

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 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 nine months ended 30 September 2019. The unaudited third quarterly results for the nine months ended 30 September 2018 were used as corresponding comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	3,466	4,364	14,580	16,692
Cost of Sales		<u>(2,436)</u>	<u>(5,021)</u>	<u>(12,243)</u>	<u>(13,511)</u>
Gross profit (loss)		1,030	(657)	2,337	3,181
Other operating income		302	265	828	838
Other gains and losses	4	5,611	(36)	3,632	(68)
Impairment losses reversed, net of impairment losses recognised	5	–	410	180	1,375
Selling and distribution expenses		(900)	(2,031)	(4,910)	(4,753)
Administrative and other operating expenses		(2,425)	(3,706)	(10,427)	(12,442)
Finance costs	6	(903)	(4,518)	(1,501)	(11,556)
Share of loss of joint ventures		–	(402)	–	(554)
Profit (loss) before tax		2,715	(10,675)	(9,861)	(23,979)
Income tax expenses	7	–	–	–	–
Profit (loss) and total comprehensive income (expense) for the period		<u>2,715</u>	<u>(10,675)</u>	<u>(9,861)</u>	<u>(23,979)</u>

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) and total comprehensive income (expense) for the period attributable to				
— Owners of the Company	2,939	(10,623)	(9,252)	(23,922)
— Non-controlling interests	(224)	(52)	(609)	(57)
	<u>2,715</u>	<u>(10,675)</u>	<u>(9,861)</u>	<u>(23,979)</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share				
— basic and diluted	<u>0.13</u>	<u>(0.34)</u>	<u>(0.40)</u>	<u>(0.75)</u>

9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to owners of the Company							Total
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <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>	
At 1 January 2018 (audited)	63,403	497,676	-	-	(578,283)	(17,204)	(3,374)	(20,578)
Loss and total comprehensive expense for the period	-	-	-	-	(23,922)	(23,922)	(57)	(23,979)
At 30 September 2018 (unaudited)	<u>63,403</u>	<u>497,676</u>	<u>-</u>	<u>-</u>	<u>(602,205)</u>	<u>(41,126)</u>	<u>(3,431)</u>	<u>(44,557)</u>
At 1 January 2019 (audited)	63,403	497,676	-	(45,359)	(493,242)	22,478	(3,372)	19,106
Capital reorganisation	(62,610)	-	62,610	-	-	-	-	-
Cancellation of share premium and transfer to contributed surplus	-	(497,676)	497,676	-	-	-	-	-
Capital contributions from non-controlling interests of a subsidiary	-	-	-	-	-	-	10	10
Loss and total comprehensive expense for the period	-	-	-	-	(9,252)	(9,252)	(609)	(9,861)
At 30 September 2019 (unaudited)	<u>793</u>	<u>-</u>	<u>560,286</u>	<u>(45,359)</u>	<u>(502,494)</u>	<u>13,226</u>	<u>(3,971)</u>	<u>9,255</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 nine months ended 30 September 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

Revenue represents the turnover from catering business during the period.

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers				
Catering business	<u>3,466</u>	<u>4,364</u>	<u>14,580</u>	<u>16,692</u>
Timing of revenue recognition				
At a point in time	<u>3,466</u>	<u>4,364</u>	<u>14,580</u>	<u>16,692</u>

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain (loss) on disposal/written-off of plant and equipment	<u>5,611</u>	<u>(36)</u>	<u>3,632</u>	<u>(68)</u>

5. IMPAIRMENT LOSSES REVERSED, NET OF IMPAIRMENT LOSSES RECOGNISED

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impairment losses reversed on:				
— Other receivables	<u>—</u>	<u>410</u>	<u>180</u>	<u>1,375</u>

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:				
— obligation under finance leases	<u>1</u>	<u>4</u>	<u>3</u>	<u>14</u>
— lease liabilities	<u>245</u>	<u>—</u>	<u>381</u>	<u>—</u>
— other borrowings	<u>657</u>	<u>543</u>	<u>1,117</u>	<u>1,448</u>
— convertible bonds	<u>—</u>	<u>3,971</u>	<u>—</u>	<u>10,094</u>
	<u>903</u>	<u>4,518</u>	<u>1,501</u>	<u>11,556</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 nine months ended 30 September 2019 and 30 September 2018.

8. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: nil).

9. EARNINGS (LOSS) PER SHARE

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

	Three months ended		Nine months ended		
	30 September		30 September		
	2019	2018	2019	2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Profit (loss) for the period attributable to owners of the Company	<u>2,939</u>	<u>(10,623)</u>	<u>(9,252)</u>	<u>(23,922)</u>	
	<th>Three months ended</th> <th colspan="2">Nine months ended</th>		Three months ended	Nine months ended	
	30 September		30 September		
	2019	2018	2019	2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	
Number of shares					
Weighted average number of ordinary shares in issue	<u>2,332,332</u>	<u>3,170,160</u>	<u>2,332,332</u>	<u>3,170,160</u>	

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

Revenue

During the nine months ended 30 September 2019 (the “Reporting Period”), the Group recorded a revenue of approximately HK\$14,580,000 (nine months ended 30 September 2018: approximately HK\$16,692,000), approximately representing a 13% decrease as compared with the last corresponding period.

Results for the Reporting Period

The Group recorded a loss of approximately HK\$9,861,000 for the Reporting Period, as compared with a loss of approximately HK\$23,979,000 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) decrease in administrative and other operating expenses; and (iv) increase in gain on disposal of plant and equipment.

Catering Business

The segmental revenue of the catering business for the Reporting Period was approximately HK\$14,580,000 (nine months ended 30 September 2018: approximately HK\$16,692,000), representing a decrease of approximately 13% 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 launch a Korean restaurant under the name of Real Stone Grill which had commenced its operation in mid of June 2019. By providing a new dining experience in Korean cuisine and offering an affordable pricing with mid-range, it is expected to attract more local customers and visitors, especially the younger customers who are influenced by the Korean pop-culture to increase the revenue. During the period, the revenue contributed by Real Stone Grill achieved in growth steadily and intend to have a better performance than Chinese restaurant.

Securities Trading

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

CAPITAL STRUCTURE

There was change in the Company’s capital structure during the Reporting Period.

As at 30 September 2019, the Company's issued share capital was HK\$792,540 and the number of its issued ordinary shares was 79,254,000 shares of HK\$0.01 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 September 2019, the Group has 19% equity interest in Flame Soar Limited, which through a number of subsidiaries is engaged in the operation of high-end Chinese restaurant business, serving cantonese cuisine and provision of banquet catering services.

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\$41,861,000 (as at 31 December 2018: approximately HK\$31,229,000) including the bank balances and cash of approximately HK\$1,295,000 (as at 31 December 2018: approximately HK\$1,294,000).

As at 30 September 2019, the Group had other borrowings amounted to approximately HK\$14,505,000 (31 December 2018: approximately HK\$2,095,000) and obligations under finance leases of approximately HK\$132,000 (31 December 2018: approximately HK\$285,000). The gearing ratio, computed as total liabilities to total assets, is 0.85 at the end of the Reporting Period (31 December 2018: 0.67).

CHARGE ON GROUP'S ASSETS

As at 30 September 2019, the Company has pledged 70% equity interests of Able Wind Limited to secure an other borrowing of HK\$2,910,000 (as at 31 December 2018: HK\$1,000,000).

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

As at 30 September 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.

Save as disclosed in this announcement, the Group did not have any other material acquisition and disposal of subsidiaries and affiliated companies for the nine months ended 30 September 2019.

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.

Since the protests had started in June 2019, the slump in tourist arrivals resulted in weak sales performance in the second quarter in Hong Kong. Mainland tourist arrivals in Hong Kong started to report a negative growth on a year-on-year basis in July after 17 months of consecutive positive growth and this downward trend has continued to deteriorate. The reduction of opening hours at some of shopping malls have also contributed to the decline. In view of the uncertain operating environment in Hong Kong, the Group would adopt different approaches to tackle the challenges during this difficult period.

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.

Acquisition of Red Rice

On 9 August 2019, Permanent Master Limited, a wholly-owned subsidiary of the Company (the “Purchaser”) as the Purchaser entered in to a memorandum of understanding with Favorable Profit Development Limited (the “Vendor”) in relation to the acquisition (the “Acquisition”) by the Company from the Vendor of 80% of the entire issued shares capital of the target companies (the “Sales Shares”). The target companies operate chain Hong Kong-style restaurant under a brand, namely “Red Rice”.

On 4 October 2019, the Purchaser and the Vendor entered into a sale and purchase agreement pursuant to which, among other things, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of HK\$12,000,000, which shall be settled by (i) way of payment in cash; and (ii) the issuance of the promissory notes. Upon completion of the Acquisition, the target companies will become subsidiaries of the Company.

Given that one of the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Acquisition and the transactions contemplated thereunder. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement no Shareholder has a material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

For details, please refer to the announcements of the Company dated 9 August 2019, 4 October 2019 and 28 October 2019.

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 certain suppliers (for amounts due and owing in the Small Claims Tribunal) (the “Small Claim Cases”). The management company of Fooklore is assisting to involve in negotiations with the respective claimants for settlement. 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 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 litigation matters of material importance wherever appropriate or necessary.

GEM Listing Rule 17.26

As disclosed in the announcement of the Company dated 16 August 2019, the Company has received a letter dated 16 August 2019 from the Exchange (the “Letter”), which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the listing department of the Exchange has decided to suspend trading in the shares of the Company under Rule 9.04(3) of the GEM Listing Rules and proceed with cancellation of the Company’s listing under Rule 9.14 of the GEM Listing Rules (the “Decision”). Pursuant to the Letter, in view of the Decision, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules and it will have a remedial period of 12 months to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the 12-month period, the Exchange will proceed with cancellation of the Company’s listing.

On 27 August 2019, the Company filed an application for a review by the GEM listing committee in relation to the Decision. Further announcements will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules. Shareholders who have any queries about the implications of the Exchange’s notice of proceeding to cancel the Company’s listing are advised to obtain appropriate professional advice.

For details, please refer to the announcements of the Company dated 16 August 2019 and 27 August 2019.

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

As at 30 September 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 Shares and underlying Shares of HK\$0.01 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	3,437	–	3,437	0.004%

Save as disclosed above, as at 30 September 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.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Save as disclosed under section "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, as at 30 September 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 nine months ended 30 September 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 September 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.

Competing Interests

The Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company established an audit committee (the “Audit Committee”) on 10 June 2003 with latest revised written terms of reference adopted on 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 third quarterly results for the nine months ended 30 September 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, 12 November 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.