



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



2016

FIRST 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 "Director(s)") 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 (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2016. The unaudited first quarterly results for the three months ended 31 March 2015 were used as corresponding comparative figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

		Three months ended 31 March 2016 (Unaudited) HK\$'000	31 March 2015 (Unaudited) HK\$'000
	Notes		
Turnover	3	16,340	30,590
Revenue	3	16,036	17,040
Cost of sales		(14,582)	(13,799)
Gross profit		1,454	3,241
Other operating income		188	129
Written-off in respect of inventories		(83)	(264)
(Loss) profit on disposal of held-for-trading investments		(57)	507
Reversal of impairment loss in respect of other receivables		1,560	–
Change in fair value of held-for-trading investments		(60)	2,628
Change in fair value of the derivative components of convertible bonds		–	3,533
Selling and distribution expenses		(5,526)	(5,107)
Administrative and other operating expenses		(8,491)	(9,806)
Finance costs		(11,335)	(13,083)
Share of (loss) profit of joint ventures		(2,814)	3,371
Share of loss of associates		(1,431)	–
Loss before tax		(26,595)	(14,851)
Income tax expense	4	–	–
Loss for the period		(26,595)	(14,851)
Loss for the period attributable to:			
Owners of the Company		(26,061)	(14,656)
Non-controlling interests		(534)	(195)
		(26,595)	(14,851)
		HK cents	HK cents
Loss per share – basic and diluted	6	(4.93)	(2.77)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

	Three months ended	
	31 March 2016 (Unaudited) HK\$'000	31 March 2015 (Unaudited) HK\$'000
Loss for the period	(26,595)	(14,851)
Total comprehensive expenses for the period	(26,595)	(14,851)
Total comprehensive expenses for the period attributable to:		
Owners of the Company	(26,061)	(14,656)
Non-controlling interests	(534)	(195)
	(26,595)	(14,851)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	5,284	248,175	-	(339,740)	(86,281)	(1,464)	(87,745)
Capital contributions from non-controlling interest of a subsidiary	-	-	-	-	-	84	84
Loss for the period	-	-	-	(14,656)	(14,656)	(195)	(14,851)
At 31 March 2015 (unaudited)	5,284	248,175	-	(354,396)	(100,937)	(1,575)	(102,512)
At 1 January 2016 (audited)	5,284	248,175	(8)	(443,826)	(190,375)	(1,395)	(191,770)
Loss for the period	-	-	-	(26,061)	(26,061)	(534)	(26,595)
At 31 March 2016 (unaudited)	5,284	248,175	(8)	(469,887)	(216,436)	(1,929)	(218,365)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2016

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its shares are listed on the 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 4/F, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong. The principal activity of the Company is investment holding.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), 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 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 addition, the Group's unaudited quarterly financial statements include 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.

The principal accounting policies applied in the preparation of the unaudited condensed consolidated financial statement for the three months ended 31 March 2016 are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2016

3. TURNOVER AND REVENUE

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

An analysis of the Group's turnover and revenue for the period is as follows:

	Three months ended	
	31 March 2016 (Unaudited) HK\$'000	31 March 2015 (Unaudited) HK\$'000
Turnover		
Catering business	11,552	12,229
Food manufacturing business	4,484	4,811
Gross proceeds from disposal of held-for-trading investments	304	13,550
	16,340	30,590
Revenue		
Catering business	11,552	12,229
Food manufacturing business	4,484	4,811
	16,036	17,040

4. INCOME TAX EXPENSE

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 other jurisdictions has been made as the Group did not have any assessable profits for the three months ended 31 March 2016 and 31 March 2015.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2016

6. LOSS PER SHARE

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

	Three months ended	
	31 March 2016 (Unaudited) HK\$'000	31 March 2015 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(26,061)	(14,656)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	528,360	528,360
Basic and diluted loss per share	HK(4.93) cents	HK(2.77) cents

The computation of the diluted loss per share for the three months ended 31 March 2015 does not assume the conversion of the Company's outstanding convertible bonds since the exercise would result in a decrease in loss per share for the period which is regarded as anti-dilutive.

7. COMPARATIVE FIGURES

During the three months ended 31 March 2016, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the condensed consolidated financial statements in respect of the last corresponding period to achieve comparability with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

Turnover

During the three months ended 31 March 2016 (the “Reporting Period”), the Group recorded a turnover of approximately HK\$16,340,000 (three months ended 31 March 2015: approximately HK\$30,590,000), representing a decrease of approximately 47% as compared with the last corresponding period. The decrease was mainly due to drop in the securities trading.

Results for the period

The Group recorded a loss of approximately HK\$26,595,000 for the Reporting Period, as compared with a loss of approximately HK\$14,851,000 of the last corresponding period. The increase in loss for the Reporting Period was mainly due to loss on disposal of held-for-trading investments, loss in change in fair value of held-for-trading investment, no gain in change in fair value of the derivative components of convertible bonds and share of loss of joint ventures and associates.

Catering Business

The segmental turnover of the catering business for the Reporting Period was approximately HK\$11,552,000 (three months ended 31 March 2015: approximately HK\$12,229,000), representing a decrease of approximately 6% as compared with the last corresponding period. This catering business maintained stable business performance during the Reporting Period.

Food Manufacturing Business

The segmental turnover of the food manufacturing business for the Reporting Period was approximately HK\$4,484,000 (three months ended 31 March 2015: approximately HK\$4,811,000), representing a decrease of approximately 7% as compared with the last corresponding period.

Securities Trading

The gross proceeds from disposal of held-for-trading investments for the Reporting Period was approximately HK\$304,000 (three months ended 31 March 2015: approximately HK\$13,550,000), representing a decrease of approximately 98% as compared with the last corresponding period.

CAPITAL STRUCTURE

As at 31 March 2016, 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”).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2016, the Company has outstanding convertible bonds in the principal amount of US\$37.5 million issued by the Company on 18 December 2014 (the “Convertible Bonds”) and that the holders of the Convertible Bonds have requested the Company to redeem the Convertible Bonds. The Company is currently in negotiation with the holders of the Convertible Bonds regarding the possible extension of the redemption dates, and 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 March 2016, no tranche A convertible bond or tranche B convertible bond has been issued.

SIGNIFICANT INVESTMENTS

Save as those disclosed in this report, there were no other significant investments held by the Company during the Reporting Period.

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\$484,664,000 (as at 31 December 2015: approximately HK\$461,585,000) including the bank balances and cash of approximately HK\$1,070,000 (as at 31 December 2015: approximately HK\$2,547,000).

As at 31 March 2016, the Group had other borrowings amounted to approximately HK\$70,500,000 (31 December 2015: approximately HK\$69,200,000) and obligation under finance leases of approximately HK\$2,045,000 (31 December 2015: approximately HK\$2,196,000). The gearing ratio, computed as total liabilities to total assets is 1.66 at the end of the Reporting Period (31 December 2015: 1.57).

CHARGE ON GROUP'S ASSETS

As at 31 March 2016, certain assets with fair value of approximately HK\$254,480,000 (as at 31 December 2015: approximately HK\$258,002,000) were pledged for the Convertible Bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 March 2016, the Group did not have any significant capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any significant contingent liability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, the Group did not have any other material acquisition and disposal of subsidiaries and affiliated companies for the three months ended 31 March 2016.

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 years 2014 and 2015, the Group received repayment in aggregate of HK\$4,660,000. During the Reporting Period, the Group received a further sum of HK\$1,560,000. 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 Limited ("Rich Paragon", an indirectly wholly-owned subsidiary of the Company), Coqueen Company Limited ("Coqueen"), Professional Guide Enterprise Limited ("SPV"), Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan 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").

MANAGEMENT DISCUSSION AND ANALYSIS

On 10 October 2014, Rich Paragon 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. 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 SPV, Great Way Investing Company Limited and Leading Win Development Limited. 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.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Fook Lam Moon 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.

Food manufacturing business

During the Reporting Period, the food manufacturing business continued to record an operating loss. The management is reviewing different proposals to restructure this segment.

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

OTHER INFORMATION

Litigations

Details of litigations for the three months ended 31 March 2016 were set out under the section of "Litigations" on page 10 of the Company's annual report for the year ended 31 December 2015 (the "2015 Annual Report"). Capitalised terms used herein shall have the same meanings as those defined in the 2015 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 report.

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 March 2016, 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 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares and underlying shares of HK\$0.01 each in the capital of the Company

Name of Director	Nature of interests/ holding capacity	Number of		Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
		Shares	underlying Shares		
Mr. Yeung Wai Hung, Peter	Personal	275,000	–	275,000	0.05%

OTHER INFORMATION

Save as disclosed above, as at 31 March 2016, 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 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 to 5.67 of the GEM Listing Rules.

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

Save as disclosed under section "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 March 2016, 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 three months ended 31 March 2016, 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 March 2016, the following parties, other than Directors and the chief executive of the Company, held interests or short positions (directly or indirectly) 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/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital (Note 1)
Upper Run Investments Limited ("Upper Run")	Beneficial owner	101,909,990 Shares* (Note 2)	19.28%
Ms. Chan Yuen Fan Winky ("Ms. Winky Chan")	Interest through controlled corporation	101,909,990 Shares* (Note 2)	19.28%

OTHER INFORMATION

Name of Shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital (Note 1)
Quantum China Asset Management Limited	Investment Manager	68,620,000 Shares*	12.99%
Mr. So Chi Ming ("Mr. SCM")	Beneficial owner Interest through controlled corporation	9,012,250 Shares* 43,000,000 Shares* (Note 3)	9.84%
Ms. Yeung Sau Han Agnes ("Ms. Agnes Yeung")	Interest of spouse	52,012,250 Shares* (Note 4)	9.84%
Taiping Quantum Prosperity Fund	Beneficial owner	50,505,000 Shares*	9.56%
Major Ally Investments Limited ("Major Ally")	Beneficial owner	43,000,000 Shares* (Note 3)	8.13%
Fook Lam Moon Holdings Limited ("FLM Holdings")	Interest through controlled corporation	43,000,000 Shares* (Note 3)	8.13%
Mr. Chui Pui Kun ("Mr. CPK")	Interest through controlled corporation	43,000,000 Shares* (Note 5)	8.13%
Mrs. Chui Chan Oi Lin Eileen ("Mrs. Eileen Chui")	Interest of spouse	43,000,000 Shares* (Note 6)	8.13%
CGI (HK) Limited ("CGI HK")	Beneficial owner	31,800,000 Shares* (Note 7)	6.01%
CGI (Offshore) Limited ("CGI Offshore")	Interest through controlled corporation	31,800,000 Shares* (Note 7)	6.01%
Chinese Global Investors Group Limited ("CGI Group")	Interest through controlled corporation	31,800,000 Shares* (Note 7)	6.01%

OTHER INFORMATION

Name of Shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital (Note 1)
China Merchants Securities Investment Management (HK) Co., Limited ("CMS")	Beneficial owner	346,625,000 Underlying Shares* (Note 8)	65.60%
China Merchants Securities International Company Limited ("CMS International")	Interest through controlled corporation	346,625,000 Underlying Shares* (Note 8)	65.60%
China Merchants Securities Company Limited	Interest through controlled corporation	346,625,000 Underlying Shares* (Note 8)	65.60%
Success Century Investments Limited ("Success Century")	Beneficial owner	75,000,000 Underlying Shares* (Note 9)	14.19%
Wong Ching Ping Alex	Interest through controlled corporation	75,000,000 Underlying Shares* (Note 9)	14.19%
Gomes Maria Da Silva Rubi Angela	Interest of spouse	75,000,000 Underlying Shares* (Note 9)	14.19%
Best China Limited ("Best China")	Beneficial owner	69,325,000 Underlying Shares* (Note 10)	13.12%
Ms. Chu Yuet Wah ("CYW")	Interest through controlled corporation	69,325,000 Underlying Shares* (Note 10)	13.12%

OTHER INFORMATION

Name of Shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate
			total percentage of interests in the Company's issued share capital (Note 1)
Gothic Global Holding Ltd. ("Gothic")	Beneficial owner	51,993,750 Underlying Shares* (Note 11)	9.84%
CLJ Investment Partners Company Limited ("CLJ Investment")	Interest through controlled corporation	51,993,750 Underlying Shares* (Note 11)	9.84%
Chailease Holding Company Limited ("Chailease")	Interest through controlled corporation	51,993,750 Underlying Shares* (Note 11)	9.84%
Yellowstone Financial Advisory Corp. ("Yellowstone")	Interest through controlled corporation	51,993,750 Underlying Shares* (Note 11)	9.84%
Lii Jiunn-Chang ("LJC")	Interest through controlled corporation	51,993,750 Underlying Shares* (Note 11)	9.84%
Pacific Star Universal Group Ltd. ("Pacific Star")	Beneficial owner	34,662,500 Underlying Shares* (Note 12)	6.56%
Huang Cheng Ming ("HCM")	Interest through controlled corporation	34,662,500 Underlying Shares* (Note 12)	6.56%
Lai Shu-Mei ("LSM")	Interest of spouse	34,662,500 Underlying Shares* (Note 13)	6.56%

* Long Positions

OTHER INFORMATION

Notes:

1. As at 31 March 2016, the Company's issued ordinary share capital was HK\$5,283,600 divided into 528,360,000 Shares of HK\$0.01 each.
2. These Shares were 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 Finance Limited ("Kingston") had a security interest in 1,010,000,000 Shares owned by Upper Run as at 31 January 2013, which related to the same block of the Shares held by Upper Run abovementioned. Based on disclosure of interest filed by Kingston on 6 February 2013, Kingston has no interests in the Company.

At the EGM of the Company held on 3 April 2013, proposals were put forward to the shareholders of the Company to consider, among other things, every ten issued and unissued shares of HK\$0.001 each in the share capital of the Company being consolidated into one share of HK\$0.01 in the share capital of the Company have been approved by the shareholders of the Company and came into effect on 5 April 2013.

3. These Shares are beneficially owned by Major Ally, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by FLM Holdings and Mr. SCM respectively, 50% each. By virtue of the SFO, FLM Holdings and Mr. SCM are deemed to be interested in the Shares held by Major Ally.
4. Ms. Agnes Yeung is the spouse of Mr. SCM. By virtue of the SFO, Ms. Agnes Yeung is also deemed to be interested in (i) the 9,012,250 Shares personally held by Mr. SCM and (ii) the 43,000,000 Shares held by Major Ally in which Mr. SCM is deemed to be interested.
5. 50% issued share capital of Major Ally is owned by FLM Holdings which is in turn wholly owned by Mr. CPK. By virtue of the SFO, Mr. CPK is deemed to be interested in the Shares held by Major Ally.
6. Mrs. Eileen Chui is the spouse of Mr. CPK. By virtue of the SFO, Mrs. Eileen Chui is also deemed to be interested in the Shares held by Major Ally in which Mr. CPK is deemed to be interested.
7. These Shares are beneficially owned by CGI HK, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by CGI Offshore which in turn is wholly owned by CGI Group. By virtue of the SFO, each of CGI Offshore and CGI Group is deemed to be interested in the Shares held by CGI HK.

OTHER INFORMATION

8. These underlying Shares represent a maximum of 346,625,000 new Shares that may be issued pursuant to the second subscription agreement dated 31 March 2014 relating to the issue of the secured convertible bonds by the Company at an aggregate principal amount of US\$37.5 million, and in which are beneficially owned by CMS whose entire issued share capital is beneficially owned by CMS International which in turn is wholly owned by China Merchants Securities Company Limited. By virtue of the SFO, each of China Merchants Securities Company Limited and CMS International is deemed to be interested in the underlying Shares held by CMS.
9. These underlying Shares represent a maximum of 75,000,000 new Shares that may be issued pursuant to the sale and purchase agreement and its supplemental agreement on 29 September 2015 and 30 October 2015 respectively relating to the acquisition of 100% equity interest in Power Tool Investments Limited involving the issue of tranche A promissory note and tranche B promissory note at an aggregate principal amount of HK\$24,000,000 (subject to adjustment). Both tranche A promissory note and tranche B promissory note may be exchanged for tranche A convertible bond and tranche B convertible bond respectively, and in which are beneficially owned by Success Century whose entire issued share capital is beneficially owned by Wong Ching Ping Alex. Gomes Maria Da Silva Rubi Angela is the spouse of Wong Ching Ping Alex. By virtue of the SFO, each of Wong Ching Ping Alex and Gomes Maria Da Silva Rubi Angela is deemed to be interested in the underlying Shares held by Success Century.
10. These underlying Shares represent a maximum of 69,325,000 new Shares that may be issued pursuant to the second subscription agreement dated 31 March 2014 relating to the issue of the secured convertible bonds by the Company at an aggregate principal amount of US\$37.5 million, and in which are beneficially owned by Best China, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by CYW. By virtue of the SFO, CYW is deemed to be interested in these underlying Shares held by Best China.
11. These underlying Shares represent a maximum of 51,993,750 new Shares that may be issued pursuant to the second subscription agreement dated 31 March 2014 relating to the issue of the secured convertible bonds by the Company at an aggregate principal amount of US\$37.5 million, and in which are beneficially owned by Gothic, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by CLJ Greater China SME Fund L.P. Each of 37.5% of CLJ Investment was owned by Yellowstone, in which is wholly and beneficially owned by LJC, and Chailease International (BVI) Corp. The entire issued share capital at Chailease International (BVI) Corp. is owned by Chailease International Company (Malaysia) Limited which in turn is wholly owned by Chailease. By virtue of the SFO, each of LJC, Yellowstone, CLJ Investment and Chailease is deemed to be interested in the underlying Shares held by Gothic.

OTHER INFORMATION

12. These underlying Shares represent a maximum of 34,622,500 new Shares that may be issued pursuant to the second subscription agreement dated 31 March 2014 relating to the issue of the secured convertible bonds by the Company at an aggregate principal amount of US\$37.5 million, and in which are beneficially owned by Pacific Star, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by HCM. By virtue of the SFO, HCM is deemed to be interested in the underlying Shares held by Pacific Star.
13. LSM is the spouse of HCM. By virtue of the SFO, LSM is also deemed to be interested in 34,662,500 underlying Shares held by Pacific Star, in which are wholly and beneficially owned by HCM.

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 position in the shares and underlying shares of the Company as at 31 March 2016 which is required to be recorded pursuant to Section 336 of SFO.

Competing Interests

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 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.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 10 June 2003 with latest revised written terms of reference adopted on 12 November 2015 in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee had three members comprising all the three independent non-executive Directors; namely, Mr. Matthew Pau (the chairman of the Audit Committee), Mr. Yeung Wai Hung, Peter and Mr. Chu Yu Man, Philip (Mr. Leung Ho Lun Harold as his alternate).

The unaudited first quarterly results for the three months ended 31 March 2016 have been reviewed by the members of the Audit Committee before recommending it to the Board for approval.

OTHER INFORMATION

APPRECIATION

The Board would like to thank all business partners and shareholders of the Company for their continued support and confidence in our management and the Company. It is our vision to continue our Group's corporate strategy to explore other industries with good business potential and growth prospects to gain attractive returns for our investors.

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

Hong Kong, 13 May 2016

As at the date of this report, 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.