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 YEAR ENDED 31 DECEMBER 2014

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 year ended 31 December 2014 together with the comparative figures for the previous corresponding period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000
Continuing operations			
Turnover	4	**51,215**	29,064
Revenue	5	**46,771**	27,214
Cost of sales		**(46,493)**	(25,607)
Gross profit		**278**	1,607
Other operating income	6	**2,649**	4,924
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss		**–**	(1,599)
Change in fair value of held-for-trading investments		**(14,731)**	6,879
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss		**(41,956)**	74,584
Change in fair value of derivative financial assets		**690**	14,075
Change in fair value of the derivative components of convertible bonds		**1,592**	–
Loss on disposal of derivative financial assets		**(14,870)**	–
Impairment loss recognised in respect of available-for-sale financial assets		**–**	(500)
Written-off in respect of inventories		**(592)**	(1,063)
Impairment loss recognised in respect of other receivables		**–**	(28,225)
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		**630**	1,791
(Loss) gain on disposal of subsidiaries, net		**(64)**	1,529
Administrative expenses		**(51,135)**	(50,351)
Finance costs	7	**(68,483)**	(48,547)
Share of profit of joint ventures		**4,091**	–
(Loss) profit before tax		**(181,901)**	7,313
Income tax credit (expense)	8	**1,110**	(1,453)
(Loss) profit for the year/period from continuing operations	9	**(180,791)**	5,860
Discontinued operation			
Loss for the year/period from discontinued operation	10	**–**	(45)
(Loss) profit for the year/period		**(180,791)**	5,815

	Notes	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
(Loss) profit for the year/period attributable to owners of the Company			
– from continuing operations		**(180,480)**	5,873
– from discontinued operation		**–**	(45)
		(180,480)	5,828
Loss for the year/period attributable to non-controlling interests			
– from continuing operations		**(311)**	(13)
(Loss) profit for the year/period		**(180,791)**	5,815
Attributable to:			
Owners of the Company		**(180,480)**	5,828
Non-controlling interests		**(311)**	(13)
		(180,791)	5,815
(Loss) earnings per share attributable to owners of the Company for the year/period	12		
From continuing and discontinued operations			
(Loss) earnings per share			
– Basic		**(HK34.16cents)**	HK1.15cents
– Diluted		**(HK34.16cents)**	HK1.14cents
From continuing operations			
(Loss) earnings per share			
– Basic		**(HK34.16cents)**	HK1.16cents
– Diluted		**(HK34.16cents)**	HK1.15cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
(Loss) profit for the year/period	**(180,791)**	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)
Total comprehensive (expenses) income for the year/period	**(180,791)**	4,286
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(180,480)**	4,299
Non-controlling interests	**(311)**	(13)
	(180,791)	4,286

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Plant and equipment		**15,972**	15,592
Interests in joint ventures		**236,634**	–
Deposits paid		**26,000**	20,000
Loan receivables – non-current portion		**–**	86,498
Convertible instruments designated as financial assets at fair value through profit or loss		**–**	274,491
		278,606	396,581
Current assets			
Inventories		**3,397**	2,071
Trade and other receivables	13	**29,645**	12,713
Derivative financial assets		**–**	15,180
Held-for-trading investments		**29,183**	48,358
Bank balances and cash		**2,857**	21,909
		65,082	100,231
Current liabilities			
Trade and other payables	14	**66,986**	81,037
Other borrowings		**14,200**	311,300
Obligations under finance leases – current portion		**387**	60
Convertible bonds		**283,378**	–
Income tax payable		**9,661**	9,661
		374,612	402,058
Net current liabilities		**(309,530)**	(301,827)
Total assets less current liabilities		**(30,924)**	94,754
Non-current liabilities			
Other borrowings		**55,000**	–
Obligations under finance leases – non-current portion		**1,287**	–
Deferred tax liability		**343**	1,453
Deferred income		**191**	255
		56,821	1,708
Net (liabilities) assets		**(87,745)**	93,046
Capital and reserves			
Share capital		**5,284**	5,284
Reserves		**(91,565)**	88,915
Equity attributable to owners of the Company		**(86,281)**	94,199
Non-controlling interests		**(1,464)**	(1,153)
Total (deficits) equity		**(87,745)**	93,046

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Convertible bonds reserve** HK$'000	**Warrants reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 May 2013	4,669	232,052	1,529	3,638	–	(165,981)	75,907	(1,140)	74,767
Profit (loss) 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	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
Loss for the year, representing total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**–**	**(180,480)**	**(180,480)**	**(311)**	**(180,791)**
Lapse of non-listed warrants	**–**	**–**	**–**	**–**	**(893)**	**893**	**–**	**–**	**–**
At 31 December 2014	**5,284**	**248,175**	**–**	**–**	**–**	**(339,740)**	**(86,281)**	**(1,464)**	**(87,745)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

Chinese Food and Beverage Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. Its shares 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 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.

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

During the eight months ended 31 December 2013, 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) Restaurant Limited ("FLM Kln"). Details of which are set out in the Company's announcement dated 18 October 2013. Accordingly, 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 an eight-month period from 1 May 2013 to 31 December 2013 and therefore may not be comparable with amounts shown for the current year.

2. BASIS OF PREPARATION

The Group incurred a consolidated loss for the year attributable to owners of the Company of approximately HK$180,480,000 for the year ended 31 December 2014 and as of that date, the Group had net current liabilities and net liabilities of approximately HK$309,530,000 and HK$87,745,000, respectively. Nevertheless, these consolidated financial statements of the Group have been prepared on a going concern basis.

In the opinion of 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 circular dated 2 September 2014, the announcements dated 18 September 2014 and 5 January 2015, the convertible bonds in the principal amount of US$37.5 million have been subscribed by five subscribers including China Merchants Securities Investment Management (HK) Co., Limited (the "CMS CB"). The bonds principal has been utilised to settle the short-term borrowings of the Group. It is expected that the finance costs in the year 2015 will be substantially reduced;

(b) The revenue from Chinese restaurant operation was improved steadily during past year. It is expected that the operation of Chinese restaurant will continue to improve during the year 2015;

(c) As disclosed in the third quarterly report 2014 of the Company dated 13 November 2014, Rich Paragon Limited, an indirectly wholly-owned subsidiary of the Company, has exercised the conversion rights attached to the convertible bonds issued by Professional Guide Enterprise Limited ("SPV") on 10 October 2014. After the conversion, the Group is holding 50% of the issued share capital of SPV. The SPV is the holding company of FLM HK and FLM Kln (collectively referred to as the "Fook Lam Moon Group"). The Group will be benefited from the operating profits of the Fook Lam Moon Group through dividend distribution from it;

(d) The Group will enforce cost-saving measures to reduce the operating costs and administrative expenses, and improve the efficiency of the food manufacturing business; and

(e) The Group will also explore other fund raising opportunities including, but not limited to, equity and debt financing.

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 2014. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2014 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, respectively.

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

3.1 Amendments to IFRSs and IASs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following new and revised amendments to IFRSs and IASs issued by the International Accounting Standrads Board ("IASB").

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

* *IFRIC represents the International Financial Reporting Interpretations Committee*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of expected impact of these changes.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *(2011) Investment Entities* for the first time in the current year. 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 consolidated and separate 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 investment management services;

- commit to its investor(s) that is 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.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and simultaneous realization and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. 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 applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

3.2 New and revised IFRSs and IASs in issue 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 IAS 1	Disclosure Initiative[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[1]
IFRS 9	Financial Instruments[4]
IFRS 14	Regulatory Deferral Accounts[5]
IFRS 15	Revenue from Contracts with Customers[6]

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

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

3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

4 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

6 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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 general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

– 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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 that 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 the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

– In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

– 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 risks management activities have also been introduced.

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

IFRS 15 *Revenue from Contracts with Customers*

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may affect the amounts reported and related disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost

- In accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or

- Using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The Directors do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

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 or 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 judgments made by management in applying the aggregation criteria to operating segment, 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 segments 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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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 these amendments 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 these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to IFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 *Interim Financial Reporting*.

The amendments to IAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to IAS 34 clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

Except for the above impact, the Directors do not anticipate that the application of the new and revised IFRSs and IASs will have significant impact on the Group's consolidated financial statements.

4. TURNOVER

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

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

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
Continuing operations		
Turnover		
Chinese restaurant operation	**40,087**	24,219
Food manufacturing	**7,102**	2,816
Gross proceeds from disposal of investment held-for-trading	**4,026**	2,029
	51,215	29,064

5. SEGMENT INFORMATION

Information reported to the board of directors (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 or services delivered or 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 Chinese restaurants in Hong Kong
Food manufacturing	–	the production of food products
Securities investments	–	the trading of securities

An operating segment regarding the sales of electronic products was discontinued during the eight months ended 31 December 2013. 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 segment:

	Catering business		Food manufacturing		Securities investments		Total	
	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000
Turnover - gross proceeds	**40,087**	24,219	**7,102**	2,816	**4,026**	2,029	**51,215**	29,064
Segment revenue - from external customers	**40,087**	24,219	**7,102**	2,816	**(418)**	179	**46,771**	27,214
Segment result	**1,041**	503	**(16,563)**	(14,159)	**(29,404)**	20,810	**(44,926)**	7,154
Interest income							**2,167**	4,626
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss							**–**	(1,599)
Share of profit of joint ventures							**4,091**	–
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss							**(41,956)**	74,584
Change in fair value of derivative components of convertible bonds							**1,592**	–
Impairment loss recognised in respect of available-for-sale financial assets							**–**	(500)
Impairment loss recognised in respect of other receivables							**–**	(28,225)
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							**630**	1,791
Loss on written-off of plant and equipment							**(4)**	(141)
Gain on disposal of plant and equipment							**30**	–
(Loss) gain on disposal of subsidiaries, net							**(64)**	1,529
Finance costs							**(68,483)**	(48,547)
Unallocated corporate income							**452**	298
Unallocated corporate expenses							**(35,430)**	(35,866)
(Loss) profit before tax							**(181,901)**	7,313

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 interest income, loss on redemption / change in fair value of convertible instruments designated as financial assets at fair value through profit or loss, change in fair value of derivative components of convertible bonds, impairment loss recognised in respect of available-for-sale 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 disposal of plant and equipment; (loss) gain on disposal of subsidiaries, net share of profit of joint ventures, finance costs, certain other income, central administration costs and directors' emoluments. This is the measure reported to the CODM 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 2014 HK$'000	At 31 December 2013 HK$'000	**At 31 December 2014 HK$'000**	At 31 December 2013 HK$'000	**At 31 December 2014 HK$'000**	At 31 December 2013 HK$'000	**At 31 December 2014 HK$'000**	At 31 December 2013 HK$'000
ASSETS								
Segment assets	**33,336**	23,973	**16,624**	14,225	**29,267**	63,652	**79,227**	101,850
Unallocated corporate assets								
– Convertible instruments designated as financial assets at fair value through profit or loss							**–**	274,491
– Interests in joint ventures							**236,634**	–
– Others							**27,827**	120,471
Consolidated assets							**343,688**	496,812
LIABILITIES								
Segment liabilities	**4,050**	43,190	**1,670**	4,286	**–**	–	**5,720**	47,476
Unallocated corporate liabilities								
– Income tax payable							**9,661**	9,661
– Convertible bonds							**283,378**	–
– Other borrowings							**69,200**	311,300
– Others							**63,474**	35,329
Consolidated liabilities							**431,433**	403,766

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

- all assets are allocated to operating segments other than certain other receivables, convertible instruments designated as financial assets at fair value through profit or loss, loans receivables, interests in joint ventures, certain derivative financial assets, bank balances and cash and certain plant and equipment; and
- all liabilities are allocated to operating segments other than other borrowings, obligations under finance leases, convertible bonds, income tax payable and certain other payables.

(c) Other segment information – from continuing operations

	Catering business		Food manufacturing		Securities investments		Unallocated		Total	
	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000	**Year ended 31 December 2014 HK$'000**	Eight months ended 31 December 2013 HK$'000
Amount included in the measure of segment results or segment assets:										
Additions to plant and equipment	**81**	457	**4,598**	14,597	**–**	–	**2,136**	115	**6,815**	15,169
Depreciation of plant and equipment	**612**	364	**5,272**	2,050	**30**	35	**517**	149	**6,431**	2,598
(Gain) loss on disposal of plant and equipment	**–**	–	**–**	–	**–**	200	**(30)**	-	**(30)**	200
Loss on written-off of plant and equipment	**4**	–	**–**	–	**–**	–	**-**	141	**4**	141
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	**–**	–	**–**	–	**14,731**	(6,879)	**–**	–	**14,731**	(6,879)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**41,956**	(74,584)	**41,956**	(74,584)
Change in fair value of derivative financial assets	**–**	–	**–**	–	**(690)**	(14,075)	**–**	–	**(690)**	(14,075)
Loss on disposal of derivative financial assets	**–**	–	**–**	–	**14,870**	–	**–**	–	**14,870**	–
Change in fair value of the derivative components of convertible bonds	**–**	–	**–**	–	**–**	–	**(1,592)**	–	**(1,592)**	–
Share of profit of joint ventures	**–**	–	**–**	–	**–**	–	**(4,091)**	–	**(4,091)**	–
Impairment loss recognised in respect of available-for-sale financial assets	**–**	-	**–**	–	**–**	–	**–**	500	**–**	500
Written-off in respect of inventories	**–**	–	**592**	1,063	**–**	–	**–**	–	**592**	1,063
Impairment loss recognised in respect of other receivables	**–**	–	**–**	–	**–**	–	**–**	28,225	**–**	28,225
Reversal of impairment loss in respect of other receivables	**–**	–	**–**	–	**–**	–	**(630)**	(1,791)	**(630)**	(1,791)
Reversal of impairment loss in respect of loan interest receivables	**–**	–	**–**	–	**–**	–	**–**	(30,000)	**–**	(30,000)
Gain on settlement of loan and loan interest receivables	**–**	–	**–**	–	**–**	–	**–**	(2,209)	**–**	(2,209)
Loss (gain) on disposal of subsidiaries, net	**–**	–	**–**	–	**–**	–	**64**	(1,529)	**64**	(1,529)
Finance costs	**–**	–	**–**	–	**–**	–	**68,483**	48,547	**68,483**	48,547
Interest income	**–**	–	**–**	–	**–**	–	**(2,167)**	(4,626)	**(2,167)**	(4,626)

(d) **Geographical information**

For the year ended 31 December 2014 and for the eight months ended 31 December 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 year ended 31 December 2014 and for the eight months ended 31 December 2013.

6. OTHER OPERATING INCOME

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
Continuing operations		
Interest income on:		
– loans receivables	**2,167**	3,091
– other receivables	**–**	1,067
– convertible instruments designated as financial assets at fair value through profit or loss	**–**	468
Amortisation of deferred income	**64**	64
Gain on disposal of plant and equipment	**30**	–
Others	**388**	234
	2,649	4,924

7. FINANCE COSTS

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
Continuing operations		
Interests on:		
– Other borrowings wholly repayable within five years	**63,620**	42,424
– Obligations under finance leases	**49**	–
– Convertible bonds	**1,621**	123
Transaction costs relating to issue of the CMS CB – derivative component	**3,193**	–
Agency fee for obtaining other borrowings	**–**	6,000
	68,483	48,547

8. INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
Continuing operations		
Hong Kong Profits Tax		
– Current year/period	**–**	–
Deferred taxation		
– Current year/period	**(1,110)**	1,453
Total income tax (credit) expense recognised in profit or loss	**(1,110)**	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 estimated assessable profits for both year/period. 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 year ended 31 December 2014 (Eight months ended 31 December 2013: Nil).

9. (LOSS) PROFIT FOR THE YEAR/PERIOD

(Loss) profit for the year/period from continuing operations has been arrived at after charging (crediting):

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
Continuing operations		
Staff costs (including directors' and chief executives' emoluments:		
– salaries, bonuses and allowances	**30,149**	14,193
– retirement benefit scheme contributions	**1,436**	588
	31,585	14,781
Auditor's remuneration		
– Annual audit service	**600**	550
– Other audit service	**833**	985
Cost of inventories recognised as expenses	**15,518**	11,373
Depreciation of plant and equipment	**6,431**	2,598
(Gain) loss on disposal of plant and equipment	**(30)**	200
Loss on written-off of plant and equipment	**4**	141
Operating lease rentals in respect of rented premises	**10,301**	6,707
Legal and professional fees	**10,906**	21,158

10. 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 from the discontinued operation is set out below.

Loss for the period from discontinued operation including the following:

	Eight months ended 31 December 2013 HK$'000
Loss for the period from discontinued operation	(45)

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

	Eight months ended 31 December 2013 HK$'000
Turnover	–
Revenue	–
Cost of sales	–
Gross profit	–
Administrative expenses	(43)
Finance costs	(2)
Loss for the period from discontinued operation	(45)

	Eight months ended 31 December 2013 HK$'000
Depreciation of plant and equipment	26

	Eight months ended 31 December 2013 HK$'000
Cash flows from discontinued operation	
Net cash flows from operating activities	979
Net cash flows from investing activities	1
Net cash used in financing activities	(980)
Net cash outflow	–

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (eight months ended 31 December 2013: Nil).

12. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
(Loss) earnings		
(Loss) profit for the year/period attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(180,480)**	5,828
Effect of dilutive potential ordinary shares:		
– Interest expenses on convertible bonds (Note)	**N/A**	123
(Loss) profit for the purposes of diluted (loss) earnings per share	**(180,480)**	5,951

Number of shares

	Year ended 31 December 2014 '000	Eight months ended 31 December 2013 '000
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**528,360**	508,033
Effect of dilutive potential ordinary shares (Note):		
– Non-listed warrants	**–**	538
– Convertible bonds	**N/A**	11,353
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**528,360**	519,924

From continuing operations

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

Earnings figures are calculated as follows:

	Year ended 31 December 2014 HK$'000	Eight months ended 31 December 2013 HK$'000
(Loss) profit for the year/period attributable to owners of the Company	**(180,480)**	5,828
Less: Loss for the year/period from discontinued operation	**–**	(45)
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	**(180,480)**	5,873
Effect of dilutive potential ordinary shares		
– Interest expenses on convertible bonds (Note)	**N/A**	123
(Loss) profit for the purpose of diluted (loss) earnings per share from continuing operations	**(180,480)**	5,996

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the eight months ended 31 December 2013 is HK0.01 cents per share, based on the loss for the eight months ended 31 December 2013 from the discontinued operation approximately of HK$45,000 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 31 December 2014 does not assume the conversion of the Company's outstanding convertible bonds since the exercise would result in a decrease in loss per share for the year which is regarded as anti-dilutive.

13. TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**2,841**	1,465
Other receivables	**27,847**	34,700
Prepayments and deposits	**4,415**	4,803
	32,262	39,503
Less: accumulated impairment loss recognised in respect of other receivables, prepayments and deposits	**(27,625)**	(28,255)
Other receivables, prepayments and deposit and deposits paid, net	**4,637**	11,248
Amounts due from joint ventures	**22,167**	–
	29,645	12,713

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 2014, trade and other receivables for the amount of approximately HK$2,528,000 (31 December 2013: HK$3,617,000) has been pledged for the CMS CB (2013: certain other borrowings).

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates.

	2014 HK$'000	2013 HK$'000
0 - 30 days	**444**	559
31 - 60 days	**603**	267
61 - 90 days	**210**	128
91 - 120 days	**116**	73
More than 120 days but less than one year	**1,468**	333
More than one year but less than two years	**–**	105
	2,841	1,465

14. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade payables	**2,865**	5,335
Other payables and accruals (Notes a and b)	**24,215**	75,702
Amounts due to joint ventures	**39,906**	N/A
	66,986	81,037

The following is an analysis of trade payables by age based on the invoice date:

	2014	2013
	HK$'000	HK$'000
Within 30 days	**1,591**	1,220
31 - 60 days	**727**	791
61 - 90 days	**223**	872
91 - 120 days	**8**	385
More than 120 days but less than one year	**297**	1,882
More than one year but less than two years	**19**	185
	2,865	5,335

Payment terms granted by suppliers are generally 30 to 90 days (At 31 December 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 ("MOU 2") 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 the FLM HK properties and the FLM Kln properties to expand its property investment business. An earnest deposit of HK$20,000,000 without interest bearing was received as a refundable deposit for future business opportunity in the FLM HK properties and the FLM Kln properties. The MOU 2 will be expired in 6 months after the execution date of MOU 2.

On 25 April 2013, the Group entered into a supplemental MOU 2 and received additional refundable earnest deposit of HK$20,000,000 without interest bearing. As at 31 December 2013, included in other payables was a deposit of HK$40,000,000 in total received from Magic Alliance. Upon signing the supplemental MOU 2, the Group extended the long stop date to 30 June 2014 in order to carry out due diligence and other investigations.

As there was no formal agreement has been reached on or before 30 June 2014, the Group has repaid the entire deposit of HK$40,000,000 to Magic Alliance during the year ended 31 December 2014.

(b) At 31 December 2013, included in other payables is the accrued interest payable of HK$18,105,000 for a term loan. During the year ended 31 December 2014, all of the accrued interest for the term loan has been settled.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited consolidated financial statements for the year ended 31 December 2014 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 incurred a loss for the year attributable to owners of the Company of approximately HK$180,480,000 for the year ended 31 December 2014 and as of that date, the Group's current liabilities exceeded its current assets by approximately HK$309,530,000 and the Group had net liabilities of approximately HK$87,745,000.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 going concern assumption be inappropriate, 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 and their cumulative effect on the consolidated financial statements 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 year ended 31 December 2014. 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

The financial year end date of the Group was changed from 30 April to 31 December in 2013. It should be noted that the 2014 financial information presented herein which covered the twelve months from 1 January 2014 to 31 December 2014 are being compared with the financial period which covered the eight months from 1 May 2013 to 31 December 2013. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

Turnover

During the year ended 31 December 2014 (the "Reporting Period"), the Group recorded a turnover of approximately HK$51,215,000 (eight months ended 31 December 2013: approximately HK$29,064,000), approximately representing a 18% (annualized rate) increase as compared with the last corresponding period. The increase was mainly contributed by the food manufacturing business and gross proceeds from disposal of held-for-trading investments.

Loss for the year

The Group recorded a loss of approximately HK$180,791,000 for the Reporting Period, as compared with a profit of approximately HK$5,815,000 of the last corresponding period. The loss for the Reporting Period was mainly attributable to loss in change in fair value of held-for-trading investments, loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss, loss on disposal of derivative financial assets, administrative expenses and finance costs.

Catering Business

The Group has been expanding in the local catering business and operating Guo Fu Lou (國福樓) since October 2012. The segmental turnover of the catering business for the Reporting Period was approximately HK$40,087,000 (eight months ended 31 December 2013: approximately HK$24,219,000), representing an increase of approximately 10% (annualized rate) as compared with the last corresponding period. This catering business achieved satisfactory results due to the successful top tier premium market orientation.

Food Manufacturing Business

The Group built up its food manufacturing factory in May 2013 and launched the food manufacturing business in August 2013. The segmental turnover of the food manufacturing business for the Reporting Period was approximately HK$7,102,000 (eight months ended 31 December 2013: approximately HK$2,816,000), representing an increase of approximately 68% (annualized rate) as compared with the last corresponding period.

Securities Investments

During the Reporting Period, the gross proceeds on disposal of investment held-for-trading was approximately HK$4,026,000 (eight months ended 31 December 2013: approximately HK$2,029,000), representing an increase of approximately 32% (annualized rate) as compared with the last corresponding period.

During the Reporting Period, the Group recorded a loss on change in fair value of held-for-trading investments of approximately HK$14,731,000 (eight months ended 31 December 2013: a gain of approximately HK$6,879,000), gain on change in fair value of derivative financial assets of approximately HK$690,000 (eight months ended 31 December 2013: gain of approximately HK$14,075,000) and loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK$41,956,000 (eight months ended 31 December 2013: gain of approximately HK$74,584,000) which arise from the decrease in fair value of the convertible bonds of the holding company of Fook Lam Moon restaurants in the principal amount of HK$200,000,000.

CAPITAL STRUCTURE

As at 31 December 2014, 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") and has outstanding convertible bonds in the principal amount of US$37,500,000.

SIGNIFICANT INVESTMENTS

As at 31 December 2014, 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 ("FLM HK") and Fook Lam Moon (Kowloon) Restaurant Limited ("FLM Kln") amounted to HK$20,000,000 (as at 31 December 2013: HK$20,000,000), loan receivables: nil (as at 31 December 2013: approximately HK$86,498,000), convertible instruments designated as financial assets at fair value through in profit or loss: nil (as at 31 December 2013: approximately HK$274,491,000), derivative financial assets: nil (as at 31 December 2013: approximately HK$15,180,000) and held-for-trading investments amounted to approximately HK$29,183,000 (as at 31 December 2013: approximately HK$48,358,000).

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") (the "Fook Lam Moon Project").

Rich Paragon Limited ("Rich Paragon", an indirectly wholly-owned subsidiary of the Company), as the purchaser, was the holder of the SPV convertible bonds issued under the SPV Convertible Bonds Subscription Agreement on 4 June 2013. Exercise of conversion rights attached to the SPV convertible bonds was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 18 September 2014.

The exercise of the conversion rights attached to the SPV convertible bonds took place on 10 October 2014 (the "Conversion"), a total of 10,000 new SPV conversion shares were issued to Rich Paragon, representing 50% of the issued share capital of the SPV as enlarged by the Conversion. Pursuant to the Convertible Bonds Subscription Agreement, Rich Paragon executed a shareholders' agreement in relation to the SPV with Coqueen on 10 October 2014 (the "Shareholders' Agreement").

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, 28 March 2014, 28 April 2014, 30 May 2014, 30 June 2014, 6 August 2014, 15 August 2014, 18 September 2014, 30 October 2014 and the circulars of the Company dated 20 April 2013 and 29 August 2014.

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

Acquisition of the remaining 50% equity interests in the SPV, Great Way and Leading Win

On 10 October 2014, Rich Paragon and the Company entered into a sale and purchase agreement with Coqueen, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan in relation to the acquisition of the remaining 50% equity interests in each of Professional Guide Enterprise Limited, Great Way Investing Company Limited and Leading Win Development Limited (the "Target Companies") involving the issue of the consideration shares ("Consideration Shares") and consideration convertible bonds ("Consideration CBs") of the Company (the "Proposed Transaction"), which constitutes a possible very substantial acquisition, reverse takeover involving a new listing application and connected transaction of the Company under the GEM Listing Rules. Upon completion of the Proposed Transaction, each of the Target Companies will become a wholly-owned subsidiary of the Company and their respective accounts will be consolidated into the accounts of the Group.

As a result of the issue of the Consideration Shares and the conversion shares upon full conversion of the Consideration CBs, the vendor and its parties acting in concert shall own 30% or more of the voting rights of the Company. Under Rule 26 of the Code on Takeovers and Mergers (the "Takeovers Code") published by the Securities and Futures Commission of Hong Kong (the "SFC"), the acquisition of the voting rights to 30% or more will trigger an obligation on vendor and parties acting in concert with it to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by them ("MGO Obligations"), unless a whitewash waiver pursuant to note 1 on dispensations from Rule 26 of the Takeovers Code is granted by the Executive Director of the Corporate Finance Division of the SFC to waive its MGO Obligations and is approved by the independent shareholders of the Company at the extraordinary general meeting of the Company by way of poll.

On 13 March 2015, the parties to the sale and purchase agreement executed an addendum to amend and revise certain terms of the sale and purchase agreement in relation to the Proposed Transaction, including but not limited to, the (i) removal of director nomination right of Coqueen under the sale and purchase agreement and (ii) amendment of certain terms of the instrument of the Consideration CBs.

The Board would use its best endeavours to finalise the announcement and relevant documents in relation to the Proposed Transaction in order to resume trading in the Shares as soon as practicable. An announcement setting out, among other things, details of the above matters will be published as and when appropriate.

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$309,530,000 (as at 31 December 2013: approximately HK$301,827,000) including the bank balances and cash of approximately HK$2,857,000 (as at 31 December 2013: approximately HK$21,909,000).

As at 31 December 2014, the Group had other borrowings amounted to approximately HK$69,200,000 (31 December 2013: approximately HK$311,300,000) and obligations under finance leases of approximately HK$1,674,000 (31 December 2013: approximately HK$60,000). The gearing ratio, computed as total liabilities to total assets, is 1.26 at the end of the Reporting Period (31 December 2013: 0.81).

FUND RAISING ACTIVITIES

Issue of convertible bonds

On 22 November 2013, the Company entered into a subscription agreement with China Merchants Securities Investment Management (HK) Co., Limited ("CMS") and the parties of the Guarantors (as defined in the announcement of the Company dated 26 November 2013) in relation to the proposed issue of secured convertible bonds by the Company at an aggregate principal amount of US$37.5 million as amended by a second subscription agreement on 31 March 2014 (the "Second Subscription Agreement") with a coupon rate of 3% per annum (the "Convertible Bonds") to CMS or CMS together with any Person (as defined in the announcement of the Company dated 1 April 2014) designated by it, and to be guaranteed by the Guarantors and Coqueen.

The above transaction was approved at an extraordinary general meeting of the Company (the "EGM") held on 18 September 2014. The subscription of Convertible Bonds has been completed on 18 December 2014.

Assuming full conversion of the Convertible Bonds at the conversion price of HK$0.56 per conversion share and the fixed exchange rate of US$1 to HK$7.7644, the Convertible Bonds are convertible into 519,937,500 conversion shares. The conversion price shall be subject to adjustment from time to time in accordance with the bond instrument set out in a schedule of the Second Subscription Agreement in relation to the Convertible Bonds.

The conversion shares will be allotted and issued pursuant to the specific mandate granted to the Directors at the EGM. The conversion shares will rank pari passu in all respects with the existing Shares in issue. The net proceeds from the issue of the Convertible Bonds was approximately HK$280.4 million.

Pursuant to the Second Subscription Agreement, the Company used all the proceeds from the issue of the Convertible Bonds 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 term loan facility in the maximum aggregate amount of HK$300,000,000 made available to the Company by CMS.

For details, please refer to the announcements of the Company dated 7 June 2013, 26 November 2013, 27 January 2014, 1 April 2014, 25 April 2014, 27 May 2014, 30 June 2014, 30 July 2014, 29 August 2014, 18 September 2014, 5 January 2015 and the circular of the Company dated 2 September 2014 respectively.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2014, the Group employed a total of 140 employees as compared with 97 employees as at 31 December 2013. Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK$31,585,000 (eight months ended 31 December 2013: approximately HK$14,781,000).

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 2014, certain assets with fair value of approximately HK$272,780,000 (as at 31 December 2013: approximately HK$384,616,000) were pledged for the CMS CB (as at 31 December 2013: approximately HK$300,000,000 pledged to a lender to secure a loan facility).

CAPITAL COMMITMENTS

As at 31 December 2014, the Group did not have any significant capital commitment (as at 31 December 2013: Nil).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any significant contingent liability (as at 31 December 2013: approximately HK$1,010,000 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

Save as disclosed in this announcement, the Group did not have any other material acquisition and disposal of subsidiaries and affiliated companies for the year ended 31 December 2014.

INVESTMENTS IN JOINT VENTURES

The Company is interested in 50% of the issued share capital in Great Way Investing Company Limited ("Great Way") and Leading Win Development Limited ("Leading Win"). The remaining 50% of each of the issued share capital of Great Way and Leading Win are held by Coqueen. Both of Great Way and Leading Win were incorporated in the British Virgin Islands with limited liability and are investment holding companies.

During the Reporting Period, Great Way acquired 14% equity interest in FLM Kln, and Leading Win acquired 10.74% equity interest in FLM HK.

ADVANCE TO ENTITY

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

Details of advance to entity in the amount of HK$44,000,000 paid to Key Ally Limited were set out under the section of "Advance to Entity" on pages 13 to 14 of the Company's first quarterly report for the three months ended 31 March 2014. The directors considered that the likelihood of recovery of the outstanding principal and accrued interest amount was very remote and the impairment loss of loan receivables of HK$28,225,000 was recognized during the eight months ended 31 December 2013. During the year ended 31 December 2014, the Group received a further sum of HK$2,900,000 from Key Ally Limited. The Group will proceed to recover the outstanding amount in reliance on legal advice.

(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 (collectively, 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 order 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 the 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), carry out and complete the Revised Further Transaction, which involve the Subscriber Further Acquisitions (as defined in the announcement of the Company dated 24 April 2013).

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"). On 6 August 2014, the Parties entered into the supplemental framework agreement to revise and supplement the Third Framework Agreement by extending the Relevant Period and the time of execution of the Further Formal Agreement from on or before 30 June 2014 to on or before 31 December 2014.

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 announcements of the Company dated 24 April 2013 and 6 August 2014.

LITIGATIONS

Details of litigations for the year ended 31 December 2014 were set out under the section of "Litigations" on page 11 of the Company's annual report for the eight months ended 31 December 2013 (the "2013 Annual Report"). Capitalised terms used herein shall have the same meanings as those defined in the 2013 Annual Report unless the context otherwise requires.

Subject to legal advice and pending ascertainment that Cheong Tat has assets available for execution, Megamillion will proceed to recover the Redemption Amount.

The Company will disclose any Megamillion's recovery action wherever appropriate or necessary.

Save as disclosed above, the Group has no other litigations as at the date of this announcement.

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 businesses 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

In respect of 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 Kln (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 has been 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 2013, the Group had set up a food manufacturing plant in Hong Kong for the development of branded bakery, cooked and packaged food business. The recent success of FLM Group's moon cake and Chinese new year cake products has assured the management of the FLM Group and the Group of the synergy effect between the branded food and its high-end catering services. The Group 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 performance of the Group.

Joint Venture Agreement and Trade Mark Licence Agreement of FLM Macau Holdings

On 17 September 2014, Elite Trade Global Limited, a wholly owned subsidiary of the Galaxy Entertainment Group Limited (a company whose issued shares are listed on Main Board (stock code: 27) and all of its subsidiaries and affiliates but excluding Fook Lam Moon Macau Holdings Limited (the "Galaxy Group")), FLM Macau Ventures Limited (a wholly owned subsidiary of the SPV), and FLM Macau Holdings Limited ("FLM Macau Holdings") entered into a joint venture agreement regulating the formation of a joint venture through FLM Macau Holdings in connection with the operation of a high-end luxurious Chinese restaurant under the trading name of "福臨門/Fook Lam Moon" to be located at a shop at the integrated resort owned and operated by Galaxy Group at Avenida Marginal Flor de Lotus, in COTAI Macau, and is expected to commence operation in 2015.

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

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2014 (eight months ended 31 December 2013: Nil).

COMPLIANCE OF THE CODE PROVISIONS

Throughout the year ended 31 December 2014, 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 year ended 31 December 2014. 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 year ended 31 December 2014.

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 re-designation of Mr. Mok Tsan San on 1 April 2014 from an independent non-executive Director to an executive Director, 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 30 June 2014, the Company appointed Mr. Chu Yu Man, Philip 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 COMPANY LIMITED

The figures contained in the preliminary announcement of the Group's results for the year have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2014. The work performed by ZHONGLEI (HK) CPA Company 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 Company 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 year ended 31 December 2014.

COMPETING INTERESTS

For the year ended 31 December 2014, 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 year 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 year ended 31 December 2014 including the accounting principles and practices adopted have been reviewed by the Audit Committee. 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 ANNUAL REPORT

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 annual report 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, 26 March 2015

As at the date of this announcement, Ms. Yu Sau Lai, Mr. Lam Raymond Shiu Cheung, Mr. Hu Dongguang and Mr. Mok Tsan San are executive Directors; Mr. So David Tat Man is a non-executive Director; and Mr. Matthew Pau, Mr. Yeung Wai Hung, Peter and Mr. Chu Yu Man, Philip (Mr. Leung Ho Lun Harold as his alternate) are independent non-executive Directors.