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 2015

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 2015 together with the comparative figures for the previous corresponding period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015 HK$'000**	2014 HK$'000
Turnover	4	**94,787**	51,215
Revenue	5	**62,097**	47,189
Cost of sales		**(47,253)**	(40,672)
Gross profit		**14,844**	6,517
Other operating income	6	**554**	2,649
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss		**–**	(41,956)
Change in fair value of contingent consideration receivable		**90**	–
Change in fair value of derivative financial assets		**–**	690
Change in fair value of derivative financial liability		**(4,084)**	–
Change in fair value of held-for-trading investments		**–**	(14,731)
Change in fair value of derivative components of convertible bonds		**99,637**	1,592
Impairment loss recognised in respect of deposit paid		**(6,000)**	–
Impairment loss recognised in respect of interests in joint ventures		**(8,987)**	–
Reversal of impairment loss recognised in respect of other receivables		**1,760**	630
Written-off of inventories		**(1,630)**	(592)
Loss on disposal of derivative financial assets		**–**	(14,870)
Gain (loss) on disposal of held-for-trading investments		**2,287**	(418)
Loss on early redemption of convertible bonds		**(60,532)**	–
Gain on bargain purchase		**1,860**	–
Loss on disposal of subsidiaries, net		**–**	(64)
Selling and distribution expenses		**(20,883)**	(11,612)
Administrative and other operating expenses		**(34,459)**	(45,344)
Finance costs	7	**(91,869)**	(68,483)
Share of (loss) profit of joint ventures		**(6,024)**	4,091
Share of loss of associates		**(669)**	–
Loss before tax		**(114,105)**	(181,901)
Income tax credit	8	**10,004**	1,110
Loss for the year	9	**(104,101)**	(180,791)
Other comprehensive expense for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Share of translation reserve of associates		**(8)**	–
Total comprehensive expense for the year		**(104,109)**	(180,791)
Loss for the year attributable to:			
– Owners of the Company		**(104,086)**	(180,480)
– Non-controlling interests		**(15)**	(311)
		(104,101)	(180,791)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(104,094)**	(180,480)
– Non-controlling interests		**(15)**	(311)
		(104,109)	(180,791)
Loss per share			
– Basic and diluted	11	**(HK19.7 cents)**	(HK34.16 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment		**15,291**	15,972
Interests in associates		**28,807**	–
Interests in joint ventures		**221,623**	236,634
Deposits paid		**20,000**	26,000
Contingent consideration receivable		**4,731**	–
		290,452	278,606
Current assets			
Inventories		**3,290**	3,397
Trade and other receivables	12	**42,243**	29,645
Held-for-trading investments		**–**	29,183
Bank balances and cash		**2,547**	2,857
		48,080	65,082
Current liabilities			
Trade and other payables	13	**96,762**	66,986
Other borrowings		**69,200**	14,200
Obligations under finance leases – current portion		**611**	387
Convertible bonds		**325,307**	283,378
Derivative financial liability		**17,785**	–
Income tax payable		**–**	9,661
		509,665	374,612
Net current liabilities		**(461,585)**	(309,530)
Total assets less current liabilities		**(171,133)**	(30,924)
Non-current liabilities			
Other borrowings		**–**	55,000
Obligations under finance leases – non-current portion		**1,585**	1,287
Promissory notes payable		**18,925**	–
Deferred tax liability		**–**	343
Deferred income		**127**	191
		20,637	56,821
Net liabilities		**(191,770)**	(87,745)
Capital and reserves			
Share capital		**5,284**	5,284
Reserves		**(195,659)**	(91,565)
Equity attributable to owners of the Company		**(190,375)**	(86,281)
Non-controlling interests		**(1,395)**	(1,464)
Total deficits		**(191,770)**	(87,745)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total HK$'000
At 1 January 2014	5,284	248,175	893	–	(160,153)	94,199	(1,153)	93,046
Loss for the year, representing total comprehensive expense 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)
Loss for the year	**–**	**–**	**–**	**–**	**(104,086)**	**(104,086)**	**(15)**	**(104,101)**
Other comprehensive expense for the year, net of income tax								
Item that may be reclassified subsequently to profit or loss:								
Share of translation reserve of associates	**–**	**–**	**–**	**(8)**	**–**	**(8)**	**–**	**(8)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(8)**	**(104,086)**	**(104,094)**	**(15)**	**(104,109)**
Capital contributions from non-controlling interests of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**84**	**84**
At 31 December 2015	**5,284**	**248,175**	**–**	**(8)**	**(443,826)**	**(190,375)**	**(1,395)**	**(191,770)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 activities 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 business and securities trading.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), including applicable Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In previous years, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs"), including applicable International Accounting Standards ("IASs") and Interpretations, issued by the International Accounting Standard Board ("IASB").

Although HKFRSs have been fully converged with IFRSs in all material respects since 1 January 2005, these financial statements are the first consolidated financial statements in which the Group makes an explicit and unreserved statement of compliance in accordance with HKFRSs. Therefore, in preparing the consolidated financial statements, the Group has given due consideration to the requirement of HKFRS 1, *First-time adoption of Hong Kong Financial Reporting Standards*. For this purpose, the date of transition to HKFRSs was determined to be 1 January 2014, being the beginning of the earliest period for which the Group presents full comparative information in these consolidated financial statements.

With due regard to the Group's accounting policies in previous periods and the requirements of HKFRS 1, we have concluded that no adjustments were required to the amounts reported under IFRSs as at the date of transition to HKFRSs or in respect of the year ended 31 December 2014. Accordingly, these consolidated financial statements include for the first time a statement of compliance with HKFRSs, without adjustment to the Group's financial position, the Group's financial performance or cash flows either at the date of transition to HKFRSs or at the end of latest period presented in accordance with IFRSs.

2. BASIS OF PREPARATION

The Group incurred a consolidated loss for the year attributable to owners of the Company of approximately HK$104,086,000 for the year ended 31 December 2015 and as of that date, the Group had net current liabilities and net liabilities of approximately HK$461,585,000 and HK$191,770,000 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) The revenue and gross profit were improved steadily during 2015. It is expected that the operation of catering business will further improve during the year 2016;

(b) The Group has enforced cost-saving measures to reduce the operating costs and administrative expenses. Loss before tax for 2015 is substantially decreased from HK$181.9 million in 2014 to HK$114.1 million in 2015;

(c) Cash used in operating activities was substantially improved from HK$54 million in 2014 to HK$5 million in 2015; and

(d) The Group is exploring other fund raising opportunities including, but not limited to, equity and debt financing.

The Directors are of the opinion that the Group will be able to 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 2015. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2015 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 HKFRSs

3.1 Amendments to HKFRSs 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 HKFRSs issued by HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above new or revised HKFRSs 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.

3.2 New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

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 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 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 HKFRS 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 HKFRS 9 are described below:

– All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 HKFRS 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, HKFRS 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 a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 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, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risks management activities have also been introduced.

The Directors anticipate that the application of HKFRS 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 and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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

The core principle of HKFRS 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 HKFRS 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 HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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

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

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and HKAS 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 HKFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisition of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

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

The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* 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. 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 HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

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

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of 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, 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 of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value 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 amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The *Annual Improvements to HKFRSs 2012–2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 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.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments 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 HKFRSs 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 business and securities trading during the year.

An analysis of the Group's turnover for the year is as follows:

	2015 **HK$'000**	2014 HK$'000
Turnover		
Catering business	**47,460**	40,087
Food manufacturing business	**14,637**	7,102
Gross proceeds from disposal of held-for-trading investments	**32,690**	4,026
	94,787	51,215

5. SEGMENT INFORMATION

Information reported to the Board of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods 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 HKFRS 8 are as follows:

Catering business	–	the operation of Chinese restaurants in Hong Kong
Food manufacturing business	–	the production of food products
Securities trading	–	the trading of securities

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Catering business		Food manufacturing business		Securities trading		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover – gross proceeds	**47,460**	40,087	**14,637**	7,102	**32,690**	4,026	**94,787**	51,215
External sales	**47,460**	40,087	**14,637**	7,102	**–**	–	**62,097**	47,189
Intra-segment sales	**–**	–	**1,865**	–	**–**	–	**1,865**	–
Segment revenue	**47,460**	40,087	**16,502**	7,102	**–**	–	**63,962**	47,189
Eliminations							**(1,865)**	–
Group revenue							**62,097**	47,189
Segment result	**4,765**	1,041	**(26,583)**	(16,563)	**2,069**	(29,404)	**(19,749)**	(44,926)
Interest income							**–**	2,167
Share of loss of associates							**(669)**	–
Share of (loss) profit of joint ventures							**(6,024)**	4,091
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss							**–**	(41,956)
Change in fair value of contingent consideration receivable							**90**	–
Change in fair value of derivative financial liability							**(4,084)**	–
Change in fair value of derivative component of convertible bonds							**99,637**	1,592
Impairment loss recognised in respect of deposit paid							**(6,000)**	–
Impairment loss recognised in respect of interests in joint ventures							**(8,987)**	–
Reversal of impairment loss recognised in respect of other receivables							**1,760**	630
Loss on written-off of plant and equipment							**(72)**	(4)
Gain on disposal of plant and equipment							**9**	30
Loss on early redemption of convertible bonds							**(60,532)**	–
Gain on bargain purchase							**1,860**	–
Loss on disposal of subsidiaries, net							**–**	(64)
Finance costs							**(91,869)**	(68,483)
Unallocated corporate income							**545**	452
Unallocated corporate expenses							**(20,020)**	(35,430)
Loss before tax							**(114,105)**	(181,901)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by (loss from) each segment without allocation of interest income, share of loss of associates, share of (loss) profit of joint ventures, change in fair value of convertible instruments designated as financial assets at fair value through profit or loss, change in fair value of contingent consideration receivable, change in fair value of derivative financial liability, change in fair value of derivative component of convertible bonds, impairment loss recognised in respect of deposits paid, impairment loss recognised in respect of interests in joint ventures, reversal of impairment loss recognised in respect of other receivables, loss on written-off of plant and equipment, gain on disposal of plant and equipment, loss on early redemption of convertible bonds, gain on bargain purchase, loss on disposal of subsidiaries, net, 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.

Intra-segment sales are charged at prevailing market rates.

(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 business		Securities trading		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**10,395**	33,336	**16,796**	16,624	**3,501**	29,267	**30,692**	79,227
Unallocated corporate assets								
– Interests in associates							**28,807**	–
– Interests in joint ventures							**221,623**	236,634
– Contingent consideration receivable							**4,731**	–
– Others							**52,679**	27,827
Consolidated assets							**338,532**	343,688
LIABILITIES								
Segment liabilities	**4,514**	4,050	**9,213**	1,670	**–**	–	**13,727**	5,720
Unallocated corporate liabilities								
– Other borrowings							**69,200**	69,200
– Convertible bonds							**325,307**	283,378
– Income tax payable							**–**	9,661
– Promissory notes payable							**18,925**	–
– Derivative financial liability							**17,785**	–
– Others							**85,358**	63,474
Consolidated liabilities							**530,302**	431,433

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

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, contingent consideration receivable, deposits paid, certain other receivables, 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, promissory notes payable, derivative financial liability, certain other payables and deferred tax liabilities.

(c) Other segment information

	Catering business 2015 HK$'000	Catering business 2014 HK$'000	Food manufacturing business 2015 HK$'000	Food manufacturing business 2014 HK$'000	Securities trading 2015 HK$'000	Securities trading 2014 HK$'000	Unallocated 2015 HK$'000	Unallocated 2014 HK$'000	Total 2015 HK$'000	Total 2014 HK$'000
Amount included in the measure of segment results or segment assets:										
Additions to plant and equipment	**165**	81	**7,344**	4,598	**–**	–	**1,231**	2,136	**8,740**	6,815
Depreciation of plant and equipment	**643**	612	**7,870**	5,272	**–**	30	**755**	517	**9,268**	6,431
Change in fair value of held-for-trading investments	**–**	–	**–**	–	**–**	14,731	**–**	–	**–**	14,731
Change in fair value of derivative financial assets	**–**	–	**–**	–	**–**	(690)	**–**	–	**–**	(690)
Loss on disposal of derivative financial assets	**–**	–	**–**	–	**–**	14,870	**–**	–	**–**	14,870
(Gain) loss on disposal of held-for-trading investments	**–**	–	**–**	–	**(2,287)**	418	**–**	–	**(2,287)**	418
Written-off of inventories	**–**	–	**1,630**	592	**–**	–	**–**	–	**1,630**	592
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:										
Interest income on loan receivables	**–**	–	**–**	–	**–**	–	**–**	(2,167)	**–**	(2,167)
Share of loss of associates	**–**	–	**–**	–	**–**	–	**669**	–	**669**	–
Share of loss (profit) of joint ventures	**–**	–	**–**	–	**–**	–	**6,024**	(4,091)	**6,024**	(4,091)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	41,956	**–**	41,956
Change in fair value of contingent consideration receivable	**–**	–	**–**	–	**–**	–	**(90)**	–	**(90)**	–
Change in fair value of derivative financial liability	**–**	–	**–**	–	**–**	–	**4,084**	–	**4,084**	–
Change in fair value of derivative components of convertible bonds	**–**	–	**–**	–	**–**	–	**(99,637)**	(1,592)	**(99,637)**	(1,592)
Impairment loss recognised in respect of deposit paid	**–**	–	**–**	–	**–**	–	**6,000**	–	**6,000**	–
Impairment loss recognised in respect of interests in joint ventures	**–**	–	**–**	–	**–**	–	**8,987**	–	**8,987**	–
Reversal of impairment loss recognised in respect of other receivables	**–**	–	**–**	–	**–**	–	**(1,760)**	(630)	**(1,760)**	(630)
Loss on written-off of plant and equipment	**–**	4	**72**	–	**–**	–	**–**	–	**72**	4
Gain on disposal of plant and equipment	**–**	–	**–**	–	**–**	–	**(9)**	(30)	**(9)**	(30)
Loss on early redemption of convertible bonds	**–**	–	**–**	–	**–**	–	**60,532**	–	**60,532**	–
Gain on bargain purchase	**–**	–	**–**	–	**–**	–	**(1,860)**	–	**(1,860)**	–
Loss on disposal of subsidiaries, net	**–**	–	**–**	–	**–**	–	**–**	64	**–**	64
Finance costs	**–**	–	**–**	–	**–**	–	**91,869**	68,483	**91,869**	68,483

(d) Geographical information

For the years ended 31 December 2015 and 2014, 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 years ended 31 December 2015 and 2014.

6. OTHER OPERATING INCOME

	2015 HK$'000	2014 HK$'000
Interest income on loan receivables	**–**	2,167
Amortisation of deferred income	**64**	64
Gain on disposal of plant and equipment	**9**	30
Others	**481**	388
	554	2,649

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests on:		
– Other borrowings wholly repayable within five years	**1,627**	63,620
– Obligations under finance leases	**75**	49
– Convertible bonds	**89,806**	1,621
– Promissory notes payable	**361**	–
Transaction costs relating to issue of convertible bonds		
– derivative component	**–**	3,193
	91,869	68,483

8. INCOME TAX CREDIT

	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax		
– Current year	**–**	–
– Over-provision in prior years	**(9,661)**	–
Deferred taxation		
– Current year	**(343)**	(1,110)
Total income tax credit recognised in profit or loss	**(10,004)**	(1,110)

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 years. No provision for Hong Kong Profits Tax has been made as the assessable profits is wholly absorbed by tax loss brought forward for the year ended 31 December 2015 (2014: the Group did not have any assessable profits subject to Hong Kong Profits Tax).

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2015 **HK$'000**	2014 HK$'000
Staff costs (including directors' and chief executive's emoluments):		
– salaries, bonuses and allowances	**34,121**	30,149
– retirement benefit scheme contributions	**1,662**	1,436
	35,783	31,585
Auditor's remuneration		
– Annual audit service	**900**	600
– Other audit service	**–**	833
Cost of inventories recognised as expenses	**23,266**	15,518
Depreciation of plant and equipment	**9,268**	6,431
Loss on written-off of plant and equipment	**72**	4
Operating lease rentals in respect of rented premises	**12,314**	10,301
Legal and professional fees	**2,577**	10,906

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

11. LOSS PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(104,086)**	(180,480)

Number of shares

	2015 **'000**	2014 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**528,360**	528,360

Note:

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

The computation of diluted loss per share for the years ended 31 December 2015 and 2014 does not assume the conversion of the Company's outstanding convertible bonds and the exercise of option to subscribe convertible bond since the conversion or exercise would result in a decrease in loss per share for the year which is regarded as anti-dilutive.

12. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables (Notes a and c)	**4,453**	2,841
Other receivables (Note b)	**32,271**	27,847
Prepayments and deposits	**4,525**	4,415
	36,796	32,262
Less: accumulated impairment loss recognised in respect of other receivables, prepayments and deposits	**(25,865)**	(27,625)
Other receivables, prepayments and deposit and deposits paid, net	**10,931**	4,637
Amounts due from joint ventures (Note d)	**26,859**	22,167
	42,243	29,645

Notes:

(a) The sales in catering and food manufacturing business are mainly conducted in cash or by credit cards. Certain customers are granted credit period from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and other receivable balances. Trade receivables are non-interest bearing.

At 31 December 2015, included in the trade and other receivables was the amount of approximately HK$2,704,000 (2014: HK$2,528,000) has been pledged for convertible bonds.

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

	2015 HK$'000	2014 HK$'000
0 – 30 days	**1,209**	444
31 – 60 days	**378**	603
61 – 90 days	**243**	210
91 – 120 days	**391**	116
More than 120 days	**2,232**	1,468
	4,453	2,841

At 31 December 2015 and 2014, the aging analysis of trade receivables that was past due but not impaired are as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			30 days	31–60 days	61–90 days	More than 90 days
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2015	**4,453**	**1,319**	**464**	**118**	**431**	**2,121**
At 31 December 2014	2,841	444	211	479	227	1,480

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

(b) On 17 August 2011, Red Bloom Limited ("Red Bloom"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with Key Ally Limited ("Key Ally"), an independent third party not connected with the Group, in relation to the proposed acquisition of equity interest in 太原市漢波食品工業有限公司 ("Taiyuan Hanbo") to explore the food and beverage industry in People's Republic of China (the "MOU 1"). Pursuant to the terms of the MOU 1, the earnest deposit of HK$44,000,000 without interest bearing was paid as deposit and partial payment of the consideration for the proposed investment. The MOU 1 had been expired on 13 February 2012.

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

Subsequent to the year ended 30 April 2013 and up to 16 July 2013, Key Ally has repaid HK$8,200,000. Due to further repayment by Key Ally, the Group entered into revised repayment schedule with Key Ally on 16 July 2013. According to the revised repayment schedule, the outstanding balance amounting to approximately HK$29,838,000 as at 16 July 2013 will be extended for further one year with the interest rate remains unchanged.

As at 31 December 2015, the principal amounting to approximately HK$25,865,000 (2014: HK$27,625,000) are still outstanding. Although Key Ally has repaid HK$2,300,000 to the Group from 1 January 2014 to 11 February 2014, the Directors considered that the recoverability was remote and therefore impairment loss of approximately HK$28,225,000 has been recognised in profit or loss during the eight months period ended 31 December 2013 and the Group has determined not to accrue further interest income on the receivables of Key Ally with effect from 1 January 2014. During year ended 31 December 2015, as the Group has further received HK$1,760,000 (For the period from 12 February 2014 to 31 December 2014: HK$600,000) from Key Ally, a reversal of HK$1,760,000 (For the period from 12 February 2014 to 31 December 2014: HK$600,000) has been recognised during the year ended 31 December 2015.

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

	HK$'000
At 1 January 2014	28,255
Amounts recovered during the year	(630)
At 31 December 2014	27,625
Amounts recovered during the year	(1,760)
At 31 December 2015	**25,865**

(c) Included in the Group's trade receivables are amounts due from the Group's joint ventures of approximately HK$36,000 as at 31 December 2014, which are repayable on similar credit terms to those offered to the major customers of the Group.

(d) The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

13. TRADE AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000
Trade payables (Note a)	**5,052**	2,865
Other payables and accruals	**26,256**	24,215
Amounts due to joint ventures (Note b)	**65,454**	39,906
	96,762	66,986

Notes:

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

	2015 **HK$'000**	2014 HK$'000
Within 30 days	**1,761**	1,591
31 – 60 days	**801**	727
61 – 90 days	**162**	223
91 – 120 days	**779**	8
More than 120 days	**1,549**	316
	5,052	2,865

Payment terms granted by suppliers are generally 30 to 90 days (2014: 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.

(b) The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

14. COMPARATIVE FIGURES

During the year ended 31 December 2015, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation.

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 2015 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 and other comprehensive income, the Group incurred a loss for the year attributable to owners of the Company of approximately HK$104,086,000 for the year ended 31 December 2015 and as of that date, the Group's current liabilities exceeded its current assets by approximately HK$461,585,000 and the Group had net liabilities of approximately HK$191,770,000. Also, the holders of the CMS CB, as stated in Note 33 to the consolidated financial statements, have requested the Company to redeem the CMS CB with the total outstanding principal amount of United State Dollars 37.5 million. 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 2015. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Turnover

During the year ended 31 December 2015 (the "Reporting Period"), the Group recorded a turnover of approximately HK$94,787,000 (2014: approximately HK$51,215,000), approximately representing a 85% increase as compared with the last corresponding period. Turnover of all segments during the Reporting Period were increased as compared with the last corresponding period.

Results for the year

The Group recorded a loss of approximately HK$104,101,000 for the Reporting Period, as compared with a loss of approximately HK$180,791,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly attributable to increase in revenue, gain on change in fair value of derivative components of convertible bonds, gain on bargain purchase and decrease in administrative and other operating expenses.

Catering Business

The segmental turnover of the catering business for the Reporting Period was approximately HK$47,460,000 (2014: approximately HK$40,087,000), representing an increase of approximately 18% 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 segmental turnover of the food manufacturing business for the Reporting Period was approximately HK$14,637,000 (2014: approximately HK$7,102,000), representing an increase of approximately 106% as compared with the last corresponding period. The increase in this business was due to the increase in sale and production for customers' branded products.

Securities trading

During the Reporting Period, the gross proceeds on disposal of held-for-trading investments was approximately HK$32,690,000 (2014: approximately HK$4,026,000), representing an increase of approximately 712% as compared with the last corresponding period.

CAPITAL STRUCTURE

As at 31 December 2015, 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").

On 3 February 2016, the Company updated the shareholders of the Company (the "Shareholder(s)") that the holders of the convertible bonds in the principal amount of US$37.5 million issued by the Company on 18 December 2014 (the "Convertible Bonds") have requested the Company to redeem the Convertible Bonds.

Pursuant to the bond instrument of the Convertible Bonds, the redemption of the Convertible Bonds and the repayment of the interests associated therewith by the Company shall take place in early February 2016. The Company is currently in negotiation with the holders of the Convertible Bonds regarding the possible extension of the redemption dates. The Company is also currently in negotiation with certain financial institutions regarding the possible transfer of the Convertible Bonds and fund raising exercises to meet the financial needs of the Company.

On 6 November 2015, the Company issued the tranche A promissory note and the tranche B promissory note in the aggregate principal sum of HK$24,000,000 (subject to adjustment) free of interest and repayable on 6 November 2017. Both the tranche A promissory note and the tranche B promissory note may be exchanged for the tranche A convertible bond and the tranche B convertible bond respectively, subject to the terms and conditions in the sale and purchase agreement executed on 29 September 2015 and its supplemental agreement on 30 October 2015. As at 31 December 2015, no tranche A convertible bond or tranche B convertible bond has been issued.

SIGNIFICANT INVESTMENTS

(i) Investments in Joint Ventures

As at 31 December 2015, the Group has invested in 50% equity interests in each of Professional Guide Enterprise Limited ("SPV"), Leading Win Development Limited ("Leading Win") and Great Way Investing Company Limited ("Great Way"). The remaining 50% equity interests of these companies are owned by Coqueen Company Limited ("Coqueen"). The total cost of investment in these joint ventures was approximately HK$232,543,000 (2014: approximately HK$232,543,000).

These three companies are investment holding companies and jointly hold 100% equity interest of Fook Lam Moon Restaurant Limited ("FLM HK") and Fook Lam Moon (Kowloon) Restaurant Limited ("FLM Kln").

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

Pursuant to the Third Framework Agreement (as defined in the below sub-section "Advance to Entity"), on 10 October 2014, Rich Paragon Limited ("Rich Paragon", an indirectly wholly-owned subsidiary of the Company) and the Company entered into a sale and purchase agreement (as supplemented by an addendum dated 13 March 2015 and a second addendum dated 30 April 2015) (the "Coqueen Sale and Purchase Agreement") with Coqueen, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan in relation to the acquisition of (i) 10,000 ordinary shares in SPV; (ii) 500 ordinary shares in Great Way; and (iii) 500 ordinary shares in Leading Win, which respectively represents 50% of the entire issued share capital in each of SPV, Great Way and Leading Win (the "Target Companies").

The consideration HK$580,000,000 shall be settled and discharged by Rich Paragon and the Company at completion (save for (i) below) by: (i) HK$20,000,000 paid by Rich Paragon as deposit (which was paid on 24 April 2013 as Framework Deposit as defined in the below sub-section "Advance to Entity"); (ii) HK$409,000,000 shall be settled and discharged by the Company allotting and delivering in an aggregate of 1,410,344,827 Shares at HK$0.29 each, credited as fully paid, to Coqueen or its nominee; (iii) HK$131,000,000 shall be settled and discharged by the Company issuing and delivering the zero coupon convertible bonds which upon full conversion 451,724,137 conversion shares will be issued at HK$0.29 per share to Coqueen or its nominee; and (iv) the balance of HK$20,000,000 shall be settled and discharged by the Company issuing and delivering a promissory note bearing an annual interest of 5% to Coqueen.

Pursuant to the Coqueen Sale and Purchase Agreement, the long stop date fell on 29 January 2016 and was lapsed thereon.

For details, please refer to the announcements of the Company dated 24 April 2013, 18 October 2013, 6 August 2014, 30 April 2015, 16 October 2015, 13 November 2015 and 3 February 2016, and the circular of the Company dated 29 August 2014.

(iii) Acquisition of Power Tool

On 29 September 2015 and 30 October 2015, Success Century Investments Limited (the "Vendor") and Golden Eva Limited, a wholly-owned subsidiary of the Company, (the "Purchaser") entered into the sale and purchase agreement and supplemental agreement respectively, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan (as defined in the Company's announcement dated 6 October 2015) at the consideration of up to HK$24,000,000 (subject to adjustment). The consideration shall be payable and settled by way of procuring the Company to issue: (i) tranche A promissory note in the principal amount of HK$18,000,000 which may be exchanged for the tranche A convertible bond convertible up to a maximum of 56,250,000 conversion shares upon conversion at the conversion price of HK$0.32 each; and (ii) tranche B promissory note in the principal amount of HK$6,000,000 (subject to adjustment) which may be exchanged for the tranche B convertible bond convertible up to a maximum of 18,750,000 conversion shares upon conversion at the conversion price of HK$0.32 each (the "Acquisition"), which constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The Directors were of the view that the provision of the product KRYSTAL® could enhance the Group's brand image by creating the synergy and opportunities for the Group to further expand and develop of its high-end food and beverage industry.

As at the date of this announcement, the Acquisition has been completed.

For details, please refer to the announcements of the Company date 6 October 2015 and 30 October 2015.

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 quarterly report for the three months ended 31 March 2014. The Directors considered that the likelihood of recovery of the outstanding principal and accrued interest amount was very remote and the impairment loss of loan receivables of HK$28,225,000 was recognised during the eight months ended 31 December 2013. In the year 2014, the Group received repayment sum of HK$2,900,000. During the Reporting Period, the Group received a further sum of HK$1,760,000. 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, SPV, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan (collectively, the "Parties") entered into the second framework agreement (as supplemented by the supplemental second framework agreement dated 30 January 2013) (the "Second Framework Agreement") which was then superseded by the third framework agreement on 24 April 2013 (as supplemented by a supplemental third framework agreement dated 6 August 2014) (the "Third Framework Agreement") in relation to, inter alia, the acquisition of a portion of Coqueen's entire shareholding in SPV from Coqueen by Rich Paragon pursuant to the Second Framework Agreement. Pursuant to the Third Framework Agreement, Rich Paragon have paid HK$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit (the "Framework Deposit").

On 10 October 2014, Rich Paragon and the Company entered into the Coqueen Sale and Purchase Agreement with Coqueen, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan. Pursuant to the Coqueen Sale and Purchase Agreement, the Framework Deposit paid to Coqueen by Rich Paragon have been applied to settle part of the consideration of the acquisition of remaining 50% of the entire issued share capital in each of the Target Companies. As the conditions precedent stated in the announcement of the Company dated 30 April 2015 have not been fulfilled by 29 January 2016, the Coqueen Sale and Purchase Agreement had lapsed and the Framework Deposit should be refunded by Coqueen to Rich Paragon accordingly.

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, 18 October 2013, 6 August 2014, 30 April 2015, 16 October 2015, 13 November 2015 and 3 February 2016, and the circular of the Company dated 29 August 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources. The Reporting Period ended with the net current liabilities of approximately HK$461,585,000 (2014: approximately HK$309,530,000) including the bank balances and cash of approximately HK$2,547,000 (2014: approximately HK$2,857,000).

As at 31 December 2015, the Group had other borrowings amounted to approximately HK$69,200,000 (2014: approximately HK$69,200,000) and obligations under finance leases of approximately HK$2,196,000 (2014: approximately HK$1,674,000). The gearing ratio, computed as total liabilities to total assets, is 1.57 at the end of the Reporting Period (2014: 1.26).

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group's major foreign currency exposure is in United States dollar which Hong Kong dollar has been pegged. The Group does not have a foreign currency hedging policy as the Board considers that such risk is low. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

CHARGE ON GROUP'S ASSETS

As at 31 December 2015, certain assets with fair value of approximately HK$258,002,000 (2014: approximately HK$272,780,000) were pledged for the convertible bonds in the principal amount of US$37.5 million.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital commitment contracted for but not provided in the consolidated financial statements in respect of acquisition of the remaining 50% equity interests in joint ventures of HK$580,000,000.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liability.

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 2015.

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

The Company has been evaluating the operation results of SPV and its subsidiaries (the "SPV Group") and is positive about the future prospects of the SPV Group. With the focus of operating high-end Chinese restaurants serving high-quality Cantonese cuisine, the SPV Group has developed strong brand and customer loyalty, which contributed to the growing earnings. The SPV Group has maintained a stable business performance.

Food manufacturing business

During the Reporting Period, the food manufacturing business records an increase in revenue by 106% as compared with 2014 and a segmental loss of HK$26.6 million. The management is assessing the possibility to restructure this segment.

Fook Lam Moon restaurant in Macau

The Group has entered into a joint venture agreement with Galaxy Entertainment Group Limited (Stock Code: 27) regulating the formation of a joint venture through FLM Macau Holdings Limited in connection with the operation of a high-end luxurious Chinese restaurant under the trading name of "Fook Lam Moon" located at Galaxy Macau™ in Macau. This restaurant has commenced business in August 2015.

Fook Lam Moon Fine Foods gourmet shop

In August 2015, the Group has opened a new gourmet shop at Wanchai. Dedicating to offer top-notch quality products to customers, Fook Lam Moon Fine Foods indulges gourmands with an exceptional range of own branded products and exclusively sourced gastronomic products from all over the world.

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

LITIGATIONS

Details of litigations for the year ended 31 December 2015 were set out under the section of "Litigations" on page 11 of the Company's annual report for the year ended 31 December 2014 (the "2014 Annual Report"). Capitalised terms used herein shall have the same meanings as those defined in the 2014 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed a total of 110 employees (2014:140). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK$35,783,000 (2014: approximately HK$31,585,000).

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.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2015 (2014: Nil).

EVENTS AFTER REPORTING PERIOD

Memoranda of Understanding

On 2 February 2016, Ever Profit Investment Group Limited ("Ever Profit"), an indirect wholly-owned subsidiary of the Company, entered into the memorandum of understanding with a company incorporated in Hong Kong with limited liability whose issued shares (and certain other derivatives) are listed on the Main Board of the Stock Exchange (the "First Intended Vendor"). Pursuant to which the First Intended Vendor intends to sell to Ever Profit and Ever Profit intends to purchase from the First Intended Vendor, the entire issued share capital in a company incorporated in Hong Kong with limited liability and is the proprietor, manager and operator of the Italian restaurants located in Wanchai and Tsim Sha Tsui, Hong Kong (the "First MOU").

On 2 February 2016, Ever Profit entered into the memorandum of understanding entered into between with Profit Advantage Limited, a company incorporated in Hong Kong with limited liability (the "Second Intended Vendor"). Pursuant to which the Second Intended Vendor intends to sell to Ever Profit and Ever Profit intends to purchase from the Second Intended Vendor, the entire equity interest in a foreign owned enterprise incorporated in PRC and is the proprietor, manager and operator of a Chinese restaurant located in Wuhan, Hubei, PRC (the "Second MOU", together with the First MOU, the "MOUs").

The MOUs also specified, inter alia, subject to: (i) the formal agreements to be entered into between the parties to the respective MOUs (the "Formal Agreements"); (ii) the intended major conditions precedent; (iii) the intended handover arrangements; and (iv) intended consideration which involved payment of cash and issue of consideration Shares. It is intended that the parties to the respective MOUs shall execute the Formal Agreements on or before 31 March 2016 or such later date as the parties to the respective MOUs may agree in writing, and the Formal Agreements shall be in accordance with or by reference to (whichever shall be appropriate) the respective MOUs.

Further announcement(s) will be made upon execution of the Formal Agreements as and when appropriate, and in accordance with the GEM Listing Rules.

For details, please refer to the announcement of the Company dated 11 February 2016.

COMPLIANCE OF THE CODE PROVISIONS

Throughout the year ended 31 December 2015, 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 2015. 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 2015.

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. 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 2015.

COMPETING INTERESTS

For the year ended 31 December 2015, 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 12 November 2015 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 2015 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 and made available on the above websites in due course.

APPRECIATION

The Board would like to thank all business partners and Shareholders 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, 24 March 2016

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.