reporting Period except for the deviations set out below:

### *Code Provision A.2.1*

This code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

During the Reporting Period, the office of the chairman of the Board remains vacant. The roles of the chairman and chief executive were performed by the executive Directors. The Board is of the view that there existed a balance of power and authority during the Reporting Period.

The Board will continue to review the current structure of the Board from time-to-time. If candidates with suitable knowledge, skills and experience are identified, the Company will make appointments to fill the post(s) of chairman and/or the chief executive as appropriate.

## **Directors' Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions 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 of 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 Reporting Period.

## **Events after Reporting Period**

### ***Capital Reorganization***

The Capital Reorganization has become effective on 18 July 2019. For details, please refer to the section headed “Capital Structure” of this announcement and the announcements of the Company dated 30 April 2019, 20 May 2019, 12 June 2019, 26 June 2019, 17 July 2019 and the circular of the Company dated 20 May 2019.

### ***Possible Acquisition***

On 9 August 2019, a wholly-owned subsidiary of the Company entered into a memorandum of understanding with an independent third party in relation to the possible acquisition of target companies (“Target Companies”). The Target Companies are principally engaged in the operation of Cha Chaan Teng in Hong Kong and currently, they have three restaurant operations located in Lai Chi Kok, San Po Kong and Tsz Wan Shan. For details, please refer to the announcement of the Company dated 9 August 2019.

## **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 announcement, 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 interim results for the six months ended 30 June 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, 13 August 2019

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