



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

2011/2012

Third Quarterly Report



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 report, 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 report 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 report misleading.

This report 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors of the Company (the “**Board**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 January 2012 together with the comparative unaudited figures for the previous corresponding period as follows:

Condensed Consolidated Income Statement

For the nine months ended 31 January 2012

		Three months ended 31 January		Nine months ended 31 January	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Notes					
Turnover	3	6,553	983	10,307	5,242
Cost of sales		(2,812)	(949)	(5,529)	(4,981)
Gross profit		3,741	34	4,778	261
Other operating income		448	1,391	5,406	5,462
Change in fair value of held-for-trading investments		(240)	(14,160)	(10,440)	(60,531)
Selling and distribution costs		(4,362)	(125)	(8,417)	(125)
Administrative expenses		(7,342)	(10,525)	(19,662)	(30,604)
Finance costs		–	(160)	(15)	(317)
Share of results of an associate	4	(4,335)	5,562	–	6,743
Loss before tax		(12,090)	(17,983)	(28,350)	(79,111)
Income tax expense	5	–	2,329	–	9,979
Loss for the period, attributable to owners of the Company		(12,090)	(15,654)	(28,350)	(69,132)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	7				
– basic and diluted		(0.42)	(0.56)	(0.98)	(2.73)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 31 January 2012

	Three months ended 31 January		Nine months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Loss for the period	(12,090)	(15,654)	(28,350)	(69,132)
Other comprehensive (expenses) income				
Exchange difference arising on translation	(532)	469	–	1,174
Total comprehensive expenses for the period	(12,622)	(15,185)	(28,350)	(67,958)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 January 2012

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2010 (audited)	2,402	98,283	70,904	63	(31,062)	140,590
Total comprehensive income (expenses) for the period	–	–	–	1,174	(69,132)	(67,958)
Issue of shares upon placement	480	119,620	–	–	–	120,100
Transaction costs attributable to placing of new shares	–	(3,433)	–	–	–	(3,433)
Transfer to reserve for share options lapsed	–	–	(68,462)	–	68,462	–
At 31 January 2011 (unaudited)	2,882	214,470	2,442	1,237	(31,732)	189,299
At 1 May 2011 (audited)	2,882	214,289	2,034	1,529	(45,558)	175,176
Total comprehensive expenses for the period	–	–	–	–	(28,350)	(28,350)
Transfer to reserve for share options lapsed	–	–	(813)	–	813	–
At 31 January 2012 (unaudited)	2,882	214,289	1,221	1,529	(73,095)	146,826

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 January 2012

1. General Information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on GEM of the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business in Hong Kong is Unit 1911, 19/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The condensed consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

2. Basis of Preparation and Principal Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and the International Financial Reporting Interpretations Committee (the “**IFRIC**”) of the IASB and included applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the value of the consideration given in exchange for goods. Except as described below, the principal accounting policies applied in the preparation of these condensed consolidated financial information are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 30 April 2011.

In the current period, the Group has applied the following new and revised standards, amendments and interpretations (“**new and revised IFRSs**”) issued by the IASB and the IFRIC of the IASB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 January 2012

2. Basis of Preparation and Principal Accounting Policies *(continued)*

IFRSs (Amendments)	Improvements to IFRSs 2010 except for the amendments to IFRS 3 (Revised in 2008), IFRS 7, IAS 1, and IAS 28
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IAS 24 (Revised)	Related Party Disclosures
IFRIC – Interpretations (“Int”) 14 (Amendments)	Prepayments of a Minimum Funding Requirement
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised IFRSs had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. Turnover

The following is an analysis of the Group’s turnover by reportable segment:

	Three months ended 31 January		Nine months ended 31 January	
	2012 (Unaudited) HK\$’000	2011 (Unaudited) HK\$’000	2012 (Unaudited) HK\$’000	2011 (Unaudited) HK\$’000
Catering	5,563	–	7,331	–
Sales of electronic products	990	983	2,976	5,242
	6,553	983	10,307	5,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 January 2012

4. Share of Results of an Associate

The interest in an associate represents the 46% equity interest in 廣東振戎資源有限公司 (formerly known as 廣東振戎石油化工有限公司) (“**Zhenrong**”). On 30 September 2010, the Group entered into a memorandum of understanding (the “**First MOU**”) with Best Fortress Limited (“**BFL**”), an independent third party of the Company, for granting a negotiation right to BFL to carry out due diligence and other investigations for a period of 6 months for the potential disposal of the equity interest in Zhenrong.

After expiry of the First MOU, on 1 April 2011, the Group entered into another memorandum of understanding (the “**Second MOU**”) with BFL in relation to the potential disposal of the equity interest in Zhenrong. On 30 September 2011, the Second MOU was extended for a further period of 6 months. As such, the interest in an associate has been transferred to assets classified as held for sale, and is measured at the lower of its previous carrying value and fair value less costs to sell. The results for the period ended 31 January 2012 included a restatement of share of results of an associate recognised during the previous period for the amount of HK\$4,335,000.

5. Income Tax Expense

	Three months ended 31 January		Nine months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Continuing operations				
Current tax				
– Hong Kong	–	–	–	–
– Other jurisdictions	–	–	–	–
Deferred tax credit	–	2,329	–	9,979
	–	2,329	–	9,979

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 January 2012

5. Income Tax Expense *(continued)*

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. No provision for Hong Kong profits tax or tax of other jurisdictions was made as the Group had no assessable profit during the periods.

6. Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 January 2012 (nine months ended 31 January 2011: Nil).

7. Loss Per Share

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

	Three months ended 31 January		Nine months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(12,090)	(15,654)	(28,350)	(69,132)
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	2,882,400	2,804,074	2,882,400	2,536,025

The computation of diluted loss per share is the same as the basic loss per share for the two periods ended 31 January 2012 and 31 January 2011 as the exercise of the Company's share options is not assumed due to the exercise price of the outstanding share options during these two periods was higher than the average market price of the Company's shares.

BUSINESS AND FINANCIAL REVIEW

Revenue

During the nine months ended 31 January 2012 (the “**Reporting Period**”), the Group recorded a revenue of approximately HK\$10,307,000, representing a 97% increase as compared with the last corresponding period. The revenue was primarily contributed by the sales of electronic products and the catering business which recorded a revenue of approximately HK\$2,976,000 (nine months ended 31 January 2011: approximately HK\$5,242,000) and approximately HK\$7,331,000 (nine months ended 31 January 2011: Nil), respectively.

Loss for the period

The Group recorded a loss of approximately HK\$28,350,000 for the Reporting Period, representing a 59% decrease as compared with a loss of HK\$69,132,000 of the last corresponding period. The decrease in loss for the Reporting Period was mainly due to the decrease in loss on change in fair value of held-for-trading investments and a moderate decrease in administrative expenses as a result of our cost control measures. During the Reporting Period, the Group’s administrative expenses were approximately HK\$19,662,000 (nine months ended 31 January 2011: approximately HK\$30,604,000).

Proposed Investment in Cheong Tat

Megamillion Asia Limited (“**Megamillion**”), an indirect wholly-owned subsidiary of the Company, holds the convertible bonds in the principal amount of HK\$35,154,000 issued by Cheong Tat International Development Limited (“**Cheong Tat**”), a company incorporated in Hong Kong with limited liability, (collectively, the “**Convertible Bonds**”). Cheong Tat owns the entire 100% equity interest in a PRC-incorporated company which in turn holds 60% equity interest in each of 承德五穀農莊食品有限公司 (Chengde Wugu Farming & Food Co. Ltd.*) and 承德綠豐生態農業科技發展有限公司 (Chengde Lufeng Farming & Technology Co. Ltd.*) (collectively, the “**Operating Companies**”). The Operating Companies are headquartered in Chengde City, Hebei Province, the PRC and are principally engaged in the production and sales of instant noodle products and instant soup base, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

On 29 November 2010, the Board approved the exercise of the conversion rights attached to the Convertible Bonds (the “**January Conversion**”). Upon completion of the January Conversion, the Company will own approximately 85% of the issued share capital of Cheong Tat as enlarged by the issuance of the conversion shares.

Pursuant to the agreement in relation to the subscription of the Convertible Bonds by Megamillion (being the subscriber) (the “**CB Subscription Agreement**”), in the event that the aggregate net profit after tax of the Operating Companies falls below RMB100 million for the year ended 31 December 2010 (the “**Profit Target**”) or RMB170 million for the year ended 31 December 2011, then prior to maturity of the Convertible Bonds, the total number of conversion shares of Cheong Tat issued to Megamillion shall be increased such that if the subscription rights of the Convertible Bonds were exercised in full, the conversion shares shall ultimately represent 99% of the entire equity interest of Cheong Tat as enlarged by such conversion.

Based on the audited accounts of the Operating Companies provided by Cheong Tat, the Profit Target has not been met. On 9 August 2011, the Board resolved to revise the January Conversion pursuant to the CB Subscription Agreement and request Cheong Tat to issue conversion shares representing 99% of the entire equity interest of Cheong Tat as enlarged by the revised January Conversion to Megamillion (collectively, the “**Proposed Conversion**”). The Proposed Conversion presents an opportunity to expand into the PRC’s non-fried instant noodles market in which currently only a limited number of companies are participating. The Proposed Conversion constitutes a very substantial acquisition for the Company and is subject to the shareholders’ approval.

On 30 January 2012, the Company received a proposal (the “**Proposal**”) from Cheong Tat to settle the outstanding amount and the accrued interest due and payable under the loan agreement dated 29 November 2010 entered into by and between Megamillion (as the lender) and Cheong Tat (as the borrower) (the “**Second Loan Agreement**”) and the principal amount of the Convertible Bonds against certain asset of Cheong Tat. The Board is considering the Proposal and shall announce the latest development in relation to the Second Loan Agreement and the Proposed Conversion as soon as practicable. The Board has postponed the date of despatch of the circular and the notice of the meeting to be convened and held to approve the Proposed Conversion to on or before 30 April 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

There was no change in the Company's capital structure during the Reporting Period. As at 31 January 2012, the Company's issued share capital was HK\$2,882,400 divided into 2,882,400,000 ordinary shares of HK\$0.001 each (the "**Shares**").

SIGNIFICANT INVESTMENTS

As at 31 January 2012, the Group held held-for-trading investments amounted to approximately HK\$6,960,000 (as at 30 April 2011: approximately HK\$17,400,000), available-for-sale investments amounted to approximately HK\$500,000 (as at 30 April 2011: approximately HK\$500,000) and an interest in an associate amounted to approximately HK\$32,965,000 (as at 30 April 2011: approximately HK\$32,965,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity. The Reporting Period ended with the net current assets of approximately HK\$143,027,000 (as at 30 April 2011: approximately of HK\$169,525,000) including the net bank balances and cash of approximately HK\$3,284,000 (as at 30 April 2011: approximately HK\$34,915,000).

The Group had no bank overdraft facilities and bank borrowing as at 31 January 2012 (as at 30 April 2011: Nil). The gearing ratio, computed as other borrowings over total equity, stood at Nil at the end of the Reporting Period (as at 30 April 2011: 1.4%).

OPEN OFFER

On 16 December 2011, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two Shares held by the qualifying shareholders at a price of HK\$0.01 per offer share (the "**Open Offer**"). The subscription price of HK\$0.01 per offer share represents a discount of approximately 85.51% to the closing price of HK\$0.0690 per Share as quoted on the Stock Exchange on 14 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

The Open Offer was fully-underwritten by FT Securities Limited (“**FT Securities**”) pursuant to the underwriting agreement dated 14 December 2011 entered into by and between the Company and FT Securities and was completed on 13 February 2012 with a total of 1,441,200,000 new Shares with an aggregate nominal value of approximately HK\$1.441 million issued on 13 February 2012, on the basis of 2,882,400,000 Shares in issue on 19 January 2012, being the record date of the Open Offer. The aggregate net proceeds, after underwriting fees and expenses payable in relation to the Open Offer, amounted to approximately HK\$13.49 million. The Company plans to utilize approximately HK\$2.3 million of the proceeds towards the marketing and promotion of the catering business of the Group and the remaining balance will be applied towards the general working capital for the operations of the catering business. Details of the Open Offer are set out in the Company’s prospectus dated 20 January 2012.

CHARGE ON GROUP’S ASSETS

There was no charge on the Group’s assets during or at the end of the Reporting Period.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the Reporting Period, the Group had contingent liability in respect of corporate guarantee provided in favour of a potential business partner, being an independent third party, for the total amount of HK\$5,000,000 in relation to the obtaining of certain confidential information under a non-disclosure agreement. Save as the abovementioned and as disclosed in the section headed “BUSINESS AND FINANCIAL REVIEW” above and the section headed “PROSPECT AND OUTLOOK” below, the Group has no imminent plan for material investment or capital asset nor any material contingent liability at the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

ADVANCE TO ENTITY

On 17 August 2011, Red Bloom Limited (the “**Proposed Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with two independent third parties; namely, Key Ally Limited (the “**Proposed Vendor**”), a company incorporated in the British Virgin Islands with limited liability and Mr. Ng Wai Huen (the “**Guarantor**”) (the “**MOU**”) in relation to a proposed equity investment with controlling interest in Excel Time Holdings Limited (the “**Target Company**”), a wholly-owned subsidiary of the Proposed Vendor (collectively, the “**Proposed Investment**”). The Target Company is an investment holding company which entered into a framework agreement on 31 July 2011 with various PRC persons in relation to the possible acquisition of interest in 太原市漢波食品工業有限公司(Taiyuan Hanbo Food Industrial Limited*) (“**Taiyuan Hanbo**”).

An earnest deposit in the amount of HK\$44,000,000 has been paid by the Proposed Purchaser to the Proposed Vendor pursuant to the MOU (collectively, the “**Earnest Deposit**”). As the amount of the Earnest Deposit exceeded 8% of the total assets of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the entering into of the MOU constituted an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. Pursuant to the MOU, the Proposed Purchaser shall conduct the due diligence review of the assets, liabilities, operations and affairs of the Target Company and Taiyuan Hanbo within a period of 180 calendar days from the date of signing of the MOU (the “**Exclusivity Period**”) (collectively, the “**DD Review**”). The Proposed Vendor shall supply the Proposed Purchaser with information on, among others, the financial or business position of the Target Company or any of its subsidiaries or associated companies and information relating to Taiyuan Hanbo. The Guarantor undertakes to guarantee the performance of all obligations of the Proposed Vendor under the MOU.

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

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

Open Offer

The Open Offer was completed on 13 February 2012 with a total of 1,441,200,000 new Shares issued on 13 February 2012. Details of the Open Offer were reported under the section headed “OPEN OFFER” above.

Resignation of Director and change of authorised representative

Mr. Chan Fu Kei has resigned as an executive Director with effect from 19 February 2012. Mr. Chan Fu Kei has also resigned and Mr. Too Shu Wing has been appointed as an authorised representative of the Company under Rule 5.24 of the GEM Listing Rules with effect from 19 February 2012.

PROSPECT AND OUTLOOK

The Group has been principally engaged in the local catering business, brand management and is acting as a sourcing agent for reputable buyers in a variety of products. 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.

To explore and expand into the PRC food and beverage industry, the Group entered into the CB Subscription Agreement with Cheong Tat in November 2010. As further investment by way of financing to Cheong Tat will be required, the Board decided to convert the Convertible Bonds to consolidate control over the management of Cheong Tat. It is expected that upon completion of the Proposed Conversion, the Group will be largely involved in the business development and branding of the instant food business in the PRC. As reported under the section headed “Proposed Investment in Cheong Tat” above, the Proposed Conversion is subject to shareholders’ approval and that on 30 January 2012, the Company received the Proposal from Cheong Tat to settle the outstanding amount and the accrued interest due and payable under the Second Loan Agreement and the principal amount of the Convertible Bonds against certain asset of Cheong Tat. The Board is considering the Proposal and shall announce the latest development in relation to the Second Loan Agreement and the Proposed Conversion as soon as practicable. The Board has postponed the date of despatch of the circular and the notice of the meeting to be convened and held to approve the Proposed Conversion to on or before 30 April 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

To diversify into the local catering business, the Group commenced its operation of East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) (“**East Ocean Dragon**”) in October 2011. East Ocean Dragon is a Chinese restaurant located in Wanchai that targeting the high end market and can accommodate up to 250 people. It has received very good market response during the initial stage of operation and was praised for its innovative cuisines, superior food quality and services. The Group will continue to grow the restaurant’s business by enhancing its public recognition and increasing its customer base.

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.

OTHER INFORMATION

Change of Company Name and Stock Short Name

The proposed change of name of the Company from “BEST MIRACLE INTERNATIONAL LIMITED 進能國際有限公司” to “Chinese Food and Beverage Group Limited 華人飲食集團有限公司” (the “**Change of Company Name**”) was approved by the shareholders of the Company at the extraordinary general meeting held on 31 August 2011. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands and took effect on 31 August 2011 and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 30 September 2011. The stock short names for trading in the shares of the Company on the Stock Exchange was changed from “BEST MIRACLE” to “C FOOD&BEV GP” in English and from “進能國際” to “華人飲食集團” in Chinese on 10 October 2011. The stock code of the Company remains unchanged.

The Board believes that the new name better reflects the Company’s future business direction, while highlighting its business strategies in the development of food and beverage industry.

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

As at 31 January 2012, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares and underlying shares of HK\$0.001 each in the capital of the Company (the “Shares”)

Name of Director	Nature of interests/holding capacity	Number of Shares	underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company’s issued share capital
Mr. Chan Fu Kei	Personal	–	1,000,000 (Note)	1,000,000	0.03%
Mr. Too Shu Wing	Personal	–	1,000,000 (Note)	1,000,000	0.03%

Note: These underlying Shares represent share options of the Company granted on 11 September 2009 to the directors pursuant to the share option scheme adopted by the Company on 10 June 2003 (the “**Share Option Scheme**”). The share options entitled the holders thereof to subscribe for new Shares at an exercise price of HK\$0.70 per Share during the period from 11 September 2009 to 10 September 2012, subject to the provisions of the Share Option Scheme. As a result of the Open Offer that completed on 13 February 2012, the exercise price and the number of outstanding share options have been adjusted with effect from 17 February 2012. This table did not take into account of the aforesaid adjustments that were announced by the Company on 17 February 2012.

Save as disclosed above, as at 31 January 2012, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporation (within the meaning of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

OTHER INFORMATION

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

Save as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, as at 31 January 2012, neither the Company nor any of its subsidiaries was a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, or there have, at any time during the Reporting Period, subsisted such arrangement(s) as aforesaid and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

Substantial Shareholders' and Other Persons with Interests and Short Positions in the Shares and Underlying Shares

As at 31 January 2012, the following parties, other than Directors and the chief executive of the Company, held interests or short positions in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interests/ holding capacity	Number of Shares	Approximate percentage of interests in the Company's issued share capital (Note 1)
Upper Run Investments Limited (" Upper Run ")	Beneficial Owner	1,019,099,900 (Note 2)	35.36%
Ms. Chan Yuen Fan Winky (" Ms. Winky Chan ")	Interest through controlled corporation	1,019,099,900 (Note 2)	35.36%
Kingston Finance Limited (" Kingston ")	Having a security interest	1,010,000,000 (Note 3 & 4)	35.04%

OTHER INFORMATION

Name of shareholder	Nature of interests/ holding capacity	Number of Shares	Approximate percentage of interests in the Company's issued share capital (Note 1)
Ample Cheer Limited ("Ample Cheer")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%
Best Forth Limited ("Best Forth")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%
Mrs. Chu Yuet Wah ("Mrs. Chu")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%

Notes:

- As at 31 January 2012, the Company's issued ordinary share capital was HK\$2,882,400 divided into 2,882,400,000 Shares of HK\$0.001 each.
- These Shares are beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run.
- Kingston has a security interest in 1,010,000,000 Shares out of the Shares held by Upper Run mentioned in Note 2 above.
- Kingston is wholly-owned by Ample Cheer which is in turn 80% owned by Best Forth. Best Forth is in turn wholly-owned by Mrs. Chu. By virtue of the SFO, each of Mrs. Chu, Best Forth and Ample Cheer is deemed to be interested in the Shares in which Kingston is interested as mentioned in Note 3 above.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 31 January 2012 which required to be recorded pursuant to Section 336 of SFO.

OTHER INFORMATION

Competing Interests

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

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

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

Corporate Governance

The Company has applied the principles in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules and has complied with the code provisions throughout the Reporting Period except the deviations set out below:

Code Provision A.2.1

This code provision stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the Reporting Period, the office of the chairman of the Board remains vacant. The role of the chairman was assumed by executive Directors other than the chief executive officer (Ms. Chan Lai Kwan Rainbow (“**Ms. Chan**”) who was an executive Director and the chief executive officer resigned from both office with effect from 1 August 2011), who have discharged all duties and responsibilities of the chairman. The Company has not appointed a chief executive officer since Ms. Chan's resignation. Following Ms. Chan's resignation, the roles of the chairman and chief executive officer have been performed by the executive Directors. The Board is of the view that there existed a balance of power and authority during the Reporting Period.

The Board will continue to review the current structure of the Board from time-to-time. If candidates with suitable knowledge, skills and experience are identified, the Company will make appointments to fill the post(s) of chairman and/or the chief executive officer as appropriate.

Code Provision A.4.1

This code provision stipulated that non-executive directors should be appointed for a specific term, subject to re-election.

The existing non-executive Directors were not appointed for a specific term, but subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company and each of their office may be terminated by either the Company or the non-executive director by giving the other party one-month's written notice. As such, the Company considers that there are sufficient measures in place to ensure that the Company has good corporate governance practices.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions 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 of 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 Reporting Period.

Audit Committee

The Company has established an audit committee on 10 June 2003 with written terms of reference. The audit committee has three members comprising all the three independent non-executive Directors; namely, Mr. Orr Joseph Wai Shing (the chairman of the audit committee), Mr. Chan Tak Yan and Mr. Lam Raymond Shiu Cheung.

The primary duties of the audit committee are to review the Company's annual reports and accounts, interim results announcements or reports and quarterly results announcements or reports and internal control system, and to provide advice and comments thereon to the Board.

The unaudited third quarterly results for the nine months ended 31 January 2012 have been reviewed by the audit committee of the Company.

By order of the Board
Chinese Food and Beverage Group Limited
Yu Sau Lai
Executive Director

Hong Kong, 9 March 2012

As at the date of this report, Ms. Yu Sau Lai and Mr. Too Shu Wing are executive Directors; and Mr. Chan Tak Yan, Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung are independent non-executive Directors.

* For identification purpose only

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Yu Sau Lai
Mr. Too Shu Wing

Independent Non-Executive Directors

Mr. Chan Tak Yan
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

Company Secretary

Mr. Cheung Yuk Chuen

Compliance Officer

Ms. Yu Sau Lai

Audit Committee

Mr. Orr Joseph Wai Shing
(*Chairman of Audit Committee*)
Mr. Chan Tak Yan
Mr. Lam Raymond Shiu Cheung

Remuneration Committee

Mr. Chan Tak Yan
(*Chairman of Remuneration Committee*)
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

Auditors

Messrs. SHINewing (HK) CPA Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal

Place of Business in Hong Kong

Unit 1911, 19/F.
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18/F., Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Principal Bankers

Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

Website Address

www.cfbgroup.com.hk

Stock Code

8272