CHINESE FOOD AND BEVERAGE GROUP LIMITED
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8272)

ANNUAL RESULTS ANNOUNCEMENT FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 Stock 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 that there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

The board of Directors of the Company (the "Board") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the eight months ended 31 December 2013 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the eight months ended 31 December 2013

	Notes	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000 (Restated)
Continuing operations			
Turnover	5	**29,064**	41,526
Revenue	6	**27,214**	36,226
Cost of sales		**(25,607)**	(28,870)
Gross profit		**1,607**	7,356
Other operating income	7	**4,924**	3,559
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	14	**(1,599)**	–
Change in fair value of held-for-trading investments		**6,879**	(5,119)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	14	**74,584**	1,506
Change in fair value of derivative financial assets		**14,075**	277
Impairment loss recognised in respect of available-for-sale financial assets		**(500)**	–
Impairment loss recognised in respect of assets classified as held for sale		**–**	(2,967)
Written-off in respect of inventories		**(1,063)**	–
Impairment loss recognised in respect of other receivables/ deposit paid	15	**(28,225)**	(30)
Reversal of impairment loss in respect of loan receivables		**30,000**	–
Gain on settlement of loan and loan interest receivables		**2,209**	–
Reversal of impairment loss in respect of other receivables	15	**1,791**	–
Gain on disposal of a subsidiary		**1,529**	–
Administrative expenses		**(50,351)**	(29,225)
Finance costs	8	**(48,547)**	(705)
Profit (loss) before tax		**7,313**	(25,348)
Income tax expense	9	**(1,453)**	–
Profit (loss) for the period/year from continuing operations	10	**5,860**	(25,348)
Discontinued operation			
Loss for the period/year from discontinued operation	11	**(45)**	(535)
Profit (loss) for the period/year		**5,815**	(25,883)

	Notes	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000 (Restated)
Profit (loss) for the period/year attributable to owners of the Company			
– from continuing operations		**5,873**	(24,733)
– from discontinued operation		**(45)**	(535)
		5,828	(25,268)
Loss for the period/year attributable to non-controlling interests			
– from continuing operations		**(13)**	(615)
Profit (loss) for the period/year		**5,815**	(25,883)
Attributable to:			
Owners of the Company		**5,828**	(25,268)
Non-controlling interests		**(13)**	(615)
		5,815	(25,883)
Earnings (loss) per share attributable to owners of the Company for the period/year	13		
From continuing and discontinued operation(s)			
Earnings (loss) per share			
– basic		**HK1.15 cents**	HK(5.82) cents
– diluted		**HK1.14 cents**	HK(5.82) cents
From continuing operations			
Earnings (loss) per share			
– basic		**HK1.16 cents**	HK(5.70) cents
– diluted		**HK1.15 cents**	HK(5.70) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eight months ended 31 December 2013

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Profit (loss) for the period/year	**5,815**	(25,883)
Other comprehensive expense		
Item that has been reclassified to profit or loss:		
Realisation of translation reserve upon disposal of a subsidiary	**(1,529)**	–
Total comprehensive income (expenses) for the period/year	**4,286**	(25,883)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**4,299**	(25,268)
Non-controlling interests	**(13)**	(615)
	4,286	(25,883)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
Non-current assets			
Plant and equipment		**15,592**	3,438
Available-for-sale financial assets		**–**	500
Deposits paid		**20,000**	40,000
Loan receivables – non-current portion		**86,498**	–
Convertible instruments designated as financial assets at fair value through profit or loss	14	**274,491**	11,006
		396,581	54,944
Current assets			
Inventories		**2,071**	620
Trade and other receivables	15	**12,713**	46,531
Derivative financial assets		**15,180**	1,460
Loan receivables – current portion		**–**	2,500
Held-for-trading investments		**48,358**	8,148
Bank balances and cash		**21,909**	2,534
		100,231	61,793
Assets classified as held for sale		**–**	30,820
		100,231	92,613
Current liabilities			
Trade and other payables	16	**81,037**	52,175
Other borrowings	17	**311,300**	3,800
Obligation under finance lease		**60**	58
Income tax payable		**9,661**	9,661
		402,058	65,694
Liabilities directly associated with assets classified as held for sale		**–**	820
		402,058	66,514
Net current (liabilities) assets		**(301,827)**	26,099
Total assets less current liabilities		**94,754**	81,043
Non-current liabilities			
Convertible bonds		**–**	6,236
Obligation under finance lease		**–**	40
Deferred tax liability		**1,453**	–
Deferred income		**255**	–
		1,708	6,276
Net assets		**93,046**	74,767
Capital and reserves			
Share capital		**5,284**	4,669
Reserves		**88,915**	71,238
Equity attributable to owners of the Company		**94,199**	75,907
Non-controlling interests		**(1,153)**	(1,140)
Total equity		**93,046**	74,767

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the eight months ended 31 December 2013

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Convertible bonds reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 May 2012	4,324	226,435	814	1,529	–	–	(141,527)	91,575	(525)	91,050
Loss and total comprehensive expenses for the year	–	–	–	–	–	–	(25,268)	(25,268)	(615)	(25,883)
Issue of Convertible Bonds C	–	–	–	–	6,364	–	–	6,364	–	6,364
Transaction costs attributable to Convertible Bonds C	–	–	–	–	(290)	–	–	(290)	–	(290)
Issue of shares upon conversion of Convertible Bonds C	345	5,617	–	–	(2,436)	–	–	3,526	–	3,526
Transfer upon lapse of share options	–	–	(814)	–	–	–	814	–	–	–
At 30 April 2013	4,669	232,052	–	1,529	3,638	–	(165,981)	75,907	(1,140)	74,767
Profit for the period	–	–	–	–	–	–	5,828	5,828	(13)	5,815
Other comprehensive expense										
Item that has been reclassified to profit or loss:										
Realisation of translation reserve upon disposal of a subsidiary	–	–	–	(1,529)	–	–	–	(1,529)	–	(1,529)
Total comprehensive (expenses) income for the period	–	–	–	(1,529)	–	–	5,828	4,299	(13)	4,286
Issue of non-listed warrants	–	–	–	–	–	1,030	–	1,030	–	1,030
Transaction costs attributable to non-listed warrants	–	–	–	–	–	(41)	–	(41)	–	(41)
Issue of shares upon conversion of Convertible Bonds C	515	9,127	–	–	(3,638)	–	–	6,004	–	6,004
Issue of shares upon exercise of non-listed warrants	100	6,996	–	–	–	(96)	–	7,000	–	7,000
At 31 December 2013	5,284	248,175	–	–	–	893	(160,153)	94,199	(1,153)	93,046

1. GENERAL

Chinese Food and Beverage Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are 4/F, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

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

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") were catering business, food manufacturing and securities investments.

2. BASIS OF PREPARATION

At 31 December 2013, the Group had net current liabilities of approximately HK$301,827,000. In addition, as explained in Notes 16 and 17 to this announcement, the term loan of approximately HK$300,000,000 (the "Term Loan") and its accrued interest of approximately HK$12,355,000 was due on 3 December 2013 (the"Maturity Date"). The Group failed to repay the Term Loan and its accrued interest on the Maturity Date and the Term Loan together with certain accrued interest has not been settled up to the date of this announcement. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, these consolidated financial statements of the Group have been prepared on a going concern basis.

In the opinion of the directors of the Company (the "Directors"), the Group is able to operate as a going concern in the coming year after taking into consideration the following measures:

(a) As disclosed in the Company's announcement dated 26 November 2013, on 22 November 2013, the Company entered a loan facilities arranged by China Merchants Securities (HK) Company Limited (as arranger, agent and "Security Trustee") and China Merchants Securities Investment Management (HK) Co., Limited (as original lender) to the Company in the aggregate amount of HK$225 million (the "Bridge Loan") for a period of six months. The purpose of the Bridge Loan is towards for the repayment of the Term Loan.

(b) At the end of February 2014, the Group has applied to increase the Bridge Loan from HK$225 million to HK$300 million for the full repayment of the Term Loan which has been due on the Maturity Date. China Merchants Securities (HK) Company Limited agreed the increase and issue a draft facility letter of HK$300 million (the "Revised CMS Bridging Loan"). The board of directors of the Company (the "Board") has approved the loan facilities for the Revised CMS Bridging Loan on 6 March 2014.

(c) As disclosed in the Company's announcement dated 26 November 2013, the Company has entered into a subscription agreement with China Merchants Securities Investment Management (HK) Co., Limited ("CMS") and the parties of the guarantors (including certain subsidiaries of the Company and Professional Guide Enterprise Limited (the "SPV") (the "Guarantors") on 22 November 2013 (the "Subscription Agreement") in relation to the proposed issue of the secured convertible bonds by the Company at an aggregate principal amount of US$25 million (the "CMS CB"). Pursuant to the Subscription Agreement, the Company shall use all the proceeds from the issue of the CMS CB to repay part of the principal amount and all accrued and unpaid interest and fees and any other amounts (including break fees and other penalties) payable under the Bridge Loan in accordance with the terms of the Bridge Loan. Based on the fixed exchange rate of US$1 to HK$7.7518, the gross proceeds from the issue of the CMS CB of approximately HK$193,795,000 shall be applied in full to repay the Bridge Loan. Related expenses of approximately HK$10,330,000 shall be borne by the Company. Taking into account the expenses borne by the Company, the estimated net proceeds from the issue of the CMS CB will therefore be approximately HK$183,465,000, representing a net conversion price of approximately HK$0.53 per conversion share for 346,062,500 shares of the Company.

(d) As disclosed in the Company's announcement dated 27 January 2014, the Company, CMS and Coqueen Company Limited ("Coqueen") entered into the memorandum of understanding ("MOU") on 27 January 2014. The term of MOU, which is subject to final agreement, is increase the principal amount of CMS CB from US$25 million to US$37.5 million.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2013. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the eight months ended 31 December 2013 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

3. CHANGE OF FINANCIAL YEAR END DATE

During the current financial period, the reporting period end date of the Group was changed from 30 April to 31 December to align with the norm of financial year end date in the market and the financial year end date of Fook Lam Moon Restaurant Limited ("FLM HK") and Fook Lam Moon (Kowloon) Limited ("FLM Kowloon"). Details of which are set out in the Company's announcement dated 18 October 2013. Accordingly, the consolidated financial statements for the current period cover the eight-month period from 1 May 2013 to 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes covered a twelve-month period from 1 May 2012 to 30 April 2013 and therefore may not be comparable with amounts shown for the current period.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND INTERNATIONAL ACCOUNTING STANDARDS ("IASs")

In the current period, the Group has applied the following new and revised standards, amendments and interpretations ("New and Revised IFRSs") and IASs, issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

Amendments to IFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC* – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretation Committee

Except as described below, the application of the new and revised IFRSs and IASs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current period. The amendments to IFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set-off in accordance with IAS 32 *Financial Instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set-off in accordance with IAS 32.

The amendments to IFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current period, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance. IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC Int–12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee; (b) it is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the year ended 30 April 2013 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to IAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised IFRSs and IASs issued but not yet effective

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

Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[2]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[4]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC – Interpretation ("Int") 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

4 Effective for annual period beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010–2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2010–2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011–2013 Cycle

The *Annual Improvements to IFRSs 2011–2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2011–2013 Cycle* will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in fair value of financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The Directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to IAS 36 will have a significant impact on the Group's consolidated financial statements.

5. TURNOVER

Turnover represents the gross proceeds received and receivable from catering business, food manufacturing and securities trading from continuing operations during the period/year.

An analysis of the Group's turnover from continuing operations for the period/year is as follows:

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Continuing operations		
Turnover		
Chinese restaurant operation	**24,219**	31,615
Food manufacturing	**2,816**	–
Gross proceeds from disposal of investment held-for-trading	**2,029**	9,911
	29,064	41,526

6. SEGMENT INFORMATION

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

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

Catering business	–	the operation of a Chinese restaurant in Hong Kong
Food manufacturing	–	produce food products
Securities investments	–	the trading of securities

During the eight months ended 31 December 2013, the Group has been engaged in the business of food manufacturing and is regarded as a new business segment of the Group.

An operating segment regarding the sales of electronic products was discontinued in the current period. The segment information reported does not include any amounts for the discontinued operation.

(a) Segment revenues and results

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

	Catering business		Food manufacturing		Securities investments		Total	
	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000 (restated)
Turnover – gross proceeds	**24,219**	31,615	**2,816**	–	**2,029**	9,911	**29,064**	41,526
Segment revenue – from external customers	**24,219**	31,615	**2,816**	–	**179**	4,611	**27,214**	36,226
Segment result	**503**	(3,171)	**(14,159)**	–	**20,810**	(24)	**7,154**	(3,195)
Interest income							**4,626**	3,160
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss							**(1,599)**	–
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss							**74,584**	1,506
Unallocated change in fair value of derivative financial assets							**–**	(583)
Impairment loss recognised in respect of assets classified as held for sale							**–**	(2,967)
Impairment loss recognised in respect of available-for-sale financial assets							**(500)**	–
Impairment loss recognised in respect of other receivables/deposit paid							**(28,225)**	(30)
Reversal of impairment loss in respect of loan receivables							**30,000**	–
Gain on settlement of loan and loan interest receivables							**2,209**	–
Reversal of impairment loss in respect of other receivables							**1,791**	–
Loss on written-off of plant and equipment							**(141)**	(630)
Gain on bargain purchase							**–**	31
Gain on disposal of a subsidiary							**1,529**	–
Finance costs							**(48,547)**	(705)
Unallocated corporate income							**298**	368
Unallocated corporate expenses							**(35,866)**	(22,303)
Profit (loss) before tax							**7,313**	(25,348)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of certain interest income, loss on redemption/change in fair value of convertible instruments designated as financial assets at fair value through profit or loss, certain change in fair value of derivative financial assets, gain on settlement/impairment loss recognised/reversal of impairment loss in respect of loan and loan interest receivables/other receivables, loss on written-off of plant and equipment, gain on bargain purchase, finance costs, certain other income, central administration costs and directors' emoluments. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

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

	Catering business		Food manufacturing		Securities investments		Total	
	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000	**At 31 December 2013 HK$'000**	At 30 April 2013 HK$'000	**At 31 December 2013 HK$'000**	At 30 April 2013 HK$'000	**At 31 December 2013 HK$'000**	At 30 April 2013 HK$'000 (restated)
ASSETS								
Segment assets	**23,973**	43,486	**14,225**	–	**63,652**	10,700	**101,850**	54,186
Unallocated corporate assets								
– AFS financial assets							**–**	500
– Convertible instruments designated as financial assets at fair value through profit or loss							**274,491**	11,006
Certain derivative financial assets							**–**	355
– Assets classified as held for sale							**–**	30,820
– Others							**120,471**	49,560
							496,812	146,427
Assets relating to discontinued operation							**–**	1,130
Consolidated assets							**496,812**	147,557
LIABILITIES								
Segment liabilities	**43,190**	43,643	**4,286**	–	**–**	5	**47,476**	43,648
Unallocated corporate liabilities								
– Income tax payable							**9,661**	9,661
– Convertible bonds							**–**	6,236
– Other borrowings							**311,300**	3,800
– Liabilities directly associated with assets classified as held for sale				–			**–**	820
– Others							**35,329**	8,625
Consolidated liabilities							**403,766**	72,790

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

- all assets are allocated to operating segments other than AFS financial assets, certain other receivables, convertible instruments designated as financial assets at fair value through profit or loss, loans receivables, certain derivative financial assets, bank balances and cash, assets classified as held for sale and certain plant and equipment; and

- all liabilities are allocated to operating segments other than other borrowings, obligation under finance lease, convertible bonds, income tax payable, other borrowings and certain other payables.

(c) Other segment information - from continuing operations

	Catering business		Food manufacturing		Securities investments		Unallocated		Total	
	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000	**Eight months ended 31 December 2013 HK$'000**	Year ended 30 April 2013 HK$'000 (restated)
Amount included in the measure of segment results or segment assets:										
Additions to plant and equipment	**457**	1,463	**14,597**	–	**–**	491	**115**	–	**15,169**	1,954
Depreciation of plant and equipment	**364**	430	**2,050**	–	**35**	94	**149**	601	**2,598**	1,125
Loss on disposal of plant and equipment	**–**	370	**–**	–	**200**	–	**–**	–	**200**	370
Loss on written-off of plant and equipment	**–**	–	**–**	–	**–**	–	**141**	630	**141**	630
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:										
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**1,599**	–	**1,599**	–
Change in fair value of held-for-trading investments	**–**	–	**–**	–	**(6,879)**	5,119	**–**	–	**(6,879)**	5,119
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(74,584)**	(1,506)	**(74,584)**	(1,506)
Change in fair value of derivative financial assets	**–**	–	**–**	–	**(14,075)**	(860)	**–**	583	**(14,075)**	(277)
Impairment loss recognised in respect of available-for–sale financial assets	**–**	–	**–**	–	**–**	–	**500**	–	**500**	–
Impairment loss recognised in respect of assets classified as held for sale	**–**	–	**–**	–	**–**	–	**–**	2,967	**–**	2,967
Written-off in respect of inventories	**–**	–	**1,063**	–	**–**	–	**–**	–	**1,063**	–
Impairment loss recognised in respect other receivables/deposit paid	**–**	–	**–**	–	**–**	–	**28,225**	30	**28,225**	30
Reversal of impairment loss in respect of loan receivables	**–**	–	**–**	–	**–**	–	**(30,000)**	–	**(30,000)**	–
Gain on settlement of loan and loan interest receivables	**–**	–	**–**	–	**–**	–	**(2,209)**	–	**(2,209)**	–
Reversal of impairment loss in respect of other receivables	**–**	–	**–**	–	**–**	–	**(1,791)**	–	**(1,791)**	–
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**(1,529)**	–	**(1,529)**	–
Finance costs	**–**	–	**–**	–	**–**	–	**48,547**	705	**48,547**	705
Interest income	**–**	–	**–**	–	**–**	–	**(4,626)**	(3,160)	**(4,626)**	(3,160)
Gain on bargain purchase	**–**	–	**–**	–	**–**	–	**–**	(31)	**–**	(31)

(d) Geographical information

For the eight months ended 31 December 2013 and year ended 30 April 2013, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

None of the customers contributing over 10% of the total turnover of the Group for the eight months ended 31 December 2013 and for the year ended 30 April 2013.

7. OTHER OPERATING INCOME

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Continuing operations		
Interest income from:		
– bank deposits	**–**	1
– loans receivables	**3,091**	101
– other receivables	**1,067**	2,265
– convertible instruments designated as financial assets at fair value through profit or loss	**468**	793
Gain on bargain purchase	**–**	31
Purchase of plant and equipment at nil consideration	**64**	–
Others	**234**	368
	4,924	3,559

8. FINANCE COSTS

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000 (Restated)
Continuing operations		
Interest expenses on:		
– other borrowings wholly repayable within five years	**42,424**	283
– non-convertible bonds	**–**	301
– convertible bonds	**123**	121
Agency fee for obtaining other borrowings	**6,000**	–
	48,547	705

9. INCOME TAX EXPENSE

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Continuing operations		
Hong Kong Profits Tax		
– Current period/year	**–**	–
Deferred taxation		
– Current period/year	**1,453**	–
	1,453	–

The Company is an exempted company incorporated in the Cayman Islands, as such it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

Hong Kong Profits tax is calculated at 16.5% of the assessable profits for both period/year. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the eight months ended 31 December 2013 (Year ended 30 April 2013: Nil).

10. PROFIT (LOSS) FOR THE PERIOD/YEAR

Profit (loss) for the period/year from continuing operations has been arrived at after charging:

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000 (Restated)
Continuing operations		
Staff costs (including directors' and chief executives' emoluments:		
– salaries, bonuses and allowances	**14,193**	18,876
– retirement benefit scheme contributions	**588**	955
	14,781	19,831
Auditor's remuneration		
– Annual audit service	**550**	450
– Other audit service	**985**	–
Cost of inventories recognised as expenses	**11,373**	11,056
Depreciation of plant and equipment	**2,598**	1,125
Loss on disposal of plant and equipment	**200**	370
Loss on written-off of plant and equipment	**141**	630
Operating lease rentals in respect of rented premises	**6,707**	6,141
Legal and professional fee	**21,158**	1,765

11. DISCONTINUED OPERATION

During the eight months ended 31 December 2013, the Group ceased the operating segment of electronic products in order to focus the Group's resources in its remaining businesses. The loss for the period/year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the electronic product operation as a discontinued operation.

Loss for the period/year from discontinued operation including the following:

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Depreciation of plant and equipment	**26**	39
Operating lease rentals in respect of rented premises	**–**	360

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Loss for the period/year from discontinued operation	**(45)**	(535)

The results of sale of electronic product operation for the period/year, which have been included in the consolidated statement of profit or loss, were as follows:

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Turnover	**–**	981
Revenue	**–**	981
Cost of sales	**–**	(945)
Gross profit	**–**	36
Administrative expenses	**(43)**	(566)
Finance costs	**(2)**	(5)
Loss for the period/year from discontinued operation	**(45)**	(535)

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Cash flows from discontinued operation		
Net cash flows from operating activities	**979**	809
Net cash flows from (used in) investing activities	**1**	(919)
Net cash used in financing activities	**(980)**	(45)
Net cash outflow	**–**	(155)

12. DIVIDENDS

No dividend was paid or proposed during the eight months ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (Year ended 30 April 2013: Nil).

13. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Profit (loss) for the period/year attributable to owners of the Company for the purposes of basic earnings (loss) per share	**5,828**	(25,268)
Effect of dilutive potential ordinary shares:		
– Interest expenses on convertible bonds (Note)	**123**	–
Profit (loss) for the purposes of diluted earnings (loss) per share	**5,951**	(25,268)

	Number of shares	
	Eight months ended 31 December 2013 '000	Year ended 30 April 2013 '000
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**508,033**	434,057
Effect of dilutive potential ordinary shares (Note):		
– Non-listed warrants	**538**	–
– Convertible bonds	**11,353**	–
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**519,924**	434,057

From continuing operations

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

	Eight months ended 31 December 2013 HK$'000	Year ended 30 April 2013 HK$'000
Profit (loss) for the period/year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**5,828**	(25,268)
Less: Loss for the period/year from discontinued operation	**(45)**	(535)
	5,873	(24,733)
Effect of dilutive potential ordinary shares		
– Interest expenses on convertible bonds (Note)	**123**	–
Profit (loss) for the purposes of diluted earnings (loss) per share	**5,996**	(24,733)

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the eight months ended is HK0.01 cents (Year ended 30 April 2013: HK0.12 cents per share), based on the loss for the eight months ended 31 December 2013 from the discontinued operation approximately of HK$45,000 (Year ended 30 April 2013: HK$535,000) and the denominators detailed above for both basic and diluted loss per share.

Note:

The computation of diluted loss per share for the year ended 30 April 2013 does not assume the conversion of the Company's outstanding share options and convertible bonds since their exercise would result in a decrease in loss per share for the period which is regarded as anti-dilutive.

14. CONVERTIBLE INSTRUMENTS DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
Unlisted instrument issued by a British Virgin Island/Hong Kong private companies		
– Convertibles bonds mature over one year	**274,491**	11,006
Analysed for reporting purpose, at fair value, as follows:		
– Non-current assets	**274,491**	11,006

The movement of the convertible instruments designated as financial assets at fair value through profit or loss are as follows:

	HK$'000
At 1 May 2012	–
Additions (Note b)	9,500
Fair value gain (Note b)	1,506
At 30 April 2013	11,006
Additions (Note c)	200,000
Fair value gain	74,584
Redemption (Note b)	(9,500)
Loss on redemption (Note b)	(1,599)
At 31 December 2013	**274,491**

The details of the convertible instruments designated as financial assets at fair value through profit and loss are stated as follows:

	Convertible Bonds A (Note a)	**Convertible Bonds B** (Note b)	**SPV Convertible Bonds** (Note c)
Date of issue	8 November 2010	20 August 2012	4 June 2013
Coupon rate	0%	12%	0%
Maturity date	8 November 2013	31 August 2015	4 June 2016
Principal amount	HK$35,154,000	HK$9,500,000	HK$200,000,000

(a) On 8 November 2010, the Group subscribed convertible bonds, with total principal amount of HK$35,154,000 with zero interest, issued by Cheong Tat at the subscription price of HK$35,154,000 (the "Convertible Bonds A").

Fair values of the Convertible Bonds A of HK$36,014,000 as at 30 April 2011 had been determined with reference to the valuation performed by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group, using the Binominal Option Pricing Model (the "Binominal Model").

On 27 April 2012, the Group had requested Cheong Tat International Development Limited ("Cheong Tat") to redeem the entire outstanding principal amount of the Convertible Bonds A as Cheong Tat failed to repay the loan which constitutes an event of default under the terms of the Convertible Bonds A. The Directors considered that the likelihood of recovery of the outstanding principal amount of the Convertible Bonds A was very remote and fair value loss of HK$36,014,000 relates to the Convertible Bonds A has been recognised during the year ended 30 April 2012. The Group has not reached any deed of settlement in relation to Convertible Bonds A with Cheong Tat during the eight months ended 31 December 2013.

(b) On 30 July 2012, the Group entered into a subscription agreement with Teamedics Enterprise (Holdings) Company Limited ("Teamedics") in subscribing convertible bonds, with total principal amount of HK$9,500,000 with interest rate at 12% per annum, issued by Teamedics at the subscription price of HK$9,500,000 (the "Convertible Bonds B"). The subscription was completed and the Convertible Bonds B was issued to the Group on 20 August 2012.

The Convertible Bonds B can be converted into new ordinary shares of Teamedics, up to approximately 16.6% of the enlarged equity interest in Teamedics, at any time within a period from the date of issue to fifth business day before maturity date on 31 August 2015 (the "Conversion Period"), at a conversion price of HK$9.5 per share.

During the Conversion Period and on the maturity date, the Group shall be able to request Teamedics to redeem in cash at redemption amount equal to 100% of the principal amount of its entirely or any part of the outstanding principal amount of the Convertible Bonds B.

The Group has not converted any Convertible Bonds B into new ordinary shares of Teamedics during the year ended 30 April 2013.

At 30 April 2013, the Directors are of the opinion that the fair value of the Convertible Bonds B was approximately HK$11,006,000 with reference to the valuation performed by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent professional valuer, using the Binomial Model and the fair value gain of approximately HK$1,506,000 was recognised in profit or loss for the year ended 30 April 2013.

On 23 September 2013, the Group has requested Teamedics to redeem the Convertible Bonds B in full and the redemption has been completed on 27 September 2013.

(c) The Group has entered into convertible bonds subscription agreement (the "CB Subscription Agreement") with the Parties for subscribing the convertible bonds issued by the SPV in the principal amount of HK$200 million (the "SPV Convertible Bonds"). An approval has been obtained from the extraordinary general meeting which held on 7 May 2013 and the SPV Convertible Bonds was issued to the Group on 4 June 2013. The earnest deposit of HK$20,000,000 as at 30 April 2013 was untilised as the partial settlement of the consideration for the subscription of the SPV Convertible Bonds during the eight months ended 31 December 2013. Pursuant to the CB Subscription Agreement, in the event that the SPV Convertible Bonds are converted in full at the conversion price of HK$20,000 per SPV conversion share, a total of 10,000 SPV conversion shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. The detailed information has been published in the Company's circular dated 20 April 2013. On 30 September 2013, the exercise of the conversion rights attached to the SPV Convertible Bonds was resolved by the Board (the "Conversion"). Pursuant to the SPV CB Subscription Agreement, an shareholders' agreement to be entered into between Coqueen and the Group in relation to the SPV shall be executed by Coqueen (or its subsidiary) following the SPV Restructuring (as defined in the announcement of the Company dated 18 October 2013) and Rich Paragon Limited (an indirect wholly-owned subsidiary of the Company) forthwith upon the Conversion is completed in full. At 31 December 2013, the Conversion has not been completed. At 31 December 2013, the SPV Convertible Bonds has been pledged for certain other borrowings as detailed in Note 17(c) to this announcement.

Fair values of the SPV Convertible Bonds approximately of HK$274,491,000 as at 31 December 2013 had been determined with reference to the valuation performed by Grant Sherman, an independent qualified professional valuer not connected with the Group, using the Binominal Option Pricing Model (the "Binominal Model").

15. TRADE AND OTHER RECEIVABLES

	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
Trade receivables	**1,465**	1,829
Other receivables (Note d)	**34,700**	41,392
Prepayments and deposit	**4,803**	5,131
	39,503	46,523
Less: impairment loss recognised in respect of other receivables, prepayments and deposits	**(28,255)**	(1,821)
Other receivables, prepayments and deposit and deposits paid, net	**11,248**	44,702
	12,713	46,531

The Group allows a general credit period of 30 to 60 days to its customers of electronic products. The segment for electronic products has been ceased during the eight months ended 31 December 2013.

The sales in catering and food manufacturing business are mainly conducted in cash or by credit cards. Certain customers are granted credit period of 30 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.

At 31 December 2013, trade and other receivables for the amount of approximately HK$3,617,000 (30 April 2013: Nil) has been pledged for certain other borrowings as detailed in Note 17(c) to this announcement.

(a) An aged analysis of trade receivables, net of impairment loss recognised presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates is as follow:

	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
0 – 30 days	**559**	476
31 – 60 days	**267**	196
61 – 90 days	**128**	37
91 – 120 days	**73**	35
More than 120 days but less than one year	**333**	1,085
More than one year but less than two years	**105**	–
	1,465	1,829

(b) The movement of impairment losses recognised in respect of other receivables and deposits is as follows:

	HK$'000
At 1 May 2012	1,791
Impairment losses recognised during the year	30
At 30 April 2013	1,821
Impairment losses recognised during the period	28,225
Amounts recovered during the period	(1,791)
At 31 December 2013	**28,255**

At 30 April 2013, included in impairment loss are individually impaired other receivables with an aggregate balance of approximately HK$1,791,000 recognised due to the financial difficulties of Cheong Tat. As detailed in this announcement, as the settlement shares has been received by the Group, an amount of approximately HK$1,791,000 for the accrued interest of the Loan included in the other receivables has been reversed during the eight months ended 31 December 2013.

(c) At 31 December 2013 and 30 April 2013, the aging analysis of trade receivables that was past due but not impaired as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**30 days**	**31-60 days**	**61-90 days**	**More than 90 days**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2013	**1,465**	**536**	**202**	**122**	**167**	**438**
At 30 April 2013	1,829	476	196	37	35	1,085

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

(d) At 30 April 2013, included in other receivables was amount of approximately HK$37,459,000 due from Key Ally Limited ("Key Ally"), an independent third party not connected with the Group.

On 17 August 2011, Red Bloom Limited ("Red Bloom"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with Key Ally (the "MOU 1") in relation to the proposed acquisition of equity interest in 太原市漢波食品工業有限公司 ("Taiyuan Hanbo") to explore the food and beverage industry in PRC. Pursuant to the terms of the MOU 1, the earnest deposit of HK$44,000,000 without interest bearing was paid as deposit and partial payment of the consideration for the proposed investment. The MOU 1 had been expired on 13 February 2012.

On 7 May 2012, the Group had agreed with Key Ally to refund the entire earnest deposit and entered into a repayment agreement with Key Ally. Pursuant to the repayment agreement, the earnest deposit would be refunded to the Group by 16 monthly installments and carry a fixed interest rate of 5% per annum from 8 March 2012 to 31 August 2013. The outstanding balance was therefore reclassified from "deposits paid" to "other receivables" accordingly. Key Ally default payment after repayment of three installments to the Group during the year ended 30 April 2013.

Subsequent to the year ended 30 April 2013, Key Ally has repaid HK$1,200,000 and HK$7,000,000, to the Group on 6 May 2013 and 16 July 2013, respectively. Due to further repayment by Key Ally, the Group entered into revised repayment schedule with Key Ally on 16 July 2013. According to the revised repayment schedule, the outstanding balance amounting to approximately HK$29,838,000 as at 16 July 2013 will be extended for further one year with the interest rate remains unchanged.

As at 31 December 2013, the principal amounting to approximately HK$29,838,000 (30 April 2013: HK$37,459,000) and corresponding interest receivables amounting to approximately HK$687,000 (30 April 2013: HK$198,000) are still outstanding. Although Key Ally has repaid HK$1,800,000 and HK$500,000, to the Group on 5 February 2014 and 11 February 2014 respectively, the Directors considered that the recoverability was remote and therefore impairment of approximately HK$28,225,000 has been recognised in profit or loss during the eight months ended 31 December 2013 and the Group has determined not to accrue further interest income on the receivables of Key Ally with effect from 1 January 2014.

16. TRADE AND OTHER PAYABLES

	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
Trade payables	**5,335**	3,643
Other payables and accruals (Notes a, b and c)	**75,702**	48,532
	81,037	52,175

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	At 31 December 2013 HK$'000	At 30 April 2013 HK$'000
Within 30 days	**1,220**	1,126
31 – 60 days	**791**	907
61 – 90 days	**872**	862
91 – 120 days	**385**	156
More than 120 days but less than one year	**1,882**	592
More than one year but less than two years	**185**	–
	5,335	3,643

Payment terms granted by suppliers are generally 30 to 90 days (30 April 2013: 30 to 90 days) after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Notes:

(a) On 13 December 2012, the Group entered into a memorandum of understanding ("MOU2") with Magic Alliance Investment Limited ("Magic Alliance"), an independent third party not connected with the Group, pursuant to which Magic Alliance was interested to invest in FLM HK properties and FLM KLN properties to expand its property investment scope. The earnest deposit of HK$20,000,000 without interest bearing was received as a refundable deposit for future business opportunity in FLM HK properties and FLM KLN properties. The MOU2 will be expired in 6 months after the execution date of MOU2.

On 25 April 2013, the Group entered into a supplemental MOU2 and received additional refundable earnest deposit of HK$20,000,000 without interest bearing. As at 31 December 2013 and 30 April 2013, the Group has received deposits of HK$40,000,000 in total from Magic Alliance. Upon signing the supplemental MOU2, the Group extended the contract expiry date to 30 June 2014 in order to carry out due diligence and other investigations.

(b) At 30 April 2013, included in other payables is the earnest money of HK$1,000,000 received from Best Fortress Limited ("Best Fortress") for the potential disposal of Welford International Industrial Limited ("Welford"). The earnest money has been refunded to Best Fortress during the eight months ended 31 December 2013.

(c) The accrued interest for the Term Loan on the Maturity Date is approximately of HK$12,355,000. At 31 December 2013, included in other payables is the accrued interest payable of HK$18,105,000 for the lender as mentioned in Note 17(c) to this announcement.

17. OTHER BORROWINGS

All of the other borrowings are dominated in Hong Kong Dollars with fixed interest rate.

	Maturity date	Notes	**At 31 December 2013 HK$'000**	At 30 April 2013 HK$'000
Loan from independent third party payable within one year or on demand				
10% unsecured borrowing	2 August 2014	(a)	**3,800**	3,800
10% secured borrowing	30 September 2014	(b)	**6,500**	–
10% secured borrowing	31 October 2014	(b)	**1,000**	–
24% secured borrowing	3 December 2014	(c)	**300,000**	–
			311,300	3,800

Notes:

(a) On 2 August 2012, the Company has obtained a loan approximately of HK$3,800,000 from an independent third party. It was unsecured and carried interest at 10% per annum with an original maturity date of 2 August 2013. On 2 August 2013, with the same interest rate of 10% per annum, an extension has been granted by the lender for the repayment of the loan approximately of HK$3,800,000 and its accrued interest to 2 August 2014.

(b) Included in the Group's other borrowings balance are loan with aggregate carrying amount of HK$7,500,000 (30 April 2013: Nil) borrowed by a wholly-owned subsidiary of the Company. The Company has provided corporate guarantee for that borrowing. At 31 December 2013, one (year ended 30 April 2013: Nil) of directors of the Company is the common director of the lender and the Company.

(c) Included in the Group's other borrowings was the Term Loan with principal amount of HK$300,000,000 obtained from an independent third party (30 April 2013: Nil). Various assets of the Group were pledged to the lender including the share mortgage of certain subsidiaries of the Company and the first floating charge of the SPV Convertible Bonds (collectively known as the "Charged Assets"). The Term Loan was exclusively for the purpose of acquisition of FLM business through the acquisition of SPV Convertible Bonds as detailed in Note 14(c) to this announcement and the grant of SPV Shareholder Loan.

Although the Maturity Date of the Term Loan was 3 December 2013, the Company failed to repay the Term Loan and its accrued interest on the Maturity Date. The delay in payment constituted as an event of default according to the debenture agreement entered between the Company and the lender dated 4 June 2013 (the "Debenture Agreement"). Up to the date of this announcement, the negotiations had not been concluded and no formal written agreement has been signed with the lender. According to the Debenture Agreement, on the happening of event of default, the floating charges attached on the Charged Assets become fixed without any notice from the lender. The Directors considered that as the lender has not taken any action to take over the Charged Assets up to the date of this announcement, the Group has maintained effective control on the Charged Assets and the Directors are confident that their negotiations with the lender will ultimately reach a successful conclusion. In addition, according to the loan agreement, the interest on an overdue amount is payable at 24% per annum. The default interest on the overdue amount shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 365-day year, shall be compounded with that overdue amount for such period considered appropriate by the lender but shall remain immediately due and payable.

The Directors considered that as the lender has not taken any action to take over the Charged Assets up to the date of this announcement, the Group has retained effective control on the Charged Assets and the Directors are confident that their negotiations with the lender will ultimately reach a successful conclusion.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited financial statements for the eight months ended 31 December 2013 which has included a disclaimer of opinion:

"BASIS FOR DISCLAIMER OF OPINION

Material fundamental uncertainties relating to going concern basis

As set out in the consolidated statement of profit or loss, the Group's current liabilities exceeded its current assets by approximately HK$301,827,000. In addition, as explained in Notes 30 and 31 to the consolidated financial statements, the Term Loan and its accrued interest of approximately HK$12,355,000 was due on the Maturity Date. The Group failed to repay the term loan of approximately HK$300,000,000 (the "Term loan") and its accrued interest on the Maturity Date and up to the date of this report. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements for the eight months ended 31 December 2013. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

In view of well preparation of financial reports and better coordination with respective professional parties as well as to align with the norm of the financial year end date in the market and the financial year end date of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited, the financial year end date of the Company was changed from 30 April to 31 December in 2013. It should be noted that the 2013 financial information presented herein which covered the eight months from 1 May 2013 to 31 December 2013 are being compared with that for financial period which covered the twelve months ended 30 April 2013. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

Revenue

During the eight months ended 31 December 2013 (the "Reporting Period"), the turnover of the Group was approximately HK$29,064,000 (year ended 30 April 2013: HK$41,526,000 (restated)) representing approximately 30% decrease as compared with the last financial year. The decrease was due to the reduction in the securities investments segment. If the Reporting Period results are annualized, it would represent a slight increase as compared to the results of the last financial year.

Profit for the period

The Group recorded a profit of approximately HK$5,815,000 for the Reporting Period, as compared with a loss of approximately HK$25,883,000 of the last financial year. The profit for the Reporting Period was mainly due to (i) gain on change in fair value of held-for-trading investments (ii) the significant gain on change in fair value of the convertible instruments designated as financial assets at fair value through profit or loss and (iii) gain on change in fair value of derivative financial assets and these were compensated by increase in administrative expenses and finance costs.

Catering business

The Group has been expanding in the local catering business and commenced its operation of Guo Fu Lou (國福樓) since October 2012. The segmental turnover of the catering business for the Reporting Period was approximately HK$24,219,000 (year ended 30 April 2013: approximately HK$31,615,000). If the Reporting Period results are annualized, it will represent approximately 14% growth as compared with the last financial year.

Food manufacturing business

The Group built up its food manufacturing factory since May 2013 and launched the food manufacturing business since August 2013. The segmental turnover of HK$2,816,000 only reflects the trial manufacturing period turnover.

Securities investments

The Group has been principally engaged in local catering business and expanding our business into food manufacturing business. It is the Group's corporate strategy to explore other businesses with good business potential and growth prospects including but not limited to the securities investments in both the listed and unlisted companies.

During the Reporting Period, the Group recorded a gain on change in fair value of held-for-trading investments of approximately HK$6,879,000 (year ended 30 April 2013: a loss of HK$5,119,000), gain on change in fair value of derivative financial assets of approximately HK$14,075,000 (year ended 30 April 2013: approximately HK$277,000 (restated)) and gain on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK$74,584,000 (year ended 30 April 2013: approximately HK$1,506,000) which arisen from the convertible bonds of the holding company of Fook Lam Moon restaurants in the principal amount of HK$200,000,000.

CAPITAL STRUCTURE

During the Reporting Period, totaling 61,500,000 ordinary shares were allotted and issued as i) the convertible bonds holders exercised the conversion right attaching to the convertible bonds into 51,500,000 Company's ordinary shares at HK$0.18 per share, and ii) a warrant holder exercised the subscription right attaching to the warrants into 10,000,000 Company's ordinary shares at HK$0.70 per share.

As at 31 December 2013, the Company's issued share capital was HK$5,283,600 and the number of its issued ordinary shares was 528,360,000 shares of HK$0.01 each (the "Shares").

SIGNIFICANT INVESTMENTS

At 31 December 2013, the Group's investment deposit paid to Coqueen Company Limited ("Coqueen") intended to acquire the entire interest of Coqueen in and over the properties, operation and trademarks of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited amounted to HK$20,000,000 (as at 30 April 2013: HK$40,000,000), loan receivables amounted to approximate of HK$86,498,000 (as at 30 April 2013: HK$2,500,000), convertible instruments designated as financial assets at fair value through profit or loss approximately HK$274,491,000 (as at 30 April 2013: approximately HK$11,006,000), derivative financial assets approximately HK$15,180,000 (as at 30 April 2013: approximately HK$1,460,000) and held-for-trading investments amounted to approximately HK$48,358,000 (as at 30 April 2013: approximately HK$8,148,000).

Subscription of Convertible Bonds of the holding company of Fook Lam Moon

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. In order to further explore into the local catering industry, the Group entered into a subscription agreement (the "Convertible Bonds Subscription Agreement") with Professional Guide Enterprise Limited ("SPV") and its relevant parties on 18 December 2012 to subscribe the convertible bonds of the SPV in the principal amount of HK$200,000,000 (the "Subscription"). If the convertible bonds are converted in full at the conversion price of HK$20,000 per SPV conversion share, a total of 10,000 SPV conversion shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. All the conditions of the Convertible Bonds Subscription Agreement have been fulfilled or waived, as the case may be, and the Subscription was completed on 4 June 2013. At completion, Rich Paragon Limited ("Rich Paragon"), an indirect wholly-owned subsidiary of the Company, granted to the SPV the loan in the amount of approximately HK$116,000,000 ("Fook Lam Moon Project").

On 30 September 2013, the exercise of the conversion rights attached to the convertible bonds (the "Conversion") was resolved by the Board. Pursuant to the Convertible Bonds Subscription Agreement, an shareholders' agreement to be entered into between Coqueen and Rich Paragon in relation to the SPV (the "Shareholders' Agreement") shall be executed by Coqueen (or its subsidiary following the SPV Restructuring (as defined in the announcement of the Company dated 18 October 2013)) and Rich Paragon forthwith upon the Conversion in full.

As the applicable percentage ratios defined under the GEM Listing Rules of the Conversion exceeds 100%, the Conversion constitutes a very substantial acquisition under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, publication and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As additional time is required for the Company to finalise certain information in the circular, it is expected that the despatch of the circular will be delayed to a date on or before 28 March 2014.

For details, please refer to the announcements of the Company dated 30 January 2013, 24 May 2013, 31 May 2013, 4 June 2013, 7 June 2013, 17 July 2013, 16 September 2013, 18 October 2013, 18 November 2013, 16 December 2013, 28 January 2014, 28 February 2014 and the circular of the Company dated 20 April 2013 respectively.

The Directors believe that the Conversion would bring (i) alignment between the strong brand and earnings potential and the Group's business strategy; (ii) possible enhancement of the corporate image of the Group due to the prominent brand equity of Fook Lam Moon Restaurant Limited ("FLM HK") and Fook Lam Moon (Kowloon) Restaurant Limited ("FLM Kowloon"); and (iii) synergy effect with the existing catering business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity except for the funds raised to satisfy the subscription of the convertible bonds of the SPV and the provision of the SPV loan as mentioned above. The Reporting Period ended with the net current liabilities of approximately HK$301,827,000 (as at 30 April 2013: the net current assets of approximately HK$26,099,000) including the bank balances and cash of approximately HK$21,909,000 (as at 30 April 2013: approximately HK$2,534,000).

As at 31 December 2013, the Group had other borrowings amounted to approximately HK$311,300,000 (30 April 2013: HK$3,800,000) and obligation under finance lease of approximately HK$60,000 (30 April 2013: approximately HK$98,000). The gearing ratio, computed as other borrowings and obligation under finance lease over total equity, stood at approximately 334% at the end of the Reporting Period (30 April 2013: 5.2%).

FUND RAISING ACTIVITIES

Framework agreement in relation to the proposed subscription and the provision of term loan

On 6 June 2013, the Company, China Merchants Securities (HK) Co., Limited ("CMS") and Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited (collectively, the "Sculptor Funds") entered into a framework agreement in relation to the provision of a loan in the principal amount of US$20 million and the issue of the convertible bonds by the Company to CMS or any of its affiliates or nominee and the Sculptor Funds and/or their respective affiliates or nominee in the aggregate principal amount of US$25 million (the "Framework Agreement").

On 5 July 2013, the parties of the Framework Agreement entered into a supplemental framework agreement (the "Supplemental Framework Agreement"), pursuant to which the parties agreed to extend the date of entering into the formal agreement from on or before 6 p.m., 5 July 2013 to 6 p.m., 5 August 2013. Subsequently, no formal agreement to the Framework Agreement has been entered into and therefore, the exclusivity has been null and void. On 4 November 2013, the Company and CMS entered into a second framework agreement (the "Second Framework Agreement") in relation to the possible (i) subscription of convertible bonds issued by the Company to CMS or any of its affiliates or nominee and potential subscribers referred by CMS from time to time and/or their affiliates of nominees (the "Subscribers") in the principal amount of US$25 million, convertible at any time into fully paid–up ordinary shares of the Company, which shall initially be convertible into not less than 28% shareholding in the Company on a fully diluted basis and (ii) grant of loan facility arranged by CMS from CMS and/or another financial institution invited by CMS to the SPV in the aggregate amount of HK$225 million (the "Loan Facility").

The proceeds resulting from the subscription of the convertible bonds by the Subscribers will be used for financing the working capital of the Company, the SPV, FLM HK and FLM Kowloon. The Loan Facility will be used for financing the working capital of the SPV, FLM HK and FLM Kowloon. Other terms of the convertible bonds and the Loan Facility shall be further negotiated and shall be set out in the formal legal documentation in relation to the subscription (including the agreement(s) in relation to the subscription and the deeds of charges) and the Loan Facility (including the agreement(s) in relation to the Loan Facility and the deeds of charges), respectively.

Pursuant to the Second Framework Agreement, save and except that the Company may issue ordinary shares for an aggregate amount up to HK$75,000,000, none of the Company or its respective directors, officers, representatives, shareholders or agents shall enter into any arrangement, formal or informal, with any person except CMS and the Subscribers with respect to any potential investment in or financing of the Company from the date of the Second Framework Agreement to 6:00 p.m., 25 November 2013.

On 22 November 2013, the Company entered into a subscription agreement (the "Subscription Agreement") with CMS and the parties of the Guarantors (as defined in the Company's announcement dated 26 November 2013) in relation to the proposed issue of the secured convertible bonds (the "Convertible Bonds") by the Company at an aggregate principal amount of US$25 million with a coupon rate at 3% per annum to CMS or CMS together with any person designated by it, and to be guaranteed by the Guarantors and Coqueen. The Convertible Bonds will be subscribed at a price equal to 100% of the principal amount of the Convertible Bonds.

Based on the initial conversion price of HK$0.56 per conversion share assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 346,062,500 conversion shares. The initial conversion price shall be subject to adjustment from time to time in accordance with the terms of the Convertible Bonds.

The conversion shares will be allotted and issued pursuant to the specific mandate to be granted to the Directors at an extraordinary general meeting of the Company to be convened (the "EGM"). The conversion shares will rank pari passu in all respects with the existing ordinary shares of the Company in issue. The estimated net proceeds from the issue of the Convertible Bonds will be approximately HK$183,465,000, representing a net conversion price of approximately HK$0.53 per conversion share.

The subscription of the Convertible Bonds by CMS pursuant to the Subscription Agreement is conditional upon, among other things, (i) the approval from the shareholders of the Company at the EGM; and (ii) the listing committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the conversion shares.

A circular containing, among other things, further details of the Subscription Agreement, the subscription, the grant of the specific mandate together with the notice of the EGM will be despatched to the shareholders of the Company as soon as practicable in accordance with the GEM Listing Rules.

On 27 January 2014, the Company, CMS and Coqueen entered into the Memorandum of Understanding ("MOU"). The MOU sets out the indicative terms in relation to subscription of the Senior Convertible Bonds (as defined in the announcement of the Company dated 27 January 2014). The terms set out in the MOU are indicative only and intended for discussion purposes only, and do not constitute, nor should they be construed as constituting, a legally binding agreement nor any commitment by any party to enter into a future legally binding agreement in respect of the Company or the Investors (as defined in the announcement of the Company dated 26 November 2013). One of the major term changes is the increase in the principal amount from US$25 million to US$37.5 million. Other terms and conditions shall remain unchanged as the Subscription Agreement entered between the Company and CMS on 22 November 2013, with supplementary changes subject to the proposed amendments set out in the MOU.

This is not a legally binding offer by the Investors to subscribe for or purchase any security of the Company. Details of any contractual relationship between the Investor, the Company and any other party in relation to the transaction contemplated in the MOU shall be set out in legally binding investment documentation to be agreed between the parties to the MOU.

For details, please refer to the announcements of the Company dated 7 June 2013, 6 July 2013, 5 November 2013, 26 November 2013 and 27 January 2014.

Placing agreement in relation to the placing of non-listed warrants under general mandate

The Company entered into a placing agreement, a supplemental placing agreement and a second supplemental placing agreement on 24 October 2013, 31 October 2013 and 14 November 2013 with FT Securities Limited (the "Placing Agent") respectively, pursuant to which the Placing Agent conditionally agreed to place, on a fully underwritten basis, 103,000,000 unlisted warrant of the Company (the "Warrant(s)") to not less than six independent placees at the issue price of HK$0.01 per Warrant (the "Placing"). The subscription price is HK$0.70 (subject to adjustments) per subscription share. The subscription right will be exercisable during a period of 12 months from the date of issue of the Warrants. The Placing was completed on 14 November 2013.

For details, please refer to the announcements of the Company dated 25 October 2013, 31 October 2013 and 14 November 2013.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2013, the Group employed a total of 97 employees as compared with 70 employees as at 30 April 2013. Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK$14,781,000 (year ended 30 April 2013: approximately HK$19,831,000).

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 31 December 2013, certain assets with fair value of approximately HK$384,616,000 were pledged to a lender to secure a loan facility of HK$300,000,000 (as at 30 April 2013: Nil).

CAPITAL COMMITMENTS

As at 31 December 2013, the Group did not have any significant capital commitment (30 April 2013: approximately HK$769,000).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had contingent liability of approximately HK$1,010,000 (as at 30 April 2013: approximately HK$1,636,000) arising from the claim by a third party.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group completed the disposal of the entire issued share capital of Welford International Industrial Limited and the loan of HK$22,641,158.26 at the total consideration of HK$30,000,000 on 30 July 2013. For details, please refer to the announcement of the Company dated 2 July 2013.

Save as disclosed above, the Group does not have any material acquisition and disposal of subsidiaries and affiliated companies for the eight months ended 31 December 2013.

ADVANCE TO ENTITY

(i) Advance to entity in the amount of HK$44,000,000

An earnest deposit in the amount of HK$44,000,000 was paid by Red Bloom Limited (the "Proposed Purchaser"), an indirect wholly-owned subsidiary of the Company, to Key Ally Limited (the "Proposed Vendor"), a company incorporated in the British Virgin Islands with limited liability, pursuant to the memorandum of understanding dated 17 August 2011 (the "MOU") in relation to the proposed equity investment with controlling interest in Excel Time Holdings Limited (the "Target Company"), which in turn entered into a framework agreement for the acquisition of equity interest in 太原市漢波食品工業有限公司 (Taiyuan Hanbo Food Industrial Limited*) ("Taiyuan Hanbo") (collectively, the "Earnest Deposit"). As the amount of the Earnest Deposit exceeded 8% of the total assets of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the entering of the MOU constituted an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. Pursuant to the MOU, the Proposed Purchaser shall conduct due diligence review of the assets, liabilities, operations and affairs of the Target Company and Taiyuan Hanbo within a period of 180 calendar days from the date of signing of the MOU (the "Exclusivity Period") (collectively, the "DD Review"). The Proposed Vendor shall supply the Proposed Purchaser with information on, including but not limited to, the financial and business position of the Target Company and any of its subsidiaries or associated companies and information relating to Taiyuan Hanbo. Mr. Ng Wai Huen (as the guarantor) undertakes to guarantee the performance of all obligations of the Proposed Vendor under the MOU.

Based on the results of the DD Review, the Board had resolved not to extend the Exclusivity Period nor to proceed further in relation to the proposed investment. As the Exclusivity Period had ended and no transaction had materialized, the Group had issued a written notice to the Proposed Vendor confirming the lapse of the MOU and requesting the refund of the Earnest Deposit.

On 7 May 2012, the Group agreed with the Proposed Vendor to amend the repayment terms of the Earnest Deposit, such that the Earnest Deposit shall be repaid by 16 monthly instalments and carry fixed interest at the rate of 5% per annum which shall be charged on the outstanding amount of the Earnest Deposit.

On 16 July 2013, the Group and the Proposed Vendor agreed to execute a revised repayment schedule to extend the outstanding principal amount of HK$29,838,000 for a further one year with the same interest rate as agreed by both parties repayable in 11 installments. After that, the Proposed Vendor settled only HK$2,300,000 to the Group. 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 has been recognized during the Reporting Period.

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

On 23 January 2013, the Company, Rich Paragon, Coqueen, the SPV, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan (the "Parties") entered into the second framework agreement (the "Second Framework Agreement") and supplemented by the supplemental second framework agreement dated 30 January 2013 (the "Supplemental Second Framework Agreement") in relation to, inter alia, the adjustment with relevant parties of the Convertible Bonds Subscription Agreement concerning the acquisition of a portion of Coqueen's entire shareholding in the SPV from Coqueen by Rich Paragon pursuant to the Second Framework Agreement (the "Further Investment").

In addition, the Parties entered into the third framework agreement on 24 April 2013 (the "Third Framework Agreement") in relation to, inter alia, (i) supersede the Second Framework Agreement and Supplemental Second Framework Agreement; and (ii) replace the Further Investment (together, the "Revised Further Transaction"). Subject to the fulfillment of such conditions precedent to be agreed by the Parties, including, inter alia, the completion of the Subscription and entering into a formal agreement which sets out the definitive terms and conditions for, and which governs and regulates, the Revised Further Transaction by the Parties on or before 30 June 2014 (or such later date as the Parties may agree in writing), Rich Paragon shall, after completion of the FLM HK Restructuring (as defined in the announcement of the Company dated 18 October 2013), the FLM Kowloon Restructuring (as defined in the announcement of the Company dated 18 October 2013) and forming a subsidiary of the SPV shall be the sole ultimate beneficial owner of the "Fook Lam Moon" and "福臨門" trademarks which are registered in Hong Kong, Macau and the People's Republic of China (the "PRC"), carry out and complete the Revised Further Transaction by acquiring from Coqueen.

Pursuant to the Third Framework Agreement, Rich Paragon shall, forthwith upon execution of the Third Framework Agreement, pay HK$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit (the "Framework Deposit"). The Framework Deposit shall be refunded by Coqueen (without interest) within 14 days of Rich Paragon's written demand issued at any time after (i) 24 May 2013, or (ii) Rich Paragon's issuance of any written notice to Coqueen to terminate negotiation on the terms of the such further formal agreement, whichever shall be later.

The amount of the Framework Deposit exceeds 8% of the total asset of the Company as defined under Chapter 19 of the GEM Listing Rules and it constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. For details, please refer to the announcement of the Company dated 24 April 2013.

LITIGATIONS

The Group was involved in two litigation matters during the Reporting Period, particulars of which are as follows:

(a) 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.

Execution of the Deed of Settlement and transfer of shares as aforementioned pursuant thereto are beneficial to the Group, as the Loan Amount has been repaid and the impair loss of the Group has been recovered.

Megamillion will proceed to recover the Redemption Amount in reliance on legal advice.

(b) Concerning the tenancy dispute between Joyful Grace Trading Limited ("Joyful Grace"), another indirect wholly-owned subsidiary of the Company, with the landlord of a street-level premises at the junction of Marsh Road and Jaffe Road, Wanchai (the "Landlord"), judgment on, *inter alia*, outstanding rental, damages (to be assessed) and costs has been granted to the Landlord (the "Judgment") whilst Joyful Grace has been given unconditionally leave to defend the Landlord's claim for rates and management fees.

With Joyful Grace's appeal against the Judgment having been dismissed, the outstanding rental and costs incurred by the Landlord are due for repayment, and assessment of damages is pending. This litigation matter is therefore still ongoing, and progress of the same will be disclosed as and where appropriate.

DIVIDEND

The Board does not recommend the payment of dividend for the eight months ended 31 December 2013 (year ended 30 April 2013: Nil).

PROSPECT AND OUTLOOK

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to, the food and beverage industry in the PRC.

Guo Fu Lou (國福樓)

One of the current key business of the Group is the catering business and the Group is currently operating Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been expanding its catering business with an ongoing vision to develop further in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

Investment in Fook Lam Moon

For the Fook Lam Moon Project as discussed at the section under "Significant Investments", the Board is taking into consideration (i) the Company's corporate strategy at exploring the feasibility of further expansion in catering business, (ii) the development potential of the local high-end catering industry, (iii) the growing aggregate profit margin of FLM HK and FLM Kowloon (collectively, the "FLM Group"); (iv) the synergy with the existing business of the Group; (v) the favourable dividend policy as set out in the Shareholders' Agreement; and (vi) the persistent performance of the FLM Group in the past years, its resilience to volatility and structural changes together with its strong potential to bring in new opportunities for expanding the Group's catering businesses, the Directors are of the view that the Conversion and the terms of the Shareholders' Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. After completion of the Subscription, the Group is focusing on business development of FLM Group and intends to maintain the operations of all the existing business segments.

Going forward, the FLM Group will continue to strengthen its presence in the local and regional catering industry. With the focus of operating high-end Chinese restaurants, the FLM Group is looking to explore and expand into the markets of Macau, Mainland China and Singapore alongside the growing high end market in the above regions. The FLM Group believes that with their long standing industry experience in the local market, they can further utilize their competitive edge and mark a success in the potential new markets.

Investment in a food manufacturing plant

In May 2013, the Group had set up a food manufacturing plant in Hong Kong with floor area of approximately 35,000 sq. ft. for the development of branded bakery, cooked and packaged food business. The production lines commenced operation in August 2013. The recent success of FLM Group's moon cake products has assured the management of the FLM Group and the Company of the synergy effect between the branded food and its high-end catering services. The Company intends to build upon this opportunity and further develop branded food and/or gift business strategically in the future while strengthening its core operations. The Directors consider that the food manufacturing plant would broaden the income base and improve the financial performance of the Group.

The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in catering business.

EVENTS AFTER THE REPORTING PERIOD

Proposed issue of convertible bonds

On 27 January 2014, the Company, CMS and Coqueen entered into the memorandum of understanding ("MOU"). The MOU sets out the indicative terms in relation to subscription of the senior convertible bonds of the Company in the principal amount of up to US$37.5 million at sole discretion of CMS. The MOU is not a legally binding offer by CMS to subscribe for or purchase any security of the Company. Up to the date of this announcement, no legally binding investment documentation has been entered between CMS and the Company. For more information, please refer to the announcements of the Company dated 24 April 2013, 7 June 2013, 26 November 2013 and 27 January 2014.

COMPLIANCE OF THE CODE PROVISIONS

Throughout the eight months ended 31 December 2013, the Company applied the principles and complied with the code provisions on Corporate Governance Practices as set out in Corporate Governance Code and Corporate Governance Report (Appendix 15) to the GEM Listing Rules (the "CG Code") except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company did not appoint a chairman or a chief executive during the eight months ended 31 December 2013. The functions of the chairman and chief executive are performed by the executive Directors. The Board is of the view that there existed a balance of power and authority and will review the current practice from time to time and make appropriate changes if considered necessary.

Under code provision A.2.7 of the CG Code, the chairman of the board ("Chairman") should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have a Chairman, no such meeting was held in this regard for the eight months ended 31 December 2013.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing non-executive Directors were not appointed for a specific term until each of them had entered into an appointment letter with the Company with effect from 1 December 2013 for a term of one year. The existing non-executive Directors are subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company (the "Articles") and each of their office may be terminated by either the Company or the non-executive Director by giving the other party one-month written notice. Hence, the requirement under this code provision was fulfilled since then.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was absent from the last two extraordinary general meetings of the Company held on 7 May 2013 and 3 July 2013 respectively and another independent non-executive Director was absent from the last annual general meeting held on 31 October 2013 due to their other important business engagements.

Under code provision D.1.4 of the CG Code, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment, while not all of the Directors had entered into service contract or appointment letter with the Company until each of the Directors has entered into an appointment letter with the Company with effect from 1 December 2013 setting out the key terms and conditions of each Director's appointment. Hence, the requirement under this code provision was fulfilled since then.

Under the Rule 5.05(1) of the GEM Listing Rules, it provides that every board of directors of a listed issuer must include at least three independent non-executive directors. Under Rule 5.28 of the GEM Listing Rules, the audit committee must comprise a minimum of three members. Subsequent to the resignation of Mr. Orr Joseph Wai Shing ("Mr. Orr") on 26 September 2013, the number of independent non-executive Directors and audit committee members had fallen below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. On 1 December 2013, the Company appointed Mr. Mok Tsan San as an independent non-executive Director and a member of the audit committee of the Company. Hence, the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules were fulfilled since then.

SCOPE OF WORK OF ZHONGLEI (HK) CPA LIMITED

The figures contained in the preliminary announcement of the Group's results for the period have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statement for the eight months ended 31 December 2013. The work performed by ZHONGLEI (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by ZHONGLEI (HK) CPA Limited on the preliminary announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transaction by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the eight months ended 31 December 2013.

COMPETING INTERESTS

For the eight months ended 31 December 2013, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the eight months under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 10 June 2003 with latest written terms of reference adopted on 15 March 2012 in compliance with the GEM Listing Rules. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors. The chairman of the Audit Committee is Mr. Matthew Pau, who has appropriate professional qualifications and experience in accounting matters.

The Group's audited consolidated financial statements for the eight months ended 31 December 2013 including the accounting principles and practices adopted have been reviewed by the Audit Committee in conjunction with the Company's external auditors. The Audit Committee considers that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNOUNCEMENT

The results announcement is published on the websites of GEM of the Stock Exchange (http://www.hkgem.com) and the Company (http://www.cfbgroup.com.hk) respectively. The announcement for the financial year will be despatched to the shareholders of the Company and made available on the above websites in due course.

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
Yu Sau Lai
Executive Director

Hong Kong, 27 March 2014

As at the date of this announcement, Ms. Yu Sau Lai, Mr. Lam Raymond Shiu Cheung and Mr. Hu Dongguang are executive Directors; and Mr. Matthew Pau, Mr. Mok Tsan San and Mr. Yeung Wai Hung, Peter are independent non-executive Directors.

* *For identification purposes only*