Noble House (China) Holdings Limited
名軒(中國)控股有限公司
(Incorporated in the Cayman Islands with limited liability)

08246.HK

原味尊享
品鑒人生

2013
COMPANY ANNUAL REPORT



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This report, for which the directors (the "Directors") of Noble House (China) Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Chan Tai Neng *(Chairman)*
Mr. Chan Meng Hou
Mr. Cheung Chi Keung

Independent Non-Executive Directors

Mr. Chan Chun Sing (resigned on 31 October 2013)
Mr. Tse Wai Chuen, Tony
Mr. Wang Zhi Zhong
Mr. Yeung Chi Wai (appointed on 31 October 2013)

Company Secretary

Mr. Tam Hon Fai (resigned on 15 July 2013)
Mr. Tsui Wing Tak (appointed on 15 July 2013)

Compliance Officer

Mr. Cheung Chi Keung

Board Committees

Audit Committee

Mr. Chan Chun Sing *(Chairman)*
(resigned on 31 October 2013)
Mr. Tse Wai Chuen, Tony
Mr. Wang Zhi Zhong
Mr. Yeung Chi Wai *(Chairman)*
(appointed on 31 October 2013)

Remuneration Committee

Mr. Chan Chun Sing *(Chairman)*
(resigned on 31 October 2013)
Mr. Chan Tai Neng
Mr. Wang Zhi Zhong
Mr. Yeung Chi Wai *(Chairman)*
(appointed on 31 October 2013)

Nomination Committee

Mr. Chan Tai Neng *(Chairman)*
Mr. Chan Chun Sing (resigned on 31 October 2013)
Mr. Wang Zhi Zhong
Mr. Yeung Chi Wai (appointed on 31 October 2013)

Authorised Representatives

Mr. Chan Tai Neng
Mr. Cheung Chi Keung

Registered Office

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

Principal Place of Business in Hong Kong

Rm 901, 9/F, Tai Yau Building,
181 Johnston Road,
Wan Chai,
Hong Kong

Head Office in the PRC

No.24 Sub-lane 99
Lane 635, Zhennan Road,
Putuo District
Shanghai 200331,
PRC

Share Registrar and Transfer Office in Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1-111
Cayman Islands

Hong Kong Share Registrar

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road,
North Point,
Hong Kong

Legal Adviser to the Company

As to Cayman Islands law:
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu

Compliance Adviser

Quam Capital Limited

Principal Banker

Industrial and Commercial Bank of China

Chairman's Statement

I am pleased to present the annual results of Noble House (China) Holdings Limited and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 ("the Year").

The Group was successfully listed in late 2011. Due to the policies issued by the PRC government in February 2013 and the slowdown of China's economy growth during the Year, the Group's revenue driven by the Group's restaurants decreased while the revenue of the Group's processed food business increased due to the growth of market reputation under the Group's brand name "Noble House (名軒)". In addition, the continued growth of CPI throughout the Year caused by natural disasters and other inflation factors, which exerted the greatest upward pressure on food prices, had a direct impact on the food and beverage industry. Increased payroll and rental expenses further intensified the pressure on the industry. In response, the Group took a series of flexible measures on a timely basis by adjusting operating strategies to alleviate the adverse impact of rising cost and successfully kept various cost items and rentals within a reasonable range. The Group achieved operating revenue of approximately RMB99.5 million, representing a year-on-year decrease of RMB25.2 million, and an annual operating profit of approximately RMB59.3 million, representing a year-on-year decrease of RMB18.0 million.

A plate of food scandals in China greatly increased the significance attached by the government and the public to food safety. The Group operates with the underlying philosophy of "Si Gao (四高)" (elegance (高雅), high quality (高質), high standard (高標) and high-end (高端)) and imposes high requirements on both food ingredients and the cooking processes to honour its consistent commitment of providing safe, healthy and delicious food since its inception, which wins the trust of high-end customers and brings the Group an excellent brand reputation. Moreover, the group has grown and is now aiming at making breakthroughs in all aspect. With consistent emphasis on product innovation, the Group further stepped up its R&D efforts during the year and kept releasing new dishes.

Looking forward, the Group may face greater challenge from rising costs driven by inflation and other factors. In February 2013, the PRC government issued a set of policies to promote frugality. Although the new policies have had a significant impact on China's high-end catering business, the Group has taken many hugely significant steps to operate more efficiently to meet the challenge. Now, in 2014, as we enter a new business year, the group will step up efforts in enlarging our customer base in order to reduce the reliance on high-end catering business.

Lastly, I would like to take this opportunity to express my utmost gratitude to our management for their contributions to the Year's results, and to our shareholders, directors, business partners, long-term customers and employees for their consistent support and dedication.

Management Discussion and Analysis

Business review

For the year ended 31 December 2013, the Group recorded a revenue of approximately RMB99.5 million, showing a decrease of approximately 20.2%, as compared to approximately RMB124.7 million for the year ended 31 December 2012. Operating margin decreased from approximately 62.0% for the year ended 31 December 2012 to 59.6% for the year ended 31 December 2013. It was primarily due to inflation of food costs in the PRC in 2013 while no upward price adjustment was made in 2013 under the slowdown of high-class dining industry. Loss and total comprehensive expense for the year ended 31 December 2013 amounted to approximately RMB28.1 million, while profit and total comprehensive income amounted to approximately RMB4.8 million was noted for the year ended 31 December 2012. Basic Loss per share for the year ended 31 December 2013 was RMB9.5 cents, as compared to basic earnings per share amounted to RMB 1.7 cents for the year ended 31 December 2012.

As at 31 December 2013, we owned and operated seven restaurants under the Group's own brand name "Noble House (名軒)" across different regions in the PRC, including Shanghai, Beijing and Qingdao, managed and operated one restaurant in Dalian. We also operated two restaurants in Shanghai and Ningbo, which are associates of the Group. Apart from these restaurants, we operated a food plant in Shanghai ("Shanghai Food Plant"), which was primarily established to provide food production services to our restaurants and a seafood trading company in Shanghai which supplied seafood to the Group's restaurants. We believe our restaurant network in first-tier developed cities or cities in the PRC with potential economic growth helps to promote the brand and reputation of the Group to the targeted high spending customers and facilitates the Group in capturing and stabilising market share in the high-end dining industry. In addition, the Group engaged in the trading of seafood and processing supplemental food products including, among others, spicy XO sauce with crab meat, crab-roe, processed abalone and braised meat, under the Group's own brand name "Noble House (名軒)", for supply to the Group's restaurants, retail shops and a local supermarket in Hong Kong and Shanghai. The table below set forth a breakdown of the Group's revenue generated from operation of restaurants and their operating margin:

	Revenue (RMB in millions) Year ended 31 December		**Operating margin[1] Year ended 31 December**	
	2012	**2013**	2012	**2013**
Noble House Xuhui Restaurant, Shanghai (上海徐滙店)	26.1	**19.5**	62.2%	**63.8%**
Noble House Pudong Restaurant, Shanghai (上海浦東店)	26.5	**18.7**	62.8%	**63.5%**
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	25.1	**17.4**	63.8%	**64.1%**
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	6.6	**6.2**	62.7%	**65.5%**
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	22.4	**13.0**	58.9%	**57.7%**
Noble House Qingdao Restaurant (青島店)	7.6	**4.7**	51.0%	**55.9%**
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	–	**7.1**	–	**56.7%**
	114.3	**86.6**		

Notes:

1. The calculation of operating margin is based on revenue less cost of inventories consumed, divided by revenue, and multiplied by 100%.

Management Discussion and Analysis

The table below set forth the average spending per customer per meal and number of visitors of the Group's restaurants owned and managed by us:

Restaurants	Approximate seating capacity (seats)	Approximate gross floor area (sq.m.)	Approximate total number of customers visited		Average spending per customer per meal (RMB)	
			Year ended 31 December 2012	**Year ended 31 December 2013**	Year ended 31 December 2012	**Year ended 31 December 2013**
Noble House Xuhui Restaurant, Shanghai (上海徐滙店)	140	978	30,289	**23,434**	863	**832**
Noble House Pudong Restaurant, Shanghai (上海浦東店)	146	800	28,297	**21,436**	935	**872**
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	134	1,370	27,788	**34,482**	902	**505**
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	85	781	8,303	**7,563**	796	**820**
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	132	1,000	22,427	**11,735**	998	**1,108**
Noble House Qingdao Restaurant (青島店)	73	214	11,034	**7,871**	691	**597**
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	720	3,105	–	**146,926**	–	**48**

Compared to the year ended 31 December 2012, revenue from operation of restaurants for the year ended 31 December 2013 decreased primarily due to the decrease in number of customers visited. The decrease was mainly due to the effect from the issuance of a set of policies to promote frugality by the PRC Government since February 2013. However, since the target customers of Zhangjiang Restaurant are middle-class customers, the approximate total number of customers visited was higher and the average spending per customer per meal was lower, compared with the Group's other restaurants.

On the other hand, the Group achieved a revenue generated from sales of processed goods of approximately RMB12.5 million, showing an increase of approximately RMB3.3 million, as compared to approximately RMB9.2 million for the year ended 31 December 2012, primarily due to the growth of market recognition and support of packaged hairy crab and processed food under the Group's own brand name "Noble House (名軒)".

For management income, it represented management fee, VIP cards handling fee paid by franchised shops. It decreased from RMB 1.2M in 2012 to RMB 0.4 million in 2013 since the performance of franchised shops was affected by PRC Government regulations in 2013.

Financial Review

Revenue

The Group's revenue decreased by approximately RMB25.2 million, or by approximately 20.2%, from approximately RMB124.7 million for the year ended 31 December 2012 to approximately RMB99.5 million for the year ended 31 December 2013, which was mainly attributable to the decrease in revenue generated from operation of restaurants by approximately RMB27.7 million, and decrease in management services fee received of approximately RMB0.8 million. Such effects were partially offset by an increase in revenue generated from sales of processed food by approximately RMB3.3 million for the year ended 31 December 2013.

Gross profit margin

Gross profit represents the revenue less cost of inventories consumed. The gross profit margin of the Group decreased from approximately 62.0% for the year ended 31 December 2012 to approximately 59.6% for the year ended 31 December 2013, which was primarily due to the inflation of food costs in the PRC in 2013.

Other income

The Group's other income increased by approximately RMB619,000, or by approximately 39.3%, from approximately RMB1,576,000 in 2012 to approximately RMB2,195,000 in 2013. Such increase was mainly due to the increase in recognition of imputed interest income on advances granted to associates of approximately RMB556,000 in 2013 (2012: RMB179,000).

Other gains and losses

The Group recorded other losses of approximately RMB9,721,000 in 2013 while other gains of approximately RMB 53,000 were noted in 2012. The other losses were mainly contributed by the impairment of amount due from associates and impairment of goodwill of approximately RMB8,712,000 and RMB1,429,000 respectively since the two associates of the Group and Shanghai Crab Store encountered great losses in current year. The other losses were partly offset by waiver of other payables upon deregistration of dormant subsidiary in Ningbo amounted to RMB1,115,000.

Cost of inventories consumed

The Group's cost of inventories consumed decreased by approximately RMB7.3 million, or by approximately 15.3%, from approximately RMB47.4 million in 2012 to approximately RMB40.1 million in 2013. The decrease was mainly due to decrease in revenue which partly off set by the inflation of food cost in the PRC in 2013.

Staff cost

The Group's staff cost increased by approximately RMB6.9 million, or by approximately 25.7%, from approximately RMB26.9 million in 2012 to approximately RMB33.8 million in 2013. The increase in the staff cost was primarily due to the overall increase in the level of salaries and other employee benefits of the Group. In addition, the newly opened Zhangjiang Restaurant in January 2013 contributed the increase by RMB4.1 million. As a percentage of the Group's revenue, staff cost increased from approximately 21.6% in 2012 to approximately 34.0% in 2013 primarily as a result of the decrease in revenue in 2013.

Management Discussion and Analysis

Depreciation of property, plant and equipment

The Group's depreciation of property, plant and equipment increased by approximately RMB1.3 million, or by approximately 50%, from approximately RMB2.6 million in 2012 to approximately 3.9 million in 2013, mainly due to the increase in leasehold improvement for the newly established restaurant in 2013.

Utilities and consumables

Utilities and consumables decreased by approximately RMB1.3 million, or approximately 24.1%, from approximately RMB5.4 million in 2012 to approximately RMB4.1 million in 2013. As a percentage of revenue, utilities and consumables slightly decreased from approximately 4.3% in 2012 to approximately 4.1% in 2013, primarily due to cost control policy adopted by the Group.

Rental and related expenses

Rental and related expenses increased by approximately RMB2.1 million, or approximately by 11.1%, from approximately RMB19.0 million in 2012 to approximately RMB21.1 million in 2013, which was mainly due to opening of Zhangjiang restaurant in January 2013.

Advertising and marketing expenses

Advertising and marketing expenses remained stable as approximately RMB2.0 million in both years, given that there was no significant changes in the Group's advertising activities.

Other expenses

Other expenses remained stable at approximately RMB13.2 million which included mainly professional fee, consultancy expenses and transportation expenses.

Income tax expense

The Group's income tax expenses decreased by approximately RMB3.4 million, or approximately 94.4%, from approximately RMB3.6 million in 2012 to RMB201,000 in 2013, as a result of significant decrease in taxable profit in 2013 as compared to 2012.

Non-controlling interests

Non-controlling interests decreased from profit approximately RMB58,000 in 2012 to loss approximately RMB1,492,000 in 2013. Such decrease was attributable to the decrease in the aggregate amounts of profits from 2012 to loss in 2013 made by the non wholly-owned subsidiaries.

Prospects

In 2013, the PRC government issued a set of policies to promote frugality. The new policy has had significant impact on PRC's catering business, especially the high-ended one.

During the year ended 31 December 2013, a new restaurant, Zhangjiang Restaurant (張江店), which chiefly targets middle-class restaurant market of PRC has been established in Shanghai, as a strategic move taken by the management to mitigate the impact on PRC's high-ended catering business by the PRC government's recent sets of regulations and restrictions to promote frugality.

In the foreseeable future, the Group will continue the operation of our existing restaurants in PRC and expand the market in food trading business in PRC and Hong Kong. In the meantime, we will also continue to upgrade the existing restaurants facilities and offer various training programmes to the staff to improve the dining environment and enhance customer satisfaction. And we will further increase the source of income by cooperating with PRC larger wholesalers, providing more type of catering services or expanding our production capacities and the range of food products to be produced.

Due to PRC government's sets of policies to promote frugality in 2013, the management remains prudent in expansion of new restaurants in PRC. On the other hand, the management still have confidence in food trading business in PRC and Hong Kong. In addition, they planned to implement some cost control policies in order to save cost.

Although current economic environment in the PRC and abroad raises concern, there is still vast growth potential for the Chinese cuisine full-service restaurant market in which the Group operates. The Twelfth Five-Year Plan (2011-2015) of the PRC expressly sets a target that residential income shall grow faster than the GDP, which is projected to be growing by approximately 7.5%-8% annually. With the increase in disposable income, China's full-service restaurant industry will benefit from the policies of development planning in the long run.

In the face of stern challenges caused by the global economic environment, the management remains confident that opportunities exist and the Group can continue its growth and utilise its competitive advantages as a high end restaurant operator in the PRC to enhance shareholders' value.

Furthermore, as a strategic move of the Group to further utilize its competitive edge in the high end catering industry, a new luxury club house restaurant, Bin Jiang Noble House (濱江名軒), situated at the heart of Shanghai metropolis, alongside the Riverside Promenade in Pudong district is established and put into operation in January 2013. Operating under a membership mechanism, this first-class club house, with a total area of approximately 1,200 square meters, not only offers a variety of our renowned finest wine and dishes but also affords a fine view of the Bund at a distance and the marvellous views of Pudong's skyscrapers, creating for our valued customers a brand new and incomparable dining experience along the east bank of the Huangpu River.

The Group has also been exploring certain horizontal merger and acquisition and business collaboration opportunities with local partners in the food and beverage industry aiming to achieve compound growth of the Group's revenue base and market share in the coming financial years.

Management Discussion and Analysis

Liquidity and financial resources

Following the Company's IPO in December 2011, the Group funds its liquidity and capital requirements by the net proceeds from IPO as well as internal resources.

The Group maintained cash and bank balances of approximately RMB20.7 million as at 31 December 2013 (as at 31 December 2012: RMB22.9 million). As at 31 December 2013, the Group's total assets, net current assets and net assets were approximately RMB63.1 million (as at 31 December 2012: RMB88.3 million), approximately RMB3.0 million (as at 31 December 2012: RMB21.3 million) and approximately RMB21.5 million (as at 31 December 2012: RMB49.6 million) respectively.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Gearing ratio is not applicable to the Group as at 31 December 2013 as the Group did not have any borrowings as at 31 December 2013.

Capital Structure

The shares of the Company were listed on GEM of the Stock Exchange on 30 December 2011. There has been no change in the capital structure of the Company since that date, The capital of the Company comprises of ordinary shares.

Foreign currency exposure

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. As at 31 December 2013, the Group's cash and bank deposits, were denominated mainly in RMB, with some denominated in HKD and USD. Any significant exchange rate fluctuations of HKD against RMB as the functional currency may have a financial impact to the Group.

As at 31 December 2013, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 December 2013, the Group did not use any financial instruments for hedging purposes.

Contingent Liabilities

As at 31 December 2013, the Group did not have any material contingent liabilities.

Significant Investments Held

Save as disclosed in note 17 to the consolidated financial statements, there were no other significant investments held by us as at 31 December 2013 and 2012.

Material Acquisition and Disposal

Save as disclosed in note 25 to the consolidated financial statements, the Group had no material acquisition and disposal of subsidiaries for the two years ended 31 December 2012 and 2013.

Further Plan for Material Investments or Capital Assets

As at 31 December 2013, the Group did not have any further plan for material investments or capital assets.

Capital Commitment

Save as disclosed in note 32 to the consolidated financial statements, there were no other capital commitment for the Group as at 31 December 2013 and 2012.

Pledge of Assets

As at 31 December 2013, the Group did not have any mortgage or charge over its assets.

Employment and Remuneration of Employees

As at 31 December 2013, the Group had approximately 524 staffs in PRC China and 2 staffs in Hong Kong. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for expansion of new restaurants. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related bonus.

A remuneration committee was set up for, inter alia, reviewing the Group's emolument policy and structure for all directors and senior management of the Group.

OTHER INFORMATION

Audit Committee

The Audit Committee was established to review the Group's financial reporting, internal controls and make relevant recommendations to the Board.

The current Audit Committee comprises the three independent non-executive Directors, namely Mr. Tse Wai Chuen, Tony, Mr. Wang Zhi Zhong and Mr. Yeung Chi Wai (from 31 October 2013). The chairman of the Audit Committee is Mr. Yeung Chi Wai. The Group's annual report and results announcement for the year ended 31 December 2013 has been reviewed by the Audit Committee, which was of the opinion that such reports and results were prepared in accordance with the applicable accounting standards and requirements. The committee also monitored the Company's progress in implementing the code provisions of corporate governance practices as required under the GEM Listing Rules.

Corporate Governance

The Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 15 of the GEM Listing Rules has only become applicable to the Company since the listing of the Company's shares on the Stock Exchange on 30 December 2011. The Company and the Board had complied with the Corporate Governance Code for the year ended 31 December 2013 except for the deviations for code provision C.1.2, A.6.7 and A.2.1 as explained in the Corporate Governance Report.

Management Discussion and Analysis

Model Code For Securities Transactions By Directors of Listed Issuers ("the Model Code")

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

Purchase, Sale or Redemption of Listed Securities

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Communication with shareholders

The Board communicates with the shareholders through the annual general meetings and special general meetings. In compliance with the requirements of GEM Listing Rules, the Company issued regular reports, announcements, circulars, notice of general meetings. Shareholders can get the latest information of the Company through these publications of the Company.

On behalf of the Board
Chan Tai Neng
Chairman and executive Director

Hong Kong, 25 March 2014

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Chan Tai Neng (陳大寧), aged 65, was appointed as a Director on 8 September 2011 and designated as an executive Director and appointed as the chairman and chief executive officer of the Company on 12 December 2011. Mr. Chan, being the founder of the Group, is also the chairman of the Board and a chief executive officer. Mr. Chan is responsible for the overall corporate development and strategic planning of the Group. Mr. Chan has over 25 years of experience in the food and beverage business. Prior to the establishment of the Group in 2003, Mr Chan was a managing director of 新華海產(中國)有限公司 (Sun Wah Marine Products (China) Company Limited*) for the period from February 1982 to May 1989 responsible for overseeing and managing its business. After establishing the Group, Mr. Chan has gained a number of recognitions including the appointment as the vice president of 上海市烹飪協會 (Shanghai Culinary Association) in November 2004. Mr. Chan also has obtained a certificate of senior executive training programme issued by Tsinghua University School of Continuing Education on 18 April 2001.

Mr. Chan Meng Hou (陳明顥), aged 33, was appointed as an executive Director on 16 November 2012. Mr. Chan is the son of Mr. Chan Tai Neng, the chairman, an executive Director and a controlling shareholder of the Company. Mr. Chan graduated from California State Polytechnic University Pomona in 2004 and obtained a Bachelor of Science degree in Computer Science. Mr. Chan has 5 years of experience in corporate investigation, internal control assessment and information technology. Mr. Chan worked in the Department of Investigations of Venetian Macau Limited from 2007 to 2010. He has joined the Group since 2010 and is now in charge of the Internal Audit and Information Technology Department of the Company.

Mr. Cheung Chi Keung (張志強), aged 61, was appointed as a Director on 18 October 2011 and designated as an executive Director on 12 December 2011. He is also the vice president of the Company leading the development of the Group's food products. He is responsible for quality control and overseeing the maintenance and renovation projects of the Group's restaurants.

Mr. Cheung has over 20 years of experience in the food and beverage industry. Prior to joining the Group in October 2003, he accumulated extensive experience through managing restaurant groups in Hong Kong and engaging in the sales of food related products.

Independent non-executive Directors

Mr. Wang Zhi Zhong (汪致重), aged 63, was appointed as an independent non-executive Director on 12 December 2011. Mr. Wang was appointed as the chairman of the board of directors of 上海海灣投資管理有限公司 (Shanghai Hai Wan Investment Management Limited) from 1996 to 2011 and he is currently the legal representative of 上海向陽公益基金會 (Shanghai Xiang Yang Charity Fund). Mr Wang graduated with a Master degree of science from the Southern Connecticut State University in May 1987.

Mr. Tse Wai Chuen, Tony (謝偉銓), aged 59, was appointed as an independent non-executive Director on 12 December 2011. Mr. Tse has over 35 years of experience in the field of property development, asset management and surveillance.

Mr. Tse was the chairman and non-executive director of Henderson Sunlight Asset Management Limited (恒基陽光資產管理有限公司), the manager of Sunlight Real Estate Investment Trust (a company listed on the Main Board of the Stock Exchange with stock code 435) from February 2009 to June 2010 and the general manager of the sales department of Henderson Land Development Company Limited (a company listed on the Main Board of the Stock

Biographical Details of Directors and Senior Management

Exchange with stock code 12) from February 2005 to February 2009. In 2004, Mr. Tse served as the President of Hong Kong Institute of Surveyors and a member of the Town Planning Board from 2002 to 2006 and elected a member of the Election Committee (Architectural, Surveying and Planning Sector) in 2000, 2006 and 2011. Mr. Tse was also a member of disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants from February 2008 to February 2014.

Mr. Yeung Chi Wai (楊志偉), aged 53, was appointed as an independent non-executive Director on 31 October 2013. He is the founder and director of Edwin Yeung & Company (CPA) Limited and has been practising as a certified public accountant with the firm since 1991. He has been an associate of the Chartered Association of Certified Accountants since 1988. Mr. Yeung became an associate member and a fellow member of the Hong Kong Institute of Certified Public Accountants in 1989 and 1996, respectively. He is also a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung has been a fellow member of the Association of Chartered Certified Accountants since 1993, an associate of the Institute of Chartered Accountants in England and Wales since 2005 and a Fellow Member of CPA Australia since 2010. He was awarded the Medal of Honour by the Hong Kong SAR Government in 2010. He was also the president of the Society of Chinese Accountants and Auditors in 2008 and appointed as a director of Accounting Development Foundation Limited in 2012. He has been appointed as a member of the Chinese People's Political Consultative Conference in Shandong Province since January 2013. Mr. Yeung has served as an independent non-executive director of China Outfitters Holdings Limited (stock code: 1146) since June 2011.

Senior Management

Ms. Ji Jin Hua (季錦華), aged 50, is the vice-president and chief operation controller of the Group (副總裁及營運總監). Ms. Ji joined with the Group in 2003 and is responsible for overseeing and managing the daily operation of the Group's restaurants. Ms. Ji has over 20 years of operating and managing experience in the restaurant industry accumulated from working for various restaurants in Shanghai.

Mr. Huang Xiao Yuan (黃曉淵), aged 39, is the chief chef of the Group. Mr. Huang has been with the Group since 2003, and has over 17 years of culinary experience as chief chef or senior chef in a number of major restaurants and hotel groups in the PRC. He worked as an executive chef for Harbin Flamingo Hotel from September 1994 to September 1996, and subsequently worked for 凱萊酒店集團－三亞凱萊度假酒店 (Gloria Hotels & Resorts) as the first chef from October 1996. In March 2010, Mr. Huang was awarded as 中國烹飪大師 (China Master Chef) by 中國飯店業協會 (Chinese Restaurants Association).

Ms. Zhang Yan (張燕), aged 45, is the head of human resources department of the Group. Ms. Zhang has been with the Group since May 2008 and has experience in the field of administration, staff training and human resources management. Prior to joining the Group, Ms. Zhang worked as human resources manager of 上海哈貝餐飲有限公司 (Shanghai Ha Pei Restaurant Limited) from July 2002 to April 2004, product manager of 易初蓮花超市有限公司 (Yi Cu Lian Hua Supermarket) from October 2004 to March 2007 and training manager of 貝爾蒙企業管理有限公司 (Bei Er Meng Corporate Management Limited) from April 2007 to May 2008. Ms Zhang graduated from 華東師範大學 (East China Normal University) with a junior college diploma majoring in biology in July 1988.

Company Secretary

Mr. Tsui Wing Tak (徐穎德), aged 32, was appointed as company secretary on 15 July 2013. He is the founder and director of AE Majoris Advisory Company Limited, partner of AE Majoris CPA & Co., the head of internal control advisor of Pollution and Protection Services Holdings Limited, which is a company listed on the Stock Exchange (stock code: 8201) since June 2013, and the head of internal control advisor of the Group since January 2012.

He has over ten years of experience in financial control and accounting. Prior to joining the Group, he has worked at an international audit firm from 2004 to 2011, and was the manager in the audit department before his departure. He has received his bachelor of business administration in accountancy from the Hong Kong University of Science and Technology in 2004. He was admitted a member of Hong Kong Institute of Certified Public Accountants in January 2009 and obtained the Practising Certificate in 2011. Mr. Tsui is a council member of Wah Yan (Hong Kong) Past Students Association from 2010 to 2012, and the founding member and executive director of Accounting Development Foundation Limited since 2009.

Corporate Governance Report

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group.

To comply with all the new code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company for the financial year ended 31 December 2013, except for the deviations from code provision C.1.2, A.6.7 and A.2.1 as explained below. The board will continue to review regularly and take appropriate actions to comply with the Code.

Financial Reporting

Under code provision C.1.2 of the CG Code and Report that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

During the year ended 31 December 2013, the management rather than provide monthly updates to all members of the Board, has provided to all directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in pages 5 to 12 of this annual report.

Compliance with the Required Standard of Dealings in Securities Transactions by Directors

During the year, the Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 December 2013, he had fully complied with the required standard of dealings and there was no event of non-compliance.

Board of Directors

As at 31 December 2013, the Board comprises three executive directors and three independent non-executive directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to enhance value to the shareholders of the Company. The composition of the Board and biographies of the Directors are set out on pages 13 to 14 of this report.

The three executive directors are responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group.

Each independent non-executive director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

Save for that Mr. Chan Meng Hou is the son of Mr. Chan Tai Neng, each of the Directors has no relationship with other Directors.

Number of Meetings and Directors' Attendance

Regular board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year under review, the Board held 4 regular board meetings and 1 general meeting. The Directors attended those meetings in person, by phone or through other electronic means of communication.

The individual attendance record of each Director at the meetings during the financial year is set out below:

	Attendance/Number of meetings	
Name of Directors	**Board meeting**	**General meeting**
Executive Directors		
Mr. Chan Tai Neng *(Chairman and Chief Executive Officer, Chairman of nomination committee)*	4/4	1/1
Mr. Chan Meng Hou	4/4	1/1
Mr. Cheung Chi Keung *(Compliance officer)*	4/4	1/1
Independent Non-executive Directors		
Mr. Chan Chun Sing *(Chairman of audit committee and remuneration committee, resigned on 31 October 2013)*	2/3	1/1
Mr. Tse Wai Chuen, Tony	4/4	1/1
Mr. Wang Zhi Zhong	4/4	1/1
Mr. Yeung Chi Wai *(Chairman of audit committee and remuneration committee, appointed on 31 October 2013)*	1/1	N/A

Corporate Governance Report

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company Secretary and are available to all Directors.

Under code provision A.6.7, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other unavoidable business engagement, one of Independent non-executive Directors were unable to attend the Company's Board meeting held on 14 August 2013.

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance. Code Provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or audit committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to the senior executives whenever necessary. With the support of the senior executives, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the secretary of the meetings and opened for inspection by the directors.

The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code and Report on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge.

Name of Directors	Training received
Mr. Chan Tai Neng	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Chan Meng Hou	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Cheung Chi Keung	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Chan Chun Sing (resigned on 31 October 2013)	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Tse Wai Chuen, Tony	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Wang Zhi Zhong	— Reading materials / in house briefing on regulatory and corporate governance matters
Mr. Yueng Chi Wai (appointed on 31 October 2013)	— Reading materials / in house briefing on regulatory and corporate governance matters

Chairman and Chief Executive Director

In accordance with the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan Tai Neng is the chairman and the chief executive officer of the Company. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Chan to assume both roles as chairman and chief executive officer of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organisation, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues of concern would arise due to the combined role of Mr. Chan. The Group also has in place an effective internal control system, including the engagement of a professional accounting firm to conduct internal audit, to perform check and balance functions.

Corporate Governance Report

Board Diversity Policy

The Board has adopted a Board Diversity Policy effective on 1 September 2013 which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Audit Committee

The Company has established an audit committee on 12 December 2011 with written terms of reference in compliance with the GEM Listing Rules. The current audit committee has three members comprising all the independent non-executive directors, namely, Mr. Tse Wai Chuen, Tony, Mr. Wang Zhi Zhong and Mr. Yeung Chi Wai, who is the chairman of the audit committee.

All committee members possess appropriate industry and financial experience to advise on the Group's strategy and other matters. The composition of the audit committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The audit committee has reviewed the Company's quarterly results, interim results and annual audited results in 2013 and have provided advice and comments thereon. The audit committee has also reviewed the adequacy and effectiveness of the accounting and financial controls of the Group, the performance of internal control systems and financial reporting process, monitored the integrity of the financial statements and compliance with statutory and listing requirements and overseen independence and qualifications of the external auditors.

The Audit Committee held 4 meetings for the year ended 31 December 2013. Its composition and attendance of individual members at these Audit Committee meetings are as follows:

Members of the Audit Committee	Number of attendance
Mr. Chan Chun Sing (resigned on 31 October 2013)	2/3
Mr. Tse Wai Chuen, Tony	4/4
Mr. Wang Zhi Zhong	4/4
Mr. Yeung Chi Wai (appointed on 31 October 2013)	1/1

Remuneration Committee

The Company has established a remuneration committee on 12 December 2011 with written terms of reference in compliance with the GEM Listing Rules. The current remuneration committee comprises one executive director, namely, Mr. Chan Tai Neng and two independent non-executive directors, namely, Mr. Wang Zhi Zhong and Mr. Yeung Chi Wai, and is chaired by Mr. Yeung Chi Wai. The remuneration committee is mainly responsible for making recommendations to the Board as to the policy and structure for the remuneration of the executive directors and senior management, determining the specific remuneration packages of all the executive directors and senior management, reviewing and approving performance based remuneration and compensation for loss or termination of office payable to executive directors and senior management, ensuring no Director is involved in deciding his own remuneration and approving the service contracts of Directors and senior management.

The Remuneration Committee met once during the year ended 31 December 2013 and all members attended the meeting regarding the remuneration packages of a newly appointed independent non-executive Director. The remuneration committee has also discussed and recommend to the Board the policy and structure for the remuneration of the executive directors and senior management, determined the specific remuneration packages of all the executive directors and senior management, reviewed and approved performance based remuneration and compensation for loss or termination of office payable to executive directors and senior management, ensured no Director is involved in deciding his own remuneration and approved the service contracts of Directors and senior management.

Nomination Committee

The Company has established a nomination committee on 12 November 2011 with written terms of reference in compliance with the GEM Listing Rules. The current nomination committee comprises one executive director namely, Mr. Chan Tai Neng and two independent non-executive directors, namely, Mr. Wang Zhi Zhong and Mr. Yeung Chi Wai, and is chaired by Mr. Chan Tai Neng. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning of the Directors.

The updated terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

The Nomination Committee met once during the year ended 31 December 2013 and all members attended the meeting regarding the appointment of independent non-executive director. The Nomination Committee has also reviewed the Board Composition under diversity aspect and monitored the implementation of the Board Diversity Policy annually. They also reviewed the Board Diversity Policy to ensure the effectiveness and considered that the Group achieved the Board Diversity Policy as at 31 December 2013.

Company Secretary

The current Company Secretary, Mr. Tsui Wing Tak, is responsible for facilitating the Board process, as well as communications among Board members, with shareholders and management. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management".

Corporate Governance Report

Responsibilities in Respect of the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013. Having made appropriate enquiries, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on the assumption that the Group will continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 35 to 36.

Auditor's Remuneration

The remuneration paid to the external auditors of the Company in respect of audit services for the year ended 31 December 2013 amounted to HK$873,000.

Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company and the result was satisfied and accepted by the management.

Constitutional Documents

The Board is not aware of any significant changes in the Company's constitutional documents during the year ended 31 December 2013. Memorandum and Articles of Association of the Company is available on both the websites of the Stock Exchange and the Company.

Shareholders' Rights

Procedures for Shareholders to Convene an Extraordinary General Meeting and to put Forward Proposal

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition . If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in article 85 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office . The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Procedures for Sending Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (www.noblehouserestaurant.cn) has provided an effective communication platform to the public and the shareholders.

Report of the Directors

The Board hereby presents its report and the audited financial statements of the Group for the year ended 31 December 2013.

Principal Activities

The Company acts as an investment holding company of the Group. The Group is principally engaged in restaurant operations. Details of the principal activities of the Company's subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividend

The Group's profit for the financial year ended 31 December 2013 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 37 to 41.

At 31 December 2013, the Company's reserve available for distribution to owners of the Company comprising share premium account amounted to approximately RMB19,612,000 (2012: RMB46,223,000).

The Directors do not recommend the payment of any dividend in respect of the year (2012: nil).

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 20 December 2011 (the "Prospectus") with actual business progress for the period ended 31 December 2013.

	Business plan up to 31 December 2013 as set out in the Prospectus	**Actual business progress up to 31 December 2013**
Diversify service and product offerings with the implementation of a new branding strategy		
Opening of new restaurants	Progress payment for the capital expenditure of a new restaurant	The Group has made a strategic move to further utilize its competitive edge in the high end catering industry to establish a new luxury club house restaurant situated at the heart of Shanghai metropolis, alongside the Riverside Promenade in Pudong district. This club house restaurant was subsequently opened in January 2013. With a total area of approximately 1200 square meters, it can offer a variety of our renowned finest wine and dishes and afford a fine view of the Bund at a distance and the marvelous views of Pudong's skyscrapers, creating for our valued customers a brand new and incomparable dining experience along the east bank of the Huangpu River. In addition, in order to develop the catering industry better, the Group opened a middle-class restaurant in January 2013, which targeted at workers group, with a total area of approximately 3100 square meters. It is situated in newly developed area in Pudong district and target in offering simple, quick and, nevertheless, tasty lunch to people working around.

Report of the Directors

Diversify service and product offerings with the implementation of a new branding strategy

Expansion in the range of food products	Conduct feasibility study on new products and expand its internal production line	Market researches and feasibility study were carried out by the management in an on-going basis to evaluate the profitability of the new business.

Enhance existing restaurant facilities

Enhance existing restaurant facilities	Acquire, upgrade or replace the existing equipment and facilities to enhance restaurant operating environment	The Group has enhanced a variety of restaurant equipments, utensils and consumables in its existing restaurants to better customer experience of dining.

Explore merger and acquisition opportunities and business collaboration opportunities with local partners in the food and beverage industry

Explore merger and acquisition opportunities and business collaboration opportunities with local partners in the food and beverage industry	Conduct feasibility study or acquisition of potential merger and acquisition target	The Group is in the process of seeking potential merger and acquisition targets and is currently evaluating the collaboration plans with local partners in the industry.

Strengthen staff training

Strengthen staff training	Provide training program to employees to enhance their skills	The Group has appointed external professional party and enhanced internal training to improve the hand-on skills and product knowledge of its employees.

Enhance marketing activities to promote brand awareness and broaden the Group's customer base

Enhance marketing activities to promote brand awareness and broaden the Group's customer base	Launch marketing activities for brand building	The Group has arranged regular advertising and marketing campaigns, including various mass media channels, to promotion the Group's business and brand recognition.

The net proceeds from the Placing were approximately HK$28.7 million, which was based on the final placing price of HK$0.72 per share and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the date of listing (i.e. 30 December 2011) (the "Listing Date"), to 31 December 2013 had been applied as follows:

	Use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 31 December 2013 HK$ million	Actual use of proceeds from the Listing Date to 31 December 2013 HK$ million
– Diversify service and product offering	14.0	14.0
– Enhance existing restaurant facilities	2.1	2.1
– Strengthen staff training	1.5	1.5
– Enhance marketing activities to promote brand awareness and broaden the Group's customer base	3.8	3.8
– Explore merger and acquisition opportunities (Note) and business collaboration opportunities with local partners in the food and beverage industry	6.0	0.7
– Working capital	1.3	1.3
Total	28.7	23.4

Note: Actual use of proceeds was lower as compared to the adjusted net proceeds which was mainly attributable to the evaluation of market condition by the Directors, that the management will remain prudent on the Group's expansion plan in view of the overall impart of the uncertainty rased by the recent PRC regulation development.

The directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong and China.

Segment Information

Details of the segment information of the Group are set out in note 7 to the consolidated financial statements.

Report of the Directors

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total revenue for the year. None of the Directors or supervisors or their associates or any of the shareholders of the Group had any interest in any of the five largest customers of the Group.

Purchases by the Group from the five largest suppliers also accounted for less than 30% of the total purchases of the Group for the year. None of the Directors or supervisors or their associates or any of the shareholders of the Company had any interest in any of the five largest suppliers of the Group.

Combined Statement of financial position of associates

As at 31 December 2013, the Group had advances to two associates, namely Dong Hai Noble House Food and Beverage Co., Ltd. and Bin Jiang Noble House Food and Beverage Co., Ltd.. The combined statement of financial position of the two associates (with attributable interest of the Group in the two associates) as at 31 December 2013 is set out below:

	Combined Statement of financial position RMB'000	**Group's attributable interest** RMB'000
Non-current assets	12,586	4,588
Current assets	7,328	2,466
Current liabilities	(27,496)	(9,753)
	(7,582)	(2,699)
Share capital	2,000	600
Reserve	(9,582)	(3,299)
	(7,582)	(2,699)

Property, Plant and Equipment

Details of the movements in fixed assets of the Company and the Group are set out in note 15 to the consolidated financial statements.

Share Capital

Details of the Company's share capital are set out in note 23 to the consolidated financial statements.

Reserves

Movements in the reserves of the Group during the financial year are set out in the consolidated statement of changes in equity on page 39.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year under review.

Bank Loans and Other Borrowings

The Group did not have any outstanding bank loans and other borrowings as at 31 December 2013 (2012: Nil).

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 December 2013 (2012: Nil).

Retirement Schemes

Particulars of the retirement schemes are set out in note 27 to the financial statements.

Summary of Financial Information

A summary of the results of the Group for the past four financial years is set out on page 88 of the annual report.

Directors

The directors who served during the financial year were as follows:

Executive Directors:

Mr. Chan Tai Neng *(Chairman)*
Mr. Chan Meng Hou
Mr. Cheung Chi Keung

Independent Non-Executive Directors:

Mr. Chan Chun Sing	(resigned on 31 October 2013)
Mr. Tse Wai Chuen, Tony	
Mr. Wang Zhi Zhong	
Mr. Yeung Chi Wai	(appointed on 31 October 2013)

In accordance with Article 83 and Article 84 of the Company's Articles of Association, Mr. Chan Tai Neng, Mr. Cheung Chi Keung and Mr. Yeung Chi Wai shall retire from the office at the upcoming annual general meeting and, being eligible, offer themselves for re-election at the upcoming annual general meeting.

Report of the Directors

Directors' Service Contracts

Each of the executive Directors is entitled to a director's fee, and is also entitled to a discretionary management bonus by reference to the consolidated net profits of the Group after taxation and non-controlling interest but before extraordinary items as the remuneration committee of the Company may approve, provide that the relevant executive Director shall abstain from voting and not counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him.

Two of the independent non-executive Directors have entered into letters of appointment with the Company on 12 December 2011 and one of the independent non-executive Directors has entered into a letter of appointment with the Company on 31 October 2013, and shall continue thereafter unless terminated by not less than one month's notice in writing. Each of the independent non-executive Directors is entitled to a director's fee.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence

The Company has received annual confirmations of independence from all three existing independent non-executive directors pursuant to the Rules Governing the Listing of Securities on the GEM Listing Rules. The Company considers the independent non-executive Directors to be independent pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this report.

Directors' and Senior Management's Biographies

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 13 to 15 of the Annual Report.

Directors' Interests in Contracts

Save as disclosed in note 31 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year ended 31 December 2013.

Directors' Interests in Competing Business

For the year ended 31 December 2013, the Directors were not aware of any business or interest of the Directors, the controlling shareholder, the management shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2013.

Emoluments Policy

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Each Director may also receive a year end bonus in respect of each financial year. The amount of such bonus will be determined by the remuneration committee of the Board, subject to shareholders' approval at general meeting.

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out below in the section "Share option scheme".

Details of the emoluments of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 11 to the consolidated financial statements.

Contracts of Significance

There is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

At 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Interest in the Company

Name of director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Chan Tai Neng	1	Interest of controlled corporation	182,000,000 (L)	65%
Mr. Cheung Chi Keung	2	Interest of controlled corporation	182,000,000 (L)	65%

Notes:

1. Mr. Chan Tai Neng is deemed to be interested in 182,000,000 Shares held by Blossom Merit Limited under the SFO.

2. Mr. Cheung Chi Keung is deemed to be interested in 182,000,000 Share held by Blossom Merit Limited under the SFO.

Report of the Directors

During the year ended 31 December 2013, there were no debt securities issued by the Group and the Company at any time.

As at 31 December 2013, none of the Directors or chief executive of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

For the year ended 31 December 2013, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Interest in the Company

Name	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Blossom Merit Limited (Note)	Beneficial owner	182,000,000 (L)	65%

Note:

Blossom Merit Limited, a company incorporated in British Virgin Islands on 6 July 2011 with limited liability and an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung in the proportion of 90% and 10% respectively as at the 31 December 2013.

During the year ended 31 December 2013, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2013, the Directors are not aware of any other person other than the Directors and the chief executive of the Company who had, or was deemed to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme has become effective on 12 December 2011. No share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 December 2013.

Arrangements to purchase shares or debentures

At no time during the year ended 31 December 2013 was the Company, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Interests of the Compliance Advisers

As notified by Quam Capital Limited ("Quam Capital"), the Company's compliance adviser, neither Quam Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2013.

Pursuant to the agreement dated 12 December 2011 entered into between Quam Capital and the Company, Quam Capital received and will receive fees for acting as the Company's compliance adviser.

Connected Transaction

The Directors are not aware of any related party transactions as set out in note 31 to the financial statements constitute a connected transaction of the Group, nor are there any connected transactions that require to be disclosed in this annual report under the GEM Listing Rules.

Corporate Governance

Principle corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on page 16 to 23.

Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief at the date of the Annual Report, the Company has maintained sufficient public float as required by the GEM Listing Rules since the listing of the shares of the Company on the GEM Board of the Stock Exchange.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands where the Company is incorporated.

Report of the Directors

Events After the End of the Reporting Period

As at the end of the reporting period, the Group did not have any significant events after the reporting period.

Auditors

The financial statements of the Group for the year ended 31 December 2012 and 2013 have been audited by Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF NOBLE HOUSE (CHINA) HOLDINGS LIMITED
名軒(中國)控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Noble House (China) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 87, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with IFRSs and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Revenue	7	**99,477**	124,702
Other income	8	**2,195**	1,576
Other gains and losses	9	**(9,721)**	53
Cost of inventories consumed		**(40,144)**	(47,421)
Staff cost		**(33,846)**	(26,949)
Depreciation of property, plant and equipment		**(3,861)**	(2,594)
Utilities and consumables		**(4,080)**	(5,374)
Rental and related expenses		**(21,068)**	(19,049)
Advertising and marketing expenses		**(2,018)**	(1,982)
Other expenses		**(13,184)**	(13,188)
Share of results of associates		**(1,652)**	(1,292)
(Loss) profit before tax	10	**(27,902)**	8,482
Income tax expense	12	**(201)**	(3,643)
(Loss) profit and total comprehensive (expense) income for the year		**(28,103)**	4,839
(Loss) profit and total comprehensive (expense) income attributable to:			
Owners of the Company		**(26,611)**	4,781
Non-controlling interests		**(1,492)**	58
		(28,103)	4,839
(Loss) earnings per share (RMB), basic	14	**(0.095)**	0.017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	**14,624**	12,078
Goodwill	16	**–**	1,429
Rental deposits		**2,150**	3,045
Interests in associates	17	**343**	1,625
Amounts due from associates	20	**1,405**	7,673
Deposit for acquisition of property, plant and equipment		**–**	2,500
		18,522	28,350
Current assets			
Inventories	18	**11,221**	14,989
Trade and other receivables	19	**12,607**	12,031
Short-term bank deposit	21	**–**	10,000
Bank balances and cash	21	**20,730**	22,901
		44,558	59,921
Current liabilities			
Trade and other payables	22	**15,602**	9,846
Prepayment from customers		**21,877**	24,165
Tax liabilities		**4,071**	4,627
		41,550	38,638
NET CURRENT ASSETS		**3,008**	21,283
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,530**	49,633
Capital and reserves			
Share capital	23	**2,291**	2,291
Reserves		**20,140**	46,751
Equity attributable to owners of the Company		**22,431**	49,042
Non-controlling interests		**(901)**	591
		21,530	49,633

The consolidated financial statements on pages 37 to 87 were approved and authorised for issue by the Board of Directors on 25 March 2014 and are signed on its behalf by:

Mr. Chan Tai Neng
DIRECTOR

Mr. Cheung Chi Keung
DIRECTOR

Consolidated Statements of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company						
	Share Capital RMB'000	**Share premium** RMB'000	**(Accumulated losses) retained profits** RMB'000	**Special reserve** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2012	2,291	31,076	10,366	528	44,261	1,013	45,274
Profit and total comprehensive income recognised for the year	–	–	4,781	–	4,781	58	4,839
Dividend paid to non-controlling interests	–	–	–	–	–	(480)	(480)
At 31 December 2012	2,291	31,076	15,147	528	49,042	591	49,633
Loss and total comprehensive expense for the year	–	–	(26,611)	–	(26,611)	(1,492)	(28,103)
At 31 December 2013	2,291	31,076	(11,464)	528	22,431	(901)	21,530

Consolidated Statements of Cash Flows

For the year ended 31 December 2013

	NOTE	2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(27,902)**	8,482
Adjustments for:			
Depreciation of property, plant and equipment		**3,861**	2,594
Share of results of associates		**1,652**	1,292
Allowance for doubtful debts		**681**	44
Loss on disposal of property, plant and equipment		**123**	5
Impairment loss recognised on goodwill		**1,429**	–
Impairment loss recognised on amounts due from associates		**8,712**	–
Waiver of other payables upon deregistration of a subsidiary		**(1,115)**	–
Gain on disposal of an associate		**–**	(200)
Imputed interest income		**(556)**	(179)
Interest income		**(359)**	(97)
Operating cash flows before movements in working capital		**(13,474)**	11,941
Decrease (increase) in rental deposits		**895**	(1,005)
Decrease (increase) in inventories		**3,768**	(5,698)
(Increase) decrease in trade and other receivables		**(1,257)**	838
Increase (decrease) in trade and other payables		**6,871**	(13,293)
(Decrease) increase in prepayment from customers		**(2,288)**	4,677
Cash used in operations		**(5,485)**	(2,540)
Income tax paid		**(757)**	(4,604)
NET CASH USED IN OPERATING ACTIVITIES		**(6,242)**	(7,144)
INVESTING ACTIVITIES			
Withdrawal of short-term bank deposit		**10,000**	–
Refund of deposit for acquisition of property, plant and equipment		**2,500**	2,500
Repayment from associates		**737**	5,156
Interest received		**359**	97
Purchase of property, plant and equipment		**(6,530)**	(8,043)
Advance to associates		**(2,995)**	(7,246)
Release of restricted bank balance		**–**	16,364
Repayment of an amount due to an independent third party		**–**	1,900
Proceeds from disposal of property, plant and equipment		**–**	144
Placement of short-term bank deposit		**–**	(10,000)
Net cash outflow from acquisition of a subsidiary	25	**–**	(295)
Investment in an associate		**–**	(200)
Net consideration received from disposal of Chengdu Noble House Food and Beverage Co., Ltd.		**–**	200
NET CASH FROM INVESTING ACTIVITIES		**4,071**	577

Consolidated Statements of Cash Flows

For the year ended 31 December 2013

	NOTE	2013 RMB'000	2012 RMB'000
FINANCING ACTIVITIES			
Payment of transaction costs directly attributable to the issuance of shares		–	(4,371)
Dividend paid to non-controlling interests		–	(480)
NET CASH USED IN FINANCING ACTIVITIES		–	(4,851)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,171)**	(11,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**22,901**	34,319
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**20,730**	22,901

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. General

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 December 2011. Its immediate holding company is Blossom Merit Limited ("Blossom Merit") (incorporated in the British Virgins Islands ("BVI")) and its ultimate controlling shareholder is Mr. Chan Tai Neng ("Mr. Chan"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is No. 24 Sublane 99, Lane 635, Zhennam Road, Putuo District, Shanghai 200331, the People's Republic of China (the "PRC").

The Company is an investment holding company. The Group is principally engaged in operation of restaurants and sales of processed food and seafood in the PRC and Hong Kong. Particulars of the subsidiaries of the Company are set out in note 33.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the Company's functional currency.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

The Group has applied the following new and revised IFRSs issued by the International Accounting Standard Board for the first time in the current year:

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

Except as described below, the application of the new and revised IFRSs 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 disclosures set out in these consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

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

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-Int 12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. The directors assess the application of IFRS 10 and conclude that the Group has had control over the investee which are consolidated into the consolidated financial statements before the application of IFRS 10. Accordingly, the application of the adoption of IFRS 10 has had no material impact on the amounts reported in this consolidated financial information.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. Accordingly, the application of the adoption of IFRS 12 has had no material impact on the amounts reported in this consolidated financial information.

Amendments to IAS 1 Presentation of items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

New and revised Standards, Amendments and Interpretation issued but not yet effective

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

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
IFRIC – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application-the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

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

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

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

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the results and financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. Significant Accounting Policies *(Continued)*

Investments in associates *(Continued)*

When a group entity transacts with its associate of the Group profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from restaurant operations is recognised when goods are sold and services are provided.

Revenue from sale of processed food and seafood are recognised when food or seafood are delivered.

Management service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised into profit or loss, except when they relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from associates, short-term bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets such as trade receivables that are assessed not to be impaired individually are, in addition, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instrument

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities representing trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

4. Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months, are discussed below.

Income taxes

As at 31 December 2013, no deferred tax asset has been recognised on the tax losses of RMB15,847,000 (2012: RMB2,636,000) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of goodwill is nil. Details of the recoverable amount calculation are disclosed in note 16.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of trade and other receivable is RMB12,607,000 (net of allowance for doubtful debts of RMB827,000) (2012: carrying amount of RMB12,031,000, net of allowance for doubtful debts of RMB146,000).

Impairment of amounts due from associates

Management regularly reviews the recoverability of amounts due from associates. Allowance for these receivables is made based on the evaluation of collectability and on management's judgement by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value.

A considerable amount of judgment is required in assessing the recoverability of these receivables. If the actual future cash flows were less than expected, a material impairment loss may arise. During the year ended 31 December 2013, an impairment of RMB8,712,000 (2012: nil) was recognised on amounts due from associates. As at 31 December 2013, the carrying amount of the amounts due from associates is RMB1,405,000 (2012: RMB7,673,000). Details are set out in note 20 to the consolidated financial statements.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses/retained profits.

The management of the Group reviews the capital structure periodically. The management of the Group also balances the overall capital structure of the Group through the payment of dividends, new share issues. No changes were made in the objectives, policies or processes from the prior year.

6. Financial Instruments

6a. Categories of financial instruments

	2013 **RMB'000**	2012 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**32,122**	47,947
Financial liabilities		
Amortised cost	**11,812**	7,848

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from associates, short-term bank deposits, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has raised funds in Hong Kong Dollar ("HKD"), which exposes the Group to market risk arising from changes in foreign exchange rates. The Group currently does not have a foreign currency hedging policy. However management closely monitors its foreign currency risk exposure and enters into foreign currency forward contracts should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets mainly represented bank balances and cash denominated in HKD at the respective reporting dates are as follows:

	2013 **RMB'000**	2012 RMB'000
Assets		
HKD	**876**	6,555
USD	**396**	–

Sensitivity analysis

A 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel because it represents management's assessment of the possible change in HKD and USD against RMB rate. On the basis of the above assets denominated in HKD and USD at the respective reporting dates, and assuming all other variables remain unchanged, a 5% weakening of the HKD and USD against RMB would give rise to an exchange loss and an (increase) decrease in post-tax (loss) profit for the year in the following magnitude, and vice versa:

	2013 **RMB'000**	2012 RMB'000
HKD	**(44)**	328
USD	**(20)**	–

Other than HKD and USD, the Group does not have any other major exposure to foreign currency risk.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits.

The Group's fair value interest rate risk relates primarily to its fixed-rate short-term bank deposits.

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

No sensitivity analyses been prepared as the management considers that such exposure for variable-rate bank deposits is limited.

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt and the associates at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk in relates to the amounts due from associates amounting to RMB10,117,000 (2012:RMB7,673,000). For the year ended 31 December 2013, as the results of the associates did not meet management's expectation, the directors of the Company reassessed the timing and estimate of the cash flows from the repayment of the advances to the associates and discounted them at the original effective interest rate of the advance. An impairment loss of RMB8,712,000 is recognised in profit or loss.

The credit risk on liquid funds is limited because the counterparties are banks with good reputations.

There was no other significant concentration of credit risk as the balance of the exposure is spread over a number of counterparties and customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of cash and cash equivalents, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

	Repayable on demand RMB'000	Less than 3 months RMB'000	Total undiscounted cash flow RMB'000	Total carrying value at 31.12.2013 RMB'000
2013				
Trade and other payables	**–**	**11,812**	**11,812**	**11,812**

	Repayable on demand RMB'000	Less than 3 months RMB'000	Total undiscounted cash flow RMB'000	Total carrying value at 31.12.2012 RMB'000
2012				
Trade and other payables	–	7,848	7,848	7,848

6c. Fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. Revenue and Segment Information

The Group's revenue represents the amount received and receivable for the operation of restaurants, provision of management services and sales of processed food and seafood, net of discount and sales related taxes, for the year.

Types of revenue

	2013 **RMB'000**	2012 RMB'000
Operation of restaurants	**86,605**	114,318
Sales of processed food and seafood	**12,471**	9,211
Management services	**401**	1,173
	99,477	124,702

The information reported to the Group's chief operating decision maker, Mr. Chan Tai Neng, a director of the Company and the ultimate controlling shareholder of the Group, for the purpose of resource allocation and assessment of performance is prepared according to the geographical location of restaurants and the location where the management services are provided. Processed food and seafood were sold through restaurants operated by the Group and the stores in Shanghai and Hong Kong. Hence, the Group's reportable and operating segments based on geographical location of the restaurants and seafood stores in the PRC and Hong Kong are as set out below.

(i) Shanghai – operation of four restaurants, providing management services to restaurants owned by independent third parties and restaurants of the Group, operating a food processing plant and one seafood store,

(ii) Beijing – operation of one restaurant,

(iii) Hong Kong – operation of one seafood store.

Segment information is presented below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

7. Revenue and Segment Information *(Continued)*

Year ended 31 December 2013

	Shanghai RMB'000	Beijing RMB'000	Qingdao RMB'000	Hong Kong RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
REVENUE							
External sales	**81,104**	**12,975**	**4,657**	**741**	**99,477**	**–**	**99,477**
Inter-segment management service fee and sales of processed food	**9,960**	**–**	**–**	**–**	**9,960**	**(9,960)**	**–**
Total	**91,064**	**12,975**	**4,657**	**741**	**109,437**	**(9,960)**	**99,477**
RESULT							
Segment result	**(4,509)**	**(2,858)**	**(307)**	**(2,532)**	**(10,206)**		**(10,206)**
Unallocated corporate expenses							**(7,018)**
Impairment loss recognised on goodwill							**(1,429)**
Impairment loss recognised on amounts due from associates							**(8,712)**
Waiver of other payables upon deregistration of a subsidiary							**1,115**
Share of results of associates							**(1,652)**
Loss before tax							**(27,902)**

Year ended 31 December 2012

	Shanghai RMB'000	Beijing RMB'000	Qingdao RMB'000	Hong Kong RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
REVENUE							
External sales	93,965	22,384	7,624	729	124,702	–	124,702
Inter-segment management service fee and sales of processed food	15,963	–	–	–	15,963	(15,963)	–
Total	109,928	22,384	7,624	729	140,665	(15,963)	124,702
RESULT							
Segment result	10,528	3,777	1,062	(770)	14,597		14,597
Unallocated corporate expenses							(4,823)
Share of results of associates							(1,292)
Profit before tax							8,482

7. Revenue and Segment Information *(Continued)*

Other segment information

Year ended 31 December 2013

	Shanghai RMB'000	Beijing RMB'000	Qingdao RMB'000	Hong Kong RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:					
Allowance for doubtful debts	**681**	**–**	**–**	**–**	**681**
Depreciation of property, plant and equipment	**2,886**	**665**	**29**	**281**	**3,861**
Loss on disposal of property, plant equipment	**123**	**–**	**–**	**–**	**123**
Interest income	**(359)**	**–**	**–**	**–**	**(359)**
Imputed interest income on advances to associates	**(556)**	**–**	**–**	**–**	**(556)**

Year ended 31 December 2012

	Shanghai RMB'000	Beijing RMB'000	Qingdao RMB'000	Hong Kong RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:					
Allowance for doubtful debts	44	–	–	–	44
Depreciation of property, plant and equipment	2,058	394	69	73	2,594
Interest income	(29)	(1)	–	(67)	(97)
Imputed interest income on advances to associates	(179)	–	–	–	(179)
Loss on disposal of property, plant and equipment	5	–	–	–	5

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss) profit earned by each segment without allocation of the expenses incurred by the Group's head office. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter segment sales are charged at rates agreed between group entities.

As information on the Group's segment assets and liabilities are not regularly provided to the Group's chief operating decision maker, segment assets and liabilities are not presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

7. Revenue and Segment Information *(Continued)*

Geographical information

The Group's operations are located in the PRC and Hong Kong. Information about the Group's revenue from external customers and all of its non-current assets (excluding financial assets) are presented based on the geographical locations of the revenue and assets respectively.

	Revenue from external customers Year ended		Non-current assets	
	31/12/2013 RMB'000	31/12/2012 RMB'000	**31/12/2013 RMB'000**	31/12/2012 RMB'000
PRC	**98,736**	123,973	**16,020**	19,058
Hong Kong	**741**	729	**1,097**	1,619
	99,477	124,702	**17,117**	20,677

Information about major customers

There was no revenue from a single customer contributing over 10% of total revenue of the Group.

8. Other Income

	2013 RMB'000	2012 RMB'000
Government subsidy (note)	**1,280**	1,300
Imputed interest income on advances to associates	**556**	179
Interest income	**359**	97
	2,195	1,576

Note:

During the year ended 31 December 2013, a PRC subsidiary received approximately RMB1,280,000 (2012: RMB1,300,000), subsidies given by the PRC government for encouragement of its business development. There were no other specific conditions attached to the incentives and, therefore, the Group recognised the incentives upon receipt.

9. Other Gains and Losses

	2013 RMB'000	2012 RMB'000
Loss on disposal of property, plant and equipment	**(123)**	(5)
Allowance for doubtful debts	**(681)**	(44)
Waiver of other payables upon deregistration of a subsidiary	**1,115**	–
Impairment loss recognised on amounts due from associates	**(8,712)**	–
Impairment loss recognised on goodwill	**(1,429)**	–
Gain on disposal of interest in an associate	**–**	200
Others	**109**	(98)
	(9,721)	53

10. (Loss) Profit Before Tax

	2013 RMB'000	2012 RMB'000
(Loss) profit before tax has been arrived at after charging:		
Directors' and chief executive's emoluments (Note 11)	**1,765**	588
Salaries and other allowances	**26,303**	22,263
Retirement benefit scheme contributions, excluding those of directors	**5,778**	4,098
Total staff costs	**33,846**	26,949
Auditors' remuneration	**698**	782

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

11. Directors', Chief Executive's and Employees Emoluments

Directors

Details of the emoluments paid by the Group to the directors and the chief executive of the Company were as follows:

	Directors						Chief Executive	
	Mr. Cheung Chi Keung (a) RMB'000	Mr. Chan Meng Hou (a)* RMB'000	Mr. Wang Zhi Zhong (b) RMB'000	Mr. Tse Wai Chuen, Tony (b) RMB'000	Mr. Chan Chun Sing (b)*** RMB'000	Mr. Yeung Chi Wai (b)** RMB'000	Mr. Chan Tai Neng (a) RMB'000	Total 2013 RMB'000
Fee	–	–	144	144	64	10	–	362
Salaries and other allowances	512	379	–	–	–	–	512	1,403
Retirement benefit scheme contributions	–	–	–	–	–	–	–	–
	512	379	144	144	64	10	512	1,765

	Directors					Chief Executive	
	Mr. Cheung Chi Keung (a) RMB'000	Mr. Chan Meng Hou (a)* RMB'000	Mr. Wang Zhi Zhong (b) RMB'000	Mr. Tse Wai Chuen, Tony (b) RMB'000	Mr. Chan Chun Sing (b) RMB'000	Mr. Chan Tai Neng (a) RMB'000	Total 2012 RMB'000
Fee	–	–	147	147	78	–	372
Salaries and other allowances	72	72	–	–	–	72	216
Retirement benefit scheme contributions	–	–	–	–	–	–	–
	72	72	147	147	78	72	588

Notes:

(a) Executive directors
(b) Independent non-executive directors
* Appointed on 16 November 2012.
** Appointed on 31 October 2013.
*** Resigned on 31 October 2013.

Mr. Chan Tai Neng is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

11. Directors', Chief Executive's and Employees Emoluments *(Continued)*

Employees

The five highest paid individuals with the highest emoluments in the Group included three (2012: two) directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2012: three) individuals were as follows:

	2013 **RMB'000**	2012 RMB'000
Salaries and other allowances	**514**	357
Retirement benefit scheme contributions	**10**	8
	524	365

Each of their emoluments were below HKD1,000,000.

No emoluments were paid by the Group to any of the directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2012: nil). None of the directors waived any emoluments during the year (2012: nil).

12. Income Tax Expense

	2013 **RMB'000**	2012 RMB'000
Enterprise income tax in the PRC		
Current tax	**162**	4,028
Under(over)provision in prior year	**39**	(385)
	201	3,643

The Company was incorporated in the Cayman Islands and is exempted from income tax. It is not subject to tax in other jurisdictions.

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made as the Group's subsidiaries which operating in Hong Kong have incurred tax losses for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

12. Income Tax Expense *(Continued)*

PRC

PRC subsidiaries located in Beijing, Shanghai and Qingdao were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for both years.

The tax charge for the year can be reconciled to the (loss) profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2013 RMB'000	2012 RMB'000
(Loss) profit before tax	**(27,902)**	8,482
Tax at EIT rate (25%)	**(6,976)**	2,121
Tax effect of expenses not deductible for tax purpose (note i)	**3,464**	1,350
Tax effect of income not taxable for tax purpose	**(430)**	(140)
Tax effect of tax losses not recognised	**3,236**	238
Tax effect of temporary difference not recognised	**225**	12
Effect of different tax rates of subsidiaries operations in Hong Kong	**393**	267
Tax effect of share of results of associates	**413**	323
Utilisation of tax loss from previous years	**(36)**	–
Others	**(127)**	(143)
Under(over)provision in prior year	**39**	(385)
Tax charge for the year	**201**	3,643

Note:

(i) The amount mainly consists of entertainment, staff welfare, fine and social insurance which are not deductible for tax purpose.

At the end of the reporting period, the Group has unused tax losses of RMB16,695,000 (2012: RMB3,751,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB848,000 (2012: RMB1,115,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB15,847,000 (2012: RMB2,636,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB1,290,000 (2012: RMB1,290,000) which will expire in 2015, RMB393,000 (2012: RMB393,000) will expire in 2016; RMB2,068,000 (2012: RMB181,000) will expire in 2017 and RMB10,432,000 (2012: nil) will expire in 2018. The remaining unused tax losses can be carried indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB13,630,000 as at 31 December 2013 (2012: RMB20,941,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13. Dividends

No dividend has been paid or proposed by the Group for the year ended 31 December 2012 and 2013.

14. (Loss) Earnings Per Share

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

	2013 **RMB'000**	2012 RMB'000
(Loss) profit for the year attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(26,611)**	4,781
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**280,000,000**	280,000,000

No diluted (loss) earnings per share has been presented for both years as the Company has no potential ordinary shares outstanding during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

15. Property, Plant and Equipment

	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST					
At 1 January 2012	12,169	7,182	3,805	–	23,156
Additions	1,122	2,275	1,358	3,288	8,043
Acquired on acquisition of a subsidiary (note 26)	511	214	–	–	725
Disposals/Write-off	–	(29)	(344)	–	(373)
At 31 December 2012 and 1 January 2013	13,802	9,642	4,819	3,288	31,551
Additions	5,136	533	745	116	6,530
Disposals/Write-off	–	(935)	(355)	–	(1,290)
Transfer	3,000	404	–	(3,404)	–
At 31 December 2013	21,938	9,644	5,209	–	36,791
DEPRECIATION					
At 1 January 2012	10,039	5,311	1,753	–	17,103
Provided for the year	1,205	803	586	–	2,594
Disposals/Write-off	–	(28)	(196)	–	(224)
At 31 December 2012 and 1 January 2013	11,244	6,086	2,143	–	19,473
Provided for the year	2,049	1,038	774	–	3,861
Disposals/Write-off	–	(884)	(283)	–	(1,167)
At 31 December 2013	13,293	6,240	2,634	–	22,167
CARRYING VALUE					
At 31 December 2013	8,645	3,404	2,575	–	14,624
At 31 December 2012	2,558	3,556	2,676	3,288	12,078

The property, plant and equipment, are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold improvement	The shorter of the period of the respective leases or 5 years
Furniture, fixtures and equipment	18%
Motor vehicles	18%

16. Goodwill

	2013 RMB'000	2012 RMB'000
COST		
Acquisition of a subsidiary (note 25) in 2012 and balance at 31 December	**1,429**	1,429
IMPAIRMENT		
At 1 January	**–**	–
Impairment loss recognised in the year	**1,429**	–
At 31 December	**1,429**	–
CARRYING VALUES		
At 31 December	**–**	1,429

For the purpose of impairment testing, goodwill has been allocated to one cash generating unit ("CGU") attributable to subsidiaries which engaged in operation of restaurants, food processing plant and sales of seafood in Shanghai.

During the year ended 31 December 2013, the Group recognised an impairment loss of RMB1,429,000 (2012: nil) in relation to goodwill arising on acquisition of a subsidiary in 2012, due to the continued poor financial performance of the underlying restaurants of the subsidiaries which engaged in operation of restaurants, food processing plant and sales of seafood in Shanghai in 2013.

During the year ended 31 December 2012, management of the Group determines that there is no impairment of any of its CGU containing goodwill.

The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period at a discount rate of 16.13% (2012: 16.13%). The key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market development.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

17. Interests in Associates

	2013 **RMB'000**	2012 RMB'000
Cost of unlisted investments in associates	**600**	600
Deemed capital contribution (Note (i))	**2,350**	1,980
Share of post-acquisition losses	**(2,607)**	(955)
	343	1,625

As at 31 December 2013 and 2012, the Group had interest in the following associates:

Name of associate	**Form of entity**	**Place of establishment and operation**	**Attributable interest in registered capital held by the Group 31 December**		**Proportion of voting rights held by the Group 31 December**		**Principal activities**
			2013	2012	**2013**	2012	
Dong Hai Noble House Food and Beverage Co., Ltd. ("Dong Hai Noble House")	Limited liability	PRC	**40%**	40%	**40%**	40%	Operating restaurant
Bin Jiang Noble House Food and Beverage Co., Ltd. ("Bin Jiang Noble House") (Note (ii))	Limited liability	PRC	**20%**	20%	**20%**	20%	Operating restaurant

Notes:

(i) Deemed capital contributions represent the imputed interest on interest-free loans to associates.

(ii) In June 2012, Shanghai Noble House entered into an agreement with an independent third party to set up Bin Jiang Noble House to which Shanghai Noble House agreed to contribute 20% of the entity's capital amounting to RMB200,000.

The summarised financial information in respect of the Group's associates is set out below and were prepared in accordance with IFRSs.

All of the associates are accounted for using the equity method in these consolidated financial statements.

17. Interests in Associates *(Continued)*

Dong Hai Noble House

	2013 RMB'000	2012 RMB'000
Total assets	**15,356**	17,428
Total liabilities	**(21,268)**	(18,186)
Net liabilities	**(5,912)**	(1,388)
Net liabilities attributable to the Group	**(2,365)**	(555)

	Year ended 31/12/2013 RMB'000	Year ended 31/12/2012 RMB'000
Revenue	**10,440**	14,547
Loss for the year attributable to owner of the associate	**(4,524)**	(2,387)
Group's share of loss	**(1,118)**	(955)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net liabilities	**(5,912)**	(1,388)
Proportion of the Group's ownership interest in Dong Hai Noble House	**40%**	40%
Group's interest in Dong Hai Noble House	**(2,365)**	(555)
Deemed capital contribution	**1,673**	1,600
Unrecongised share of loss	**692**	–
Carrying amount of the Group's interest in Dong Hai Noble House	**–**	1,045

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

17. Interests in Associates *(Continued)*

Bin Jiang Noble House

	2013 RMB'000	2012 RMB'000
Total assets	**4,558**	4,505
Total liabilities	**(6,228)**	(3,505)
Net (liabilities) assets	**(1,670)**	1,000
Net (liabilities) assets attributable to the Group	**(334)**	200

	Year ended 31/12/2013 RMB'000	Year ended 31/12/2012 RMB'000
Revenue	**7,687**	–
Loss for the year attributable to owner of the associate	**(2,670)**	–
Group's share of loss	**(534)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net (liabilities) assets	**(1,670)**	1,000
Proportion of the Group's ownership interest in Bin Jiang Noble House	**20%**	20%
Group's interest in Bin Jiang Noble House	**(334)**	200
Deemed capital contribution	**677**	380
Carrying amount of the Group's interest in Bin Jiang Noble House	**343**	580

17. Interests in Associates *(Continued)*

Bin Jiang Noble House *(Continued)*

	Year ended 31/12/2013 RMB'000	Year ended 31/12/2012 RMB'000
The unrecognised share of loss of associates for the year	**692**	–
Cumulative unrecognised share of loss of associates	**692**	–

The results for the year ended 31 December 2012 included the results of Chengdu Noble House Food and Beverage Co., Ltd. ("Chengdu Noble House") until the date it ceased to be an associate of the Group, and the Group had discontinued recognition of its share of losses from Chengdu Noble House of approximately RMB156,000 before the disposal.

18. Inventories

	2013 RMB'000	2012 RMB'000
Food and beverages	**11,036**	14,790
Consumables	**185**	199
	11,221	14,989

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

19. Trade and Other Receivables

Generally, there was no credit period for sales from operation of restaurant and stores for processed food and seafood, except for certain well established, corporate customers for which the credit terms are up to 90 days.

	2013 RMB'000	2012 RMB'000
Trade receivables	**9,515**	5,789
Less: allowance for doubtful debts	**(502)**	–
	9,013	5,789
Other receivables and deposits:		
Prepayments to suppliers	**1,059**	4,049
Payment on behalf of restaurants managed or serviced by the group	**315**	300
Other deposits	**1,561**	670
Others	**984**	1,369
Less: allowance for doubtful debts	**(325)**	(146)
	3,594	6,242
	12,607	12,031

Before accepting any new corporate customers, the Group assessed the potential customer's credit quality and defines credit limits by customer.

The aged analysis of the Group's trade receivables, net of allowances, based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2013 RMB'000	2012 RMB'000
0–30 days	**2,434**	1,841
31–60 days	**1,370**	820
61–90 days	**1,420**	847
91–120 days	**158**	420
121–150 days	**1**	1
151–180 days	**473**	–
Over 180 days	**3,157**	1,860
	9,013	5,789

19. Trade and Other Receivables *(Continued)*

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB3,789,000 as of 31 December 2013 (2012: RMB2,281,000), which are past due as at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their settlement records and there has not been an adverse change in the relevant entities' credit quality. The Group does not hold any collateral over these balances.

Included in the Group's trade receivable balance is the following past due debts for which the Group has not provided for impairment loss:

Ageing of trade receivables which are past due but not impaired

	2013 RMB'000	2012 RMB'000
91–120 days	**158**	420
121–150 days	**1**	1
151–180 days	**473**	–
Over 180 days	**3,157**	1,860
	3,789	2,281

Movement in the allowance for doubtful debts on trade receivables

	2013 RMB'000	2012 RMB'000
At beginning of the year	**–**	–
Allowance for impairment losses recognised	**502**	–
At end of the year	**502**	–

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB502,000 (2012: nil) of which the debtors were in financial difficulties.

Movement in the allowance for doubtful debts on other receivables

	2013 RMB'000	2012 RMB'000
At beginning of the year	**146**	102
Allowance for impairment losses recognised	**179**	44
At end of the year	**325**	146

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate carrying amount of RMB325,000 (2012: RMB146,000) which was not settled before the due date and considered as uncollectable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

20. Amounts Due from Associates

	2013 RMB'000	2012 RMB'000
Dong Hai Noble House – non-trade (non-current) (note (a))	**6,651**	5,829
Bin Jiang Noble House – non-trade (non-current) (note (b))	**3,466**	1,844
Less: Impairment loss recognised (note (c))	**(8,712)**	–
	1,405	7,673

Notes:

(a) As at 31 December 2013 and 2012, the amount represents advances to finance the operations of Dong Hai Noble House and is interest free and has no fixed repayment terms. Imputed interest is computed at 5.89% (2012: 5.89%) per annum. The management of the Group considered the amount will not be settled within the next twelve months, and thus classified it as non-current asset.

(b) As at 31 December 2013 and 2012, the amount represents advances to finance pre-operating activities of Bin Jiang Noble House and is interest free and has no fixed repayment terms. Imputed interest is computed at 6.4% (2012: 6.4%) per annum. The management of the Group considers the amount will not be settled within the next twelve months, and thus classified it as non-current asset.

(c) During the current annual period, as the results of Dong Hai Noble House and Bin Jiang Noble House did not meet management's expectation, the directors of the Company reassessed the timing and estimates of the cash flows from the repayment of the advances to the associates and discounted them at the original effective interest rate of the advance. An impairment loss of an aggregate amount of RMB8,712,000 was recognised in profit or loss (2012: Nil).

21. Short-term Bank Deposit/bank Balances and Cash

Bank balances and cash of the Group comprise cash and short-term bank deposits with original maturity of three months or less. The bank balances carry interest rates as follows:

	2013	2012
Range of interest rate per annum	**0.01% – 0.35%**	0.01% – 0.35%

Bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2013 RMB'000	2012 RMB'000
HKD	**1,111**	6,555

As at 31 December 2012, the short-term bank deposit of RMB10,000,000 carried fixed interest rate at 3.3% per annum with maturity date on November 2013 and was classified as current asset.

22. Trade and Other Payables

The credit period for trade purchases is 30 to 60 days.

Ageing analysis of the Group's trade payables based on invoice date is as follows:

	2013 **RMB'000**	2012 RMB'000
Trade payables:		
0–30 days	**3,058**	2,688
31–60 days	**1,344**	440
61–90 days	**1,490**	911
91–180 days	**488**	334
Over 180 days	**423**	360
	6,803	4,733
Other payables:		
Accruals	**3,790**	1,998
Other payables	**5,009**	3,115
	8,799	5,113
	15,602	9,846

23. Share Capital

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised		
– at 1 January 2012, 31 December 2012 and 31 December 2013	8,000,000,000	80,000
Issued and fully paid		
– at 1 January 2012, 31 December 2012 and 31 December 2013	280,000,000	2,800

	2013 **RMB'000**	2012 RMB'000
Shown on the consolidated statement of financial position	**2,291**	2,291

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

24. Deferred Taxation

The following are the major deferred tax balances recognised and movements thereon during the current year:

	Accelerated tax depreciation RMB'000	**Tax losses** RMB'000	**Total** RMB'000
At 1 January 2012	–	–	–
Charge (credit) to profit or loss	184	(184)	–
At 31 December 2012	184	(184)	–
(Credit) charge to profit or loss	(44)	44	–
At 31 December 2013	140	(140)	–

25. Acquisition of a Subsidiary

In August 2012, the Group acquired 100% equity interest in 上海申誠行水產品有限公司 ("Shen Cheng Hang") for a cash consideration of RMB500,000 from independent third parties. The acquisition has been accounted for using the acquisition method. Shen Cheng Hang is engaged in selling of crabs. It was acquired so as to provide stable supply of hairy crabs to the Group.

Details of assets and liabilities acquired at the acquisition date are summarised as below:

	RMB'000
ASSETS AND LIABILITIES ACQUIRED:	
Property, plant and equipment	725
Rental deposits	106
Inventories	22
Trade and other receivables	270
Bank and cash balances	205
Accrual and other payables	(62)
Net assets acquired	1,266
Goodwill arising on acquisition:	
Cash consideration paid	500
Amount due to Shanghai Noble House	2,195
Total consideration	2,695
Less: net assets acquired	(1,266)
Goodwill arising on acquisition	1,429
Net cash outflow arising on acquisition:	
Cash consideration paid	(500)
Cash and cash equivalents acquired	205
	(295)

25. Acquisition of a Subsidiary *(Continued)*

Acquisition-related cost is insignificant. Goodwill arising from the acquisition represents the benefit of expected synergies between the Group's restaurants operations, food processing plants and seafood store in the Shanghai area after securing a more stable supply hairy crabs through acquisition of Shen Cheng Hang.

The subsidiary acquired during the year ended 31 December 2012 contributed approximately RMB2,311,000 to the Group's revenue and a profit of approximately RMB566,000 for the period between the date of acquisition and 31 December 2012.

If the acquisition had been completed on 1 January 2012, the total Group revenue from continuing operations for the year ended 31 December 2012 would have been approximately RMB127,712,000 and profit for the year ended 31 December 2012 would have been approximately RMB4,764,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that would actually have been achieved had the acquisitions been completed on 1 January 2012, nor is it intended to be a projection of future results.

26. Operating Lease Commitments

The Group as lessee

	2013 **RMB'000**	2012 RMB'000
Minimum lease payments paid under operating lease commitment in respect of premise for the year	**20,981**	17,652

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of rented office and premises for operations of restaurants under non-cancellable operating leases which fall due as follows:

	2013 **RMB'000**	2012 RMB'000
Within one year	**12,722**	14,615
In the second to fifth year inclusive	**24,586**	25,611
Over five years	**1,100**	3,600
	38,408	43,826

The leases are generally negotiated for a lease term from 3 to 10 years.

In respect of certain leases, some of the PRC subsidiaries are required to pay lease charges based on fixed percentage of turnover of respective restaurants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

27. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (2012: HK$20,000 before 1 June 2013 and HK$25,000 commencing from 1 June 2013). Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represents for the entire pension obligations payable to retired employees. The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2013 in respect of the retirement of its employees.

28. Share Based Payments

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The board of directors of the Company may grant options to directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the directors at their discretion.

The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 10% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to a participant under the share option scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. The share option scheme is valid and effective for a period of 10 years commencing on 30 December 2011 and may continue to be exercisable in accordance with their terms of issue.

The Scheme has become effective on 12 December 2011. No share options were granted, exercised or cancelled by the Company under the Scheme during the years ended 31 December 2012 and 31 December 2013 and there were no outstanding share options under the Scheme as at 31 December 2013 and 2012.

29. Information About the Financial Position of the Company

Assets and Liabilities

	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**316**	423
Amount due from a subsidiary	**20,066**	22,230
	20,382	22,653
CURRENT ASSETS		
Amount due from a director	**954**	987
Bank balance	**–**	–
	954	987
CURRENT LIABILITIES		
Other payables	**1,059**	1,173
Net current liabilities	**(105)**	(186)
Total assets less current liabilities	**20,277**	22,467
OWNERS' EQUITY		
Share capital	**2,291**	2,291
Reserves (note 30)	**17,986**	20,176
	20,277	22,467

30. Reserves of the Company

	Share premium RMB'000	**Special reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2012	31,076	316	(9,565)	21,827
Loss and total comprehensive expense for the year	–	–	(1,651)	(1,651)
At 31 December 2012 and 1 January 2013	31,076	316	(11,216)	20,176
Loss and total comprehensive expense for the year	–	–	(2,190)	(2,190)
At 31 December 2013	31,076	316	(13,406)	17,986

Note: Special reserve represents the difference between the equity of subsidiary recognised and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Reorganisation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

31. Related Party Disclosures

(I) Transactions

During the year, the Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	2013 RMB'000	2012 RMB'000
Chengdu Noble House	Sales of processed food	–	233
	Management fee income	–	411
	Handling fee income on VIP cards	–	136
Bin Jiang Noble House	Sales of processed food	53	–
	Handling fee income on VIP cards	1	–
Dong Hai Noble House	Sales of processed food	354	838
	Handling fee income on VIP cards	63	154

Note: Chengdu Noble House ceased to be an associate of the Group since August 2012.

(II) Balances

Details of balances with related parties are set out in note 20.

(III) Compensation of key management personnel

The directors of the Company and the five highest paid employees are identified as key management members of the Group, their compensation during the year is set out in note 11.

32. Capital Commitment

	2013 RMB'000	2012 RMB'000
Contracted for but not provided in the consolidated financial statements		
– capital expenditure in respect of acquisition of plant and equipment	103	3,000
– capital expenditure in respect of investment in an associate	–	1,976

33. Particulars of Subsidiaries of the Company

A. General Information of Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group 31 December		Proportion of voting power held by the Company		Share capital/ registered and paid-up capital	Principal activities
			2013	2012	2013	2012		
Directly owned								
富品有限公司 Wealth Grade Limited	BVI 8 September 2012	BVI	**100%**	100%	**100%**	100%	USD1	Investment holding
Indirectly owned								
百德(中國)有限公司 Million Merit (China) Limited	Hong Kong 1 February 2007	Hong Kong	**100%**	100%	**100%**	100%	HKD600,000	Investment holding
名軒食品貿易有限公司 Noble House Food Trading Co., Ltd.	Hong Kong 11 April 2012	Hong Kong	**100%**	100%	**100%**	100%	HKD10,000	Food trading
上海名軒餐飲管理有限公司 Shanghai Noble House	PRC 22 December 2003	PRC	**100%**	100%	**100%**	100%	USD2,000,000	Management service
上海老房子餐飲管理有限公司 Shanghai Lao Fang Zi Food and Beverage Co., Ltd	PRC 29 August 2002	PRC	**100%**	100%	**100%**	100%	RMB1,000,000	Operating restaurant
北京名軒樓餐飲有限公司 Beijing Noble House Food and Beverage Co., Ltd	PRC 28 January 2003	PRC	**80%**	80%	**80%**	80%	RMB1,000,000	Operating restaurant
青島名軒樓餐飲有限公司 Qingdao Noble House Food and Beverage Co., Ltd	PRC 17 October 2005	PRC	**50%**	50%	**50%**	50%	RMB500,000	Operating restaurant
寧波名軒樓餐飲有限公司 Ningbo Noble House (Note)	PRC 8 October 2004	PRC	**–**	100%	**–**	100%	RMB1,500,000	Deregistered
上海銀佳食品有限公司 Shanghai Yin Jia Food Products Co., Ltd.	PRC 19 January 2009	PRC	**100%**	100%	**100%**	100%	RMB300,000	Food processing
上海申誠行水產品有限公司 Shen Cheng Hang	PRC 11 July 2011	PRC	**100%**	100%	**100%**	100%	RMB500,000	Food trading

Note: The subsidiary was completed the deregistration process in 2013.

None of subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

33. Particulars of Subsidiaries of the Company *(Continued)*

B. Details of Non-Wholly Owned Subsidiaries That Have Material Non-Controlling Interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
青島名軒樓餐飲有限公司	PRC	**50%**	50%	**(756)**	(168)	**(655)**	101
Individually immaterial subsidiary with non-controlling interest						**(246)**	490
						(901)	591

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

33. Particulars of Subsidiaries of the Company *(Continued)*

B. Details of Non-Wholly Owned Subsidiaries That Have Material Non-Controlling Interests *(Continued)*

青島名軒樓餐飲有限公司

	2013 RMB'000	2012 RMB'000
Current assets	**905**	1,658
Non-current assets	**330**	340
Current liabilities	**(2,545)**	(1,797)
Equity attributable to owners of the Company	**(1,310)**	201
Non-controlling interests	**(655)**	101

	Year ended 31/12/2013 RMB'000	Year ended 31/12/2012 RMB'000
Revenue	**4,657**	7,624
Expenses	**(6,169)**	(7,962)
Loss for the year	**(1,512)**	(336)
Loss and total comprehensive expense attributable to owners of the Company	**(756)**	(168)
Loss and total comprehensive expense attributable to the non-controlling interests	**(756)**	(168)
Loss and total comprehensive expense for the year	**(1,512)**	(336)
Net cash outflow from operating activities	**(381)**	(421)
Net cash outflow from investing activities	**(17)**	(76)
Net cash outflow	**(398)**	(497)

Summary of Financial Information

	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013 RMB'000**
Revenue	99,319	123,821	131,233	124,702	**99,477**
Profit (loss) before taxation	8,361	12,220	10,318	8,482	**(27,902)**
Taxation	(2,325)	(4,133)	(5,442)	(3,643)	**(201)**
Profit (loss) for the year	6,036	8,087	4,876	4,839	**(28,103)**

	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013 RMB'000**
ASSETS AND LIABILITIES					
Total assets	51,022	58,109	97,798	88,271	**63,080**
Total liabilities	(54,706)	(50,671)	(52,524)	(38,638)	**(41,550)**
Net (liabilities) assets	(3,684)	7,438	45,274	49,633	**21,530**

A summary of the Group's result for the four financial years and the assets and liabilities of the Group as at 31 December 2013, 2012, 2011, 2010 and 2009 as extracted from the published audited financial statements for the year ended 31 December 2013, 2012 and 2011 or the prospectus of the Company dated 20 December 2011, is set out above. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.