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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report (the “**Annual Report**”) of Chinese Food And Beverage Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Annual Report.

SIGNIFICANT INVESTMENT

Reference is made to the sub-section headed “SIGNIFICANT INVESTMENTS” under the section headed “Management Discussion and Analysis” of the Annual Report. The Board would like to provide additional information regarding significant investment of the Company pursuant to Rule 18.41(4A) of the GEM Listing Rule.

As at 31 December 2019, the Group held unlisted equity investment of 19% equity interests in Flame Soar Limited, a company incorporated in the British Virgin Island with limited liability, at fair value through profit or loss amounting to approximately HK\$25.6 million. Details of such investment are set out below:

| | |
|---|--|
| Name of investee company: | Flame Soar Limited (“ Flame Soar ”) |
| Principal businesses of the underlying company: | operating high-end Chinese restaurants serving high-quality Cantonese cuisine |
| Number of shares held: | 19 |
| Percentage of share capital owned by the Group: | 19% |
| Investment cost: | HK\$33,209,000 |
| Carrying amount as at 1 January 2019: | HK\$39,801,000 |

| | |
|---|----------------|
| Unrealized loss on change in fair value for the year ended 31 December 2019: | HK\$14,239,000 |
| Carrying amount as at 31 December 2019: | HK\$25,562,000 |
| Dividend received for the year ended 31 December 2019: | HK\$380,000 |
| Total asset ratio, express as the carrying amount of the investment to total assets of the Group at 31 December 2019: | 55.4% |

Pursuant to the unaudited consolidated management accounts of Flame Soar, it recorded revenue of approximately HK\$122 million and total comprehensive loss of approximately HK\$12 million. Flame Soar is facing challenging in its food and beverage business due to certain distance restrictions imposed by the Hong Kong Government as a result of the outbreak of COVID-19 in early 2020.

The Group holds the investment for capital appreciation and believes that the future prospect of Flame Soar is positive in view of its long established brand. There was no acquisition or disposal of the equity interest in Flame Soar during the year.

Save as disclosed above, there were no other significant investments held by the Group as at 31 December 2019. The above additional information does not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

By order of the Board
CHINESE FOOD AND BEVERAGE GROUP LIMITED
Chow Cheuk Hang
Executive Director

Hong Kong, 7 August 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company’s website at www.cfbgroup.com.hk.