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

2014 COMPANY ANNUAL REPORT
二零一四年報

Noble House

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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.

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Corporate Information

Board of Directors

Executive Directors

Ms. Lin Min, Mindy *(Chairman)*
Mr. Chan Wing Yuen, Hubert *(Chief Executive Officer)*
Ms. Kwong Wai Man, Karina
Mr. Chan Tai Neng

Independent Non-executive Directors

Mr. Lui Tin Nang
Ms. Ma Lee
Mr. Wang Zhi Zhong

Company Secretary

Ms. Chan Wai Yee

Compliance Officer

Mr. Chan Wing Yuen, Hubert

Board Committees

Audit Committee

Mr. Lui Tin Nang *(Chairman)*
Ms. Ma Lee
Mr. Wang Zhi Zhong

Remuneration Committee

Mr. Lui Tin Nang *(Chairman)*
Ms. Lin Min, Mindy
Ms. Ma Lee
Mr. Wang Zhi Zhong

Nomination Committee

Ms. Lin Min, Mindy *(Chairman)*
Mr. Lui Tin Nang
Ms. Ma Lee
Mr. Wang Zhi Zhong

Authorised Representatives

Mr. Chan Wing Yuen, Hubert
Ms. Kwong Wai Man, Karina

Registered Office

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

Principal Place of Business in Hong Kong

Rm 2202, 22/F,
Chinachem Century Tower,
178 Gloucester 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

K&L Gates
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu

Principal Banker

Industrial and Commercial Bank of China
The Hong Kong & Shanghai Banking Corporation Limited
Bank of Communications Co., Ltd

Company Website

http://www.8246hk.com

GEM Stock Code

8246

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Noble House (China) Holdings Limited (the "Company"), I would like to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

During the year under review, the Group focused on operation of restaurants, provision of management services and sale of processed food and seafood in the People's Republic of China (the "PRC"). However, intense competition and continued inflation have brought stern challenges to the existing operations of the Group whether in terms of operating environment or cost control. In view of this, the Board had to formulate new business strategies and plans for the Group. To cope with these effort, five new members had been appointed to the Board as Directors, including three executive Directors and two independent non-executive Directors. With a sound Board structure and the valuable contribution from each Director as well as the supervision of two professional independent non-executive Directors, the Group strongly believes that it will maintain a high level of corporate governance standards and ensure satisfactory performance of the management team, thereby delivering long term benefits to our shareholders.

Following the establishment of the new management team, with an aim of strengthening the financial position of the Group, the Group has issued new shares at the end of last year to broaden its total asset base. Besides, the Group has also strived to identify businesses which can generate stable income. Furthermore, the Group has also considered diversification of its business, which includes actively seeking investment opportunities in various areas, such as new energy resources, so as to broaden its source of income.

In this regard, the Board recommends reserving cash resources for the possible opportunities and business expansions next year to create a better return for our shareholders. The Board does not recommend the payment of any final dividend for the financial year of 2014.

Looking forward, in addition to the existing operations, the Group plans to devote much more efforts and resources to the exploration and development of businesses with growth potentials. In the coming days, in the face of any challenge, we have confidence to overcome difficulties and grasp every opportunity to achieve better results.

On behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers and business partners of the Company for their unremitting support to the Group, and to the Directors, our management and employees for their contributions and dedication to the Group in the previous year.

Lin Min, Mindy
Chairman

Hong Kong, 16 March, 2015

Management Discussion and Analysis

Business review

For the year ended 31 December 2014 (the "Current Year"), the Group recorded a revenue of RMB74.8 million, showing a decrease of 24.8%, as compared to RMB99.5 million for the year ended 31 December 2013 (the "Comparable Year"). Operating margin remained at around 60% for both the Current Year and the Comparable Year. The decrease in revenue was mainly due to the effect of the deterioration of high-end consumption market in the PRC. Such deterioration also adversely affected the income generated from the provision of management services as loss was also recorded for restaurants that we provided services to. Loss attributable to owners of the Company for the Current Year was approximately RMB32.2 million, as compared with approximately RMB26.6 million of the Comparable Year. Basic loss per share for the Current Year was RMB11.3 cents, as compared to basic loss per share of RMB9.5 cents for the Comparable Year.

As at 31 December 2014, 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, and managed one restaurant in Dalian. We also operated restaurants in Ningbo and Shanghai, which are associates of the Group. In June 2014, the Group sold out all the interests held in the associate in Shanghai, named Bin Jiang Noble House Food and Beverage Co., Ltd to an independent third party. Apart from these restaurants, we operated a food trading company, named Shanghai Yin Jia Food Products Company Limited ("Yin Jia"), which was primarily established to provide food production services to the Group's restaurants. In addition, Yin Jia engaged in the trading of seafood and 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 and retail shops in Shanghai and Hong Kong.

Management Discussion and Analysis

The table below set forth a breakdown of the Group's revenue generated from operation of restaurants and their operating margin:

	Revenue (RMB in million) Year ended 31 December		Operating margin* Year ended 31 December	
	2014	2013	**2014**	2013
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	**16.3**	19.5	**67.5%**	63.8%
Noble House Pudong Restaurant, Shanghai (上海浦東店)	**14.9**	18.7	**63.0%**	63.5%
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	**13.7**	17.4	**66.9%**	64.1%
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	**4.8**	6.2	**67.2%**	65.5%
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	**11.0**	13.0	**62.6%**	57.7%
Noble House Qingdao Restaurant (青島店)	**1.4**	4.7	**50.0%**	55.9%
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	**6.1**	7.1	**65.9%**	56.7%
	68.2	86.6		

* The calculation of operating margin is based on the 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:

			Approximate total number of customers visited		Average spending per customer per meal (RMB)	
Restaurants	Approximate seating capacity (seats)	Approximate gross floor area (sq.m.)	**Year ended 31 December 2014**	Year ended 31 December 2013	**Year ended 31 December 2014**	Year ended 31 December 2013
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	140	978	**21,804**	23,434	**748**	832
Noble House Pudong Restaurant, Shanghai (上海浦東店)	146	800	**17,595**	21,436	**847**	872
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	134	1,370	**29,730**	34,482	**461**	505
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	85	781	**6,852**	7,563	**701**	820
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	132	1,000	**15,168**	11,735	**725**	1,108
Noble House Qingdao Restaurant (青島店)	73	214	**2,509**	7,871	**558**	597
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	720	3,105	**154,710**	146,926	**39**	48

Compared to the Comparable Year, revenue from operation of restaurants for the Current Year decreased primarily due to the continuous decrease in number of customers visited and the decrease in average spending per customer. Such reduction in customer base and spending was mainly due to the effect of the issuance of a set of policies to promote frugality by the PRC government in February 2013.

Furthermore, the Group generated revenue from sales of processed goods of approximately RMB6.6 million, showing a significant decrease of RMB5.9 million, as compared to approximately RMB12.5 million for the Comparable Year. The sales was derived from Yin Jia which processed and supplied 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)" to the Group's restaurants and retail shops in Shanghai and Hong Kong. Such a decrease was mainly due to the effect of the deterioration of high-end consumption market in the PRC.

For management income, it represented management fee and VIP cards handling fee paid by franchised shops. It decreased from RMB0.4 million in the Comparable Year to nil in the Current Year as the performance of franchised shops was affected by the PRC government regulations in 2013.

Management Discussion and Analysis

Financial Review

Revenue

The Group's revenue decreased by approximately RMB24.7 million, or by approximately 24.8%, from approximately RMB99.5 million for the Comparable Year to approximately RMB74.8 million for the Current Year, which was mainly attributable to the decrease in revenue generated from operation of restaurants of approximately RMB18.4 million, decrease in sales of processed food and seafood of approximately RMB5.9 million, and decrease in management services fee received of approximately RMB0.4 million respectively.

Gross profit margin

Gross profit represents the revenue less cost of inventories consumed. The gross profit margin of the Group remained stable at around 60% for both the Comparable Year and the Current Year, which was primarily due to the effectiveness of the cost control policies against the inflated food costs in the PRC.

Other income

The Group's other income decreased by approximately RMB0.6 million, or by approximately 27.3%, from approximately RMB2.2 million in the Comparable Year to approximately RMB1.6 million in the Current Year. Such decrease was mainly due to the decrease in the PRC government subsidies for encouragement of business development of approximately RMB0.3 million and the decrease in interest income of approximately RMB0.3 million in the Current Year.

Other gains and losses

The Group recorded other losses of approximately RMB3.8 million in the Current Year while compared to approximately RMB9.7 million in the Comparable Year. One of the main reasons for such a decrease was due to the decrease in the impairment loss recognised on amounts due from associates of approximately RMB7.2 million.

Cost of inventories consumed

The Group's cost of inventories consumed decreased by approximately RMB11.6 million, or by approximately 28.9%, from approximately RMB40.1 million in the Comparable Year to approximately RMB28.5 million in the Current Year. The decrease was mainly due to the decrease in revenue which was partly offset by the rising of food prices.

Staff costs

The Group's staff costs increased by approximately RMB2.0 million, or by approximately 5.9%, from approximately RMB33.8 million in the Comparable Year to approximately RMB35.8 million in the Current Year. The increase in the staff costs was primarily due to the share-based payment expenses amounted to RMB8.3 million in connection with the grant of share options in order to provide an incentive to or as a reward for the grantees' contribution to the Group. If the non-recurring share-based payment expenses are not taken into account, the Group would record a decrease in staff costs of about 18.6% for the Current Year as compared to the Comparable Year. The decrease in the staff costs was primarily due to the decrease in the number of staffs in the Group under the cost control policies. The Group's headcount decreased from 442 in 2013 to 346 in 2014. As a percentage of the Group's revenue, staff costs increased from approximately 34.0% in the Comparable Year to approximately 47.8% in the Current Year primarily due to the result of the decrease in revenue in 2014.

Management Discussion and Analysis

Depreciation of property, plant and equipment

The Group's depreciation of property, plant and equipment remained stable at approximately RMB3.9 million in both the Current Year and the Comparable Year.

Utilities and consumables

Utilities and consumables decreased by approximately RMB0.1 million, or approximately 2.4%, from approximately RMB4.1 million in the Comparable Year to approximately RMB4.0 million in the Current Year. As a percentage of revenue, utilities and consumables slightly increased from approximately 4.1% in the Comparable Year to approximately 5.3% in the Current Year primarily due to the result of the decrease in revenue in the Current Year.

Rental and related expenses

Rental and related expenses decreased by approximately RMB0.5 million, or approximately by 2.4%, from approximately RMB21.1 million in the Comparable Year to approximately RMB20.6 million in the Current Year, which was mainly due to the implementation of cost control policies by the Group.

Advertising and marketing expenses

Advertising and marketing expenses decreased from approximately RMB2.0 million in the Comparable Year to approximately RMB1.0 million in the Current Year, which was mainly due to the implementation of cost control policies by the Group.

Other expenses

Other expenses, which included mainly professional fee, consultancy expenses and transportation expenses, decreased from approximately RMB13.2 million in the Comparable Year to approximately RMB12.5 million in the Current Year, which was mainly due to the implementation of cost control policies by the Group.

Income tax expense

The Group's income tax expense decreased by approximately RMB0.2 million, or 100%, from approximately RMB0.2 million in the Comparable Year to nil in the Current Year, as the Group had no estimated taxable profit during the Current Year.

Non-controlling interests

The loss attributable to non-controlling interests increased by RMB0.3 million from approximately RMB1.5 million for the Comparable Year to approximately RMB1.8 million for the Current Year. Such an increase was attributable to the increase in the operating loss incurred by the non wholly-owned subsidiaries in Beijing and Qingdao during the Current Year.

Management Discussion and Analysis

Prospects

Given that the established habits and patterns of consumption of fine-dining customers in the PRC changed rapidly, during the Current Year, the Group's operating income recorded a continuous decrease from that of the Comparable Year, which was mainly attributable to the introduction of policies by the PRC government to promote frugality, as well as fierce competition faced by the Group. We foresee a challenging business environment in the coming year, notwithstanding a number of initiatives have been introduced by us, including, amongst others, cost reduction and cost control, adjustments to the food trading business and a halt on opening new restaurants. Accordingly, the Group will pursue the following goals:

1. The Group has reshuffled its management personnel to further implement the above-mentioned measures, to review and restructure existing business, as well as to explore potential investment opportunities.

2. The Group has issued new shares at the end of 2014 to broaden its total asset base.

3. The Group has strived to identify businesses which can generate stable income.

4. The Group considered of diversifying its business, which includes actively seeking investment opportunities in various areas such as new energy resources, so as to broaden its source of finance.

5. The Group will from time to time consider all opportunities in fund raising in an attempt to broaden the Group's asset base and long-term prospects.

Liquidity and financial resources

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

As at 31 December 2014, cash and bank balances in general accounts maintained by the Group were approximately RMB37.2 million, representing an increase of 79.7% from approximately RMB20.7 million as at 31 December 2013, which was largely due to net proceeds of approximately RMB28.8 million received from the issuance of 56,000,000 new shares during the Current Year. Trade and other receivables and prepayments were approximately RMB10.2 million as at the end of the Current Year (31 December 2013: RMB12.6 million), which mainly represented a decrease in trade receivables. Trade and other payables and accruals have increased from approximately RMB15.6 million to approximately RMB18.3 million, which mainly represented an increase in accrual expenses. During the Current Year, there was an increase in amounts due to directors of approximately RMB5.1 million recorded in the Group's current liabilities. As a result of the abovementioned, the Group's current assets and current liabilities as at the end of the Current Year were approximately RMB58.6 million (31 December 2013: RMB44.6 million) and approximately RMB47.9 million (31 December 2013: RMB41.6 million) respectively. The Group has no bank borrowings as at 31 December 2014. The gearing ratio of the Group, measured as total debt to total equity, remained healthy at approximately 18.7% as at 31 December 2014 despite the increase from 0% as at 31 December 2013. At the end of the Current Year, the Group recorded net assets of approximately RMB24.6 million as compared with approximately RMB21.5 million as at 31 December 2013, the increase was partly due to the aforementioned issuance of new shares during the Current Year. During the Current Year, the Group financed its operations with the funds raised from the issuance of new shares as well as internal resources.

Management Discussion and Analysis

Capital Structure

The shares of the Company were listed on the GEM of the Stock Exchange on 30 December 2011. During the Current Year, a total of 56,000,000 ordinary shares at par value of HK$0.01 each were issued as a result of allotment of the placing shares pursuant to the placing agreement dated 20 November 2014. The aggregate gross proceeds and net proceeds from the issuance of new shares are approximately RMB28.9 million and RMB28.8 million respectively.

Foreign currency exposure

The business operations of the Group were principally based in the PRC and were not significantly exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transaction and recognized assets and liabilities. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently. As at 31 December 2014, no forward foreign currency contracts are designated in hedging accounting relationships (2013: Nil).

Contingent Liabilities

As at 31 December 2014, 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 2014 and 2013.

Material Acquisition and Disposal

The Group had no material acquisition and disposal of subsidiaries for both the Current Year and Comparable Year.

Further Plan for Material Investments or Capital Assets

As at 31 December 2014, 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 2014 and 2013.

Management Discussion and Analysis

Pledge of Assets

As at 31 December 2014, the Group did not have any mortgage or charge over its assets.

Employment and Remuneration of Employees

As at 31 December 2014, the Group had approximately 342 staff in the PRC and 4 staff in Hong Kong. The Group recognizes the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business, as well as exploring potential investment opportunities. 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.

Biographical Details of Directors and Senior Management

Executive Directors

Ms. Lin Min, Mindy, ("Ms. Lin"), aged 39, was appointed as an executive Director on 15 August 2014. Ms. Lin has also been appointed as chairman of the nomination committee (the "Nomination Committee") and member of the remuneration committee (the "Remuneration Committee") of the Company effective from 1 October 2014 and chairman (the "Chairman") of the Board effective from 3 October 2014. Ms. Lin has held directorship position within other members of the Group. Ms. Lin is responsible for the overall corporate development and strategic planning of the Group. Ms. Lin, graduated from the research programme on enterprise management of East China Normal University (華東師範大學) and the enterprise management programme of Shanghai Jingan District College (上海市靜安區業餘大學). Ms. Lin was an executive director of Sheng Yuan Holdings Limited (stock code: 851), the shares of which are listed on the Stock Exchange.

Mr. Chan Wing Yuen, Hubert, ("Mr. Hubert Chan"), aged 57, was appointed as an executive Director on 15 August 2014. Mr. Hubert Chan has also been appointed as the compliance officer and the authorised representative of the Company effective from 1 October 2014 and as the chief executive officer (the "CEO") of the Company effective from 3 October 2014. Mr. Hubert Chan has held directorship position within the other members of the Group. Mr. Hubert Chan is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee in the PRC. Mr. Hubert Chan spent over 10 years with the Stock Exchange. Mr. Hubert Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Hubert Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of the Hong Kong Securities Institute and The Hong Kong Institute of Directors. Mr. Hubert Chan has been an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475) since November 2011 and an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014, the shares of both companies are listed on the Stock Exchange.

Ms. Kwong Wai Man, Karina ("Ms. Kwong"), aged 45, was appointed as an executive Director on 15 August 2014. Ms. Kwong has also been appointed at the process agent and the authorised representative of the Company effective from 1 October 2014. Ms. Kwong has held directorship position within the other members of the Group. Ms. Kwong holds a bachelor degree in Business Administration from the Simon Fraser University, and is a member of the American Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute. Ms. Kwong has been an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475) since September 2013 and was an executive director of Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), the shares of all companies are listed on the Stock Exchange.

Mr. Chan Tai Neng ("Mr. Chan"), aged 66, was appointed as an executive Director on 12 December 2011. Mr. Chan has held directorship position within the other members of the Group. Mr. Chan, being the founder of the Group, 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.

Biographical Details of Directors and Senior Management

Independent non-executive Directors

Mr. Lui Tin Nang ("Mr. Lui"), aged 57 was appointed as an independent non-executive Director, chairman of the audit committee (the "Audit Committee") and the Remuneration Committee of the Company and member of the Nomination Committee of the Company effective from 1 October 2014. Mr. Lui is the principal of T.N. Lui & Co., an accounting firm in Hong Kong. He holds a bachelor degree in Science from the University of Leeds and a master degree in Business Administration from the University of Bradford in United Kingdom. In addition, Mr. Lui obtained a postgraduate diploma in Insolvency from the Hong Kong Institute of Certified Public Accountants. Mr. Lui is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practising), the Institute of Chartered Accountants in England and Wales, The Society of Chinese Accountants and Auditors and an associate of The Chartered Institute of Management Accountants. He is also a fellow member and a certified tax adviser of The Taxation Institute of Hong Kong. He is also a member of the Institute of Certified Public Accountants in Australia. He has years of experience in accounting, auditing, taxation, corporate finance and business advisory. He is currently an independent non-executive director of Brilliant Circle Holdings International Limited (stock code: 1008) since March 2009 and China Bio-Med Regeneration Technology Limited (stock code: 8158) since September 2004, the issued shares of both companies are listed on the Stock Exchange.

Ms. Ma Lee ("Ms. Ma"), aged 50 was appointed as an independent non-executive Director, member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company effective from 1 October 2014. Ms. Ma holds a bachelor degree of Commerce from the Australian National University and a master degree of Business Administration from the Chinese University of Hong Kong. Ms. Ma has been practicing as a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Ma was the chief financial officer and company secretary of Shinhint Acoustic Link Holdings Limited (stock code: 2728), the shares of which are listed on the Stock Exchange. Ms. Ma has years of experience in financial management and professional accounting. Having started her career as a professional accountant in an international accountancy firm, she has undertaken key financial management positions in companies engaged in different industries.

Mr. Wang Zhi Zhong ("Mr. Wang"), aged 64 was appointed as an independent non-executive Director on 12 December 2011. Mr. Wang has also been appointed as member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. 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.

Senior Management

Ms. Ji Jin Hua ("Ms. Ji"), aged 51 is the vice-president and chief operation controller of the Group (副總裁及營運總監). Ms. Ji joined 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 ("Mr. Huang"), aged 40, 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).

Biographical Details of Directors and Senior Management

Ms. Zhang Yan ("Ms. Zhang"), aged 47, 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

Ms. Chan Wai Yee ("Ms. Chan"), age 41, was appointed as company secretary (the "Company Secretary") of the Company on 15 August 2014. Ms. Chan holds a master degree in Accountancy from Lingnan University. She is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and is an associate member of the Taxation Institute of Hong Kong.

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.

Compliance with the Corporate Governance Code

To comply with all the code provisions set out in the Corporate Governance Code ("the CG Code") contained in Appendix 15 of the rules governing the listing of securities on GEM made by the Stock Exchange from time to time (the "GEM Listing Rules"), relevant amendments and adoptions has been adopted by the Company for the Current Year, 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 CG Code.

Financial Reporting

Under code provision C.1.2 of the CG Code, 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 period from 31 December 2011 (the "Listing Date") to 30 June 2014, the management provided quarterly updates to all Directors with quarterly consolidated financial statements of the Company's performance, position and prospects in sufficient detail at the regular Board meetings. Starting from the month of July 2014, the management began providing monthly updates with monthly consolidated financial statements of the Company's performance, position and prospects in sufficient details to all members of the Board, thereby complying with code provision C.1.2 of the CG Code.

The management discussion and analysis prepared by management and reviewed by the Board are included in pages 5 to 12 of this annual report.

Directors' Attendance

Under code provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders (the "Shareholders") of the Company. Due to other unavoidable business engagement, one of independent non-executive Directors was unable to attend the Company's annual general meeting held on 9 May 2014.

Chairman and Chief Executive Officer

In accordance with code provision A.2.1 of the CG Code, the roles of the Chairman and the CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing. During the period from the Listing Date to 3 October 2014, Mr. Chan Tai Neng was concurrently the Chairman and the CEO. Mr. Chan Tai Neng resigned as the Chairman and the CEO with effect from 3 October 2014, while continuing to serve the Company as an executive Director. On the same date, the Board appointed Ms. Lin Min, Mindy as the Chairman and Mr. Chan Wing Yuen, Hubert as the CEO. The Chairman is responsible for leading the Board in the determination of the Group's strategy and in achievement of its objectives. The CEO is in charge of managing the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. Since making the abovementioned appointments on 3 October 2014, the Group has thereby complied with code provision A.2.1 of the CG Code.

Corporate Governance Report

Save as disclosed above, the Directors are of the opinion that the Company and the Board had complied with the CG Code during the period from the Listing Date up to 31 December 2014.

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

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 Current Year, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

Board Diversity Policy

The Board has adopted a board diversity policy (the "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.

Board of Directors

As at 31 December 2014, the Board comprises four 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. The composition of the Board and biographies of the Directors are set out on pages 13 to 15 of this report.

The four executive Directors are responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and are 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. Each of the Director has no relationship with other Directors.

Corporate Governance Report

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 Current Year, the Board held 15 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 Current Year is set out below:

	Attendance/Number of meetings	
Name of Directors	**Board meeting**	**General meeting**
Executive Directors		
Ms. Lin Min, Mindy *(Chairman) (appointed on 15 August 2014)*	7/8	0/0
Mr. Chan Win Yuen, Hubert *(CEO) (appointed on 15 August 2014)*	8/8	0/0
Ms. Kwong Wai Man, Karina *(appointed on 15 August 2014)*	8/8	0/0
Mr. Chan Tai Neng	14/15	1/1
Mr. Chan Meng Hou *(resigned on 1 October 2014)*	6/7	1/1
Mr. Cheung Chi Keung *(resigned on 1 October 2014)*	6/7	1/1
Independent non-executive Directors		
Mr. Lui Tin Nang *(appointed on 1 October 2014)*	7/8	0/0
Ms. Ma Lee *(appointed on 1 October 2014)*	7/8	0/0
Mr. Wang Zhi Zhong	14/15	0/1
Mr. Tse Wai Chuen, Tony *(resigned on 1 October 2014)*	4/7	1/1
Mr. Yeung Chi Wai *(resigned on 1 October 2014)*	6/7	1/1

All businesses 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.

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 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.

Corporate Governance Report

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 reading materials or participating in in-house briefing on regulatory and corporate governance matters to develop and refresh their knowledge.

Chairman and Chief Executive Officer

In accordance with the code provision A.2.1 of the Code, the roles of the Chairman and the CEO should be separate and should not be performed by the same individual.

During the period from the Listing Date to 3 October 2014, Mr. Chan Tai Neng was concurrently the Chairman and the CEO. Mr. Chan Tai Neng resigned as the Chairman and the CEO with effect from 3 October 2014, while continuing to serve the Company as an executive Director. On the same date, the Board appointed Ms. Lin Min, Mindy as the Chairman and Mr. Chan Wing Yuen, Hubert as the CEO. The Chairman is responsible for leading the Board in the determination of the Group's strategy and in achievement of its objectives. The CEO is in charge of managing the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

Independent non-executive Directors

One of the independent non-executive Directors has entered into a letter of appointment with the Company on 12 December 2011 and two of the independent non-executive Directors have entered into a letter of appointment with the Company on 1 October 2014, and shall continue thereafter unless terminated by not less than one month's notice in writing. Each of the independent non-executive Director is entitled to a director's fee.

Corporate Governance Report

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. Lui Tin Nang (chairman), Ms. Ma Lee and Mr. Wang Zhi Zhong.

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

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 oversee independence and qualifications of the external auditor.

The Audit Committee has reviewed the Company's quarterly results, interim results and annual audited results in 2014 and have provided advices and comments thereon. The Audit Committee was of the opinion that such reports and results were prepared in accordance with the applicable accounting standards and requirements. 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 auditor. The Audit Committee also monitored the Company's progress in implementing the code provisions of the CG Code.

During the Current Year, 6 meetings were held and the attendance of each member is set out as follows:

Members of the Audit Committee	Number of attendance
Mr. Lui Tin Nang (appointed on 1 October 2014)	3/3
Ms. Ma Lee (appointed on 1 October 2014)	3/3
Mr. Wang Zhi Zhong	6/6
Mr. Tse Wai Chuen, Tony (resigned on 1 October 2014)	3/3
Mr. Yeung Chi Wai (resigned on 1 October 2014)	3/3

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, Ms. Lin Min, Mindy and three independent non-executive Directors, namely, Mr. Lui Tin Nang (chairman), Ms. Ma Lee and Mr. Wang Zhi Zhong. 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 updated terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange.

Corporate Governance Report

During the Current Year, 4 meetings were held and the attendance of each member is set out as follows:

Members of the Remuneration Committee	Number of attendance
Mr. Lui Tin Nang (appointed on 1 October 2014)	2/2
Ms. Lin Min, Mindy (appointed on 1 October 2014)	2/2
Ms. Ma Lee (appointed on 1 October 2014)	2/2
Mr. Wang Zhi Zhong	4/4
Mr. Chan Tai Neng (resigned on 1 October 2014)	2/2
Mr. Yeung Chi Wai (resigned on 1 October 2014)	2/2

The following is a summary of work performed by the Remuneration Committee during the Current Year:

1. Reviewed the policy for the remuneration of executive Directors;

2. Assessed performance of executive Directors;

3. Reviewed the terms of executive Director's service contract;

4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

5. Made recommendations to the Board on the remuneration packages of newly appointed individual executive Directors and independent non-executive Directors.

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, Ms. Lin Min, Mindy (chairman) and three independent non-executive Directors, namely, Mr. Lui Tin Nang, Ms. Ma Lee and Mr. Wang Zhi Zhong. 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.

During the Current Year, 3 meetings were held and the attendance of each member is set out as follows:

Members of the Nomination Committee	Number of attendance
Ms. Lin Min, Mindy (appointed on 1 October 2014)	1/1
Mr. Lui Tin Nang (appointed on 1 October 2014)	1/1
Ms. Ma Lee (appointed on 1 October 2014)	1/1
Mr. Wang Zhi Zhong	3/3
Mr. Chan Tai Neng (resigned on 1 October 2014)	2/2
Mr. Yeung Chi Wai (resigned on 1 October 2014)	2/2

Corporate Governance Report

Nomination Committee *(Continued)*

The following is a summary of work performed by the Nomination Committee during the Current Year:

1. Reviewed the policy for the nomination of Directors;

2. Adopted the nomination procedures and the process and criteria to select and recommend candidates for directorship;

3. Reviewed the structure, size and composition of the Board;

4. Recommended to the Board the appointment of and the re-appointment of executive Directors and independent non-executive Directors;

5. Reviewed the board diversity policy to achieve diversity on the Board.

Company Secretary

Ms. Chan Wai Yee ("Ms. Chan") has been appointed as the Company Secretary since 15 August 2014. Ms. Chan is responsible for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully apprised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. Pursuant to the Rule 5.15 of the GEM Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the Current Year. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management".

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 Current Year. 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 36 to 37.

Corporate Governance Report

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the Current Year is as follows:

Nature of services	**Amount** RMB'000
Audit services	615
Non-audit services — Interim Review	134

Internal Controls

A sound and effective internal control system is important for the Group to safeguard investments of the Shareholders and assets of the Group. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions of the Group.

Constitutional Documents

The Board is not aware of any significant changes in the Company's constitutional documents during the Current Year ended 31 December 2014. 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 Company Secretary, 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.

Corporate Governance Report

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

Procedures for Shareholders proposing a person for election as a Director are as follows:

A. in the event where no notice of general meeting regarding election of director has been despatched

1. Shareholder(s) can by written requisition to the Board or the Company Secretary to require an extraordinary general meeting be called by the Board for the transaction of any business specified in such requisition. To raise such requisition, the Shareholder(s) must have held at the date of deposit of such requisition not less than one-tenth of the paid up capital of the Company carrying right to vote at general meetings of the Company (Memorandum of Association 58).

2. The meeting so requisitioned 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 (Memorandum of Association 58).

B. in the event where notice of meeting has already been despatched for a general meeting regarding election of director

1. In order to propose the appointment of a new Director (other than a Director retiring at the already appointed general meeting who has been recommended by the Board to stand for re-election at such general meeting) at the already appointed meeting, a Shareholder (other than the person to be proposed) shall sign a written notice (the "Shareholder Notice") for which such notice is given of his intention to propose such person for election (Memorandum of Association 85).

2. The proposed Director shall also sign a written notice (the "Director Notice", together with the Shareholder Notice, the "Notices") of his willingness to be elected (Memorandum of Association 85). The nominating Shareholder or the proposed Director shall also provide particulars (as stipulated in Rule 17.50(2) of the GEM Listing Rules) of the proposed Director (Rule 17.46B of the GEM Listing Rules).

3. The Notices shall have been lodged at the registered office of the Company or at the head office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the already appointed general meeting and end no later than seven (7) days prior to the date of such already appointed general meeting (Memorandum of Association 85). If the Notices are received less than twelve (12) business days prior to the general meeting, the Company may need to consider the adjournment of such general meeting in order to allow the Shareholders ten (10) business days to consider the proposal (Rule 17.46B of the GEM Listing Rules).

Corporate Governance Report

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 the Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports and communicates with the Shareholders through annual general meetings and special general meetings. In compliance with the requirements of the GEM Listing Rules, the Company issued regular reports, announcements, circulars and notice of general meetings. Always updated with latest information, the corporate website of the Company (http://www.8246hk.com) 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 Current Year.

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 Current Year.

Results and Dividends

The Group's loss for the financial year ended 31 December 2014 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 38 to 92.

The Directors did not recommend the payment of any dividend for the Current Year (2013: nil).

Distributable Reserves of the Company

At 31 December 2014, no reserves are available for distribution to Shareholders.

Segment Information

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

Major Customers and Suppliers

In the Current Year, 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 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 had any interest in any of the five largest suppliers of the Group.

Report of the Directors

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 24 to the consolidated financial statements.

Reserves

Movements in the reserves of the Group during the Current Year are set out in the consolidated statement of changes in equity on page 40.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 33 to the financial statements.

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 current year.

Bank Borrowings

The Group did not have any outstanding bank borrowings and no banking facilities as at 31 December 2014 (2013: Nil).

Interest Capitalised

No interest was capitalised by the Group during the Current Year (2013: Nil).

Retirement Benefit Schemes

Particulars of the retirement schemes are set out in note 28 to the financial statements.

Summary of Financial Information

A summary of the results of the Group for the past five financial years is set out on page 93 of the annual report.

Report of the Directors

Directors

The Directors during the Current Year and up to the date of this report were as follows:

Executive Directors:

Ms. Lin Min, Mindy *(Chairman)*	(appointed on 15 August 2014)
Mr. Chan Wing Yuen, Hubert *(CEO)*	(appointed on 15 August 2014)
Ms. Kwong Wai Man, Karina	(appointed on 15 August 2014)
Mr. Chan Tai Neng	
Mr. Chan Meng Hou	(resigned on 1 October 2014)
Mr. Cheung Chi Keung	(resigned on 1 October 2014)

Independent non-executive Directors:

Mr. Lui Tin Neng	(appointed on 1 October 2014)
Ms. Ma Lee	(appointed on 1 October 2014)
Mr. Wang Zhi Zhong	
Mr. Tse Wai Chuen, Tony	(resigned on 1 October 2014)
Mr. Yeung Chi Wai	(resigned on 1 October 2014)

Pursuant to the article 83(3), Ms. Lin Min, Mindy, Mr. Chan Wing Yuen, Hubert, and Ms. Kwong Wai Man, Karina, (who were all appointed on 15 August 2014), Mr. Lui Tin Nang and Ms. Ma Lee (who were all appointed on 1 October 2014), all being Directors appointed by the Board to fill casual vacancies, shall hold office only until the forthcoming annual general meeting and be eligible for re-election at the forthcoming annual general meeting.

According to the article 84(1), Mr. Chan Tai Neng and Mr. Wang Zhi Zhong as executive and independent non-executive Directors, respectively, will retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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 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/her.

One of the independent non-executive Directors has entered into a letter of appointment with the Company on 12 December 2011 and two of the independent non-executive Directors have entered into a letter of appointment with the Company on 1 October 2014, and shall continue thereafter unless terminated by not less than one month's notice in writing. Each of the independent non-executive Director is entitled to a director's fee.

Except for one of the executive Directors has entered into a service contract with a wholly-owned subsidiary of the Company for a fixed term of three years which commenced from 1 August 2012. All other Directors who are proposed for re-election at the forthcoming annual general meeting did not has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Report of the Directors

Directors' and Senior Management's Biographies

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

Confirmation of Independence

The Company has received annual confirmations of independence from all three existing independent non-executive Directors pursuant to 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.

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, 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.

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 is valid and effective for a period of 10 years commencing on 12 December 2011 and may continue to be exercisable in accordance with their terms of issue.

The Board 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 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.

Report of the Directors

Share Option Scheme *(Continued)*

During the Current Year, the Company has granted 28,000,000 share options to the Company's directors, consultants and employees at the exercise price of HK$0.81 per option share. At 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 28,000,000 (31 December 2013: nil), representing 8.3% (31 December 2013: nil) of the shares of the Company in issue at that date.

Details of the Company's share option scheme and the calculation of the fair value of the share options are set out in note 25 to the consolidated financial statements.

Details of the movements of share options granted, exercised or cancelled/lapsed during the Current Year and outstanding as at 31 December 2014 are as follows:

	Number of share options							
	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2014	Exercise period (both dates inclusive)	Exercise price HK$	Closing price immediately before the date of grant HK$
Directors:								
Ms. Lin Min, Mindy	–	2,800,000	–	–	2,800,000	25 November 2014 to 24 November 2021	0.81	0.97
Mr. Chan Wing Yuen, Hubert	–	2,800,000	–	–	2,800,000	25 November 2014 to 24 November 2021	0.81	0.97
Ms. Kwong Wai Man, Karina	–	2,800,000	–	–	2,800,000	25 November 2014 to 24 November 2021	0.81	0.97
Mr. Lui Tin Nang	–	280,000	–	–	280,000	25 November 2014 to 24 November 2021	0.81	0.97
Ms. Ma Lee	–	280,000	–	–	280,000	25 November 2014 to 24 November 2021	0.81	0.97
Mr. Wang Zhi Zhong	–	280,000	–	–	280,000	25 November 2014 to 24 November 2021	0.81	0.97
Total Directors	**–**	**9,240,000**	**–**	**–**	**9,240,000**			
Employees	–	10,360,000	–	–	10,360,000	25 November 2014 to 24 November 2021	0.81	0.97
Total Employees	**–**	**10,360,000**	**–**	**–**	**10,360,000**			
Consultants	–	8,400,000	–	–	8,400,000	25 November 2014 to 24 November 2021	0.81	0.97
Total Consultants	**–**	**8,400,000**	**–**	**–**	**8,400,000**			
Total All Categories	**–**	**28,000,000**	**–**	**–**	**28,000,000**			

Report of the Directors

Directors' Interests in Competing Business

For the year ended 31 December 2014, 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.

Deed of non-competition

Each of the controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 12 December 2011. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the controlling Shareholders and duly enforced since the Listing Date and up to the date of this annual report.

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 Current Year.

Directors' and controlling shareholder's interests in contracts of significance

Save for the related party transactions as disclosed in Note 31 to the consolidated financial statements of the Group, no other contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries is a party, and in which any Director had a material interest (whether directly or indirectly) or to which the controlling Shareholder of the Company or any of its subsidiaries is a party, subsisted at the end of the Current Year or at any time during the Current Year.

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

At 31 December 2014, the interests and short positions of the Directors and chief executives 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:

Report of the Directors

Long position in ordinary shares of HK$0.01 each of the Company

Name of director	Notes	Capacity	Number of shares held	Percentage of the Issued share capital of the company
Ms. Lin Min, Mindy	1	Interest of controlled corporation	56,000,000	16.67%
Mr. Chan Tai Neng	2	Interest of controlled corporation	112,000,000	33.33%

Notes:

1. Ms. Lin Min, Mindy is deemed to be interested in 56,000,000 Shares held by Uprise Global Investments Limited, a company 100% controlled by Ms. Lin.

2. Mr. Chan Tai Neng is deemed to be interested in 112,000,000 Shares held by Blossom Merit Limited. The issued share capital of Blossom Merit Limited is owned 90% by Mr. Chan Tai Neng and 10% by Mr. Cheung Chi Keung, a former executive Director.

Long position in the underlying shares of equity derivatives of the Company

Name of director	Notes	Capacity	Number of underlying shares (note 1)
Ms. Lin Min, Mindy	2	Beneficial owner	2,800,000
Mr. Chan Wing Yuen, Hubert	2	Beneficial owner	2,800,000
Ms. Kwong Wai Man, Karina	2	Beneficial owner	2,800,000
Mr. Lui Tin Neng	3	Beneficial owner	280,000
Ms. Ma Lee	3	Beneficial owner	280,000
Mr. Wang Zhi Zhong		Beneficial owner	280,000

Notes:

1. The share options were granted by the Company to Directors on 25 November 2014 at the exercise price of HK$0.81 per option share, which are outstanding as shown under the section "Share Option Scheme" of this Annual Report.

2. appointed as executive Director on 15 August 2014.

3. appointed as independent non-executive Director on 1 October 2014.

During the Current Year, there were no debt securities issued by the Group and the Company at any time.

As at 31 December 2014, other than the interests disclosed above, none of the Directors or chief executives 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.

Report of the Directors

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

For the Current Year, so far as is known to the Directors, the following persons, not being Directors or chief executives 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.

Long position – Ordinary shares of HK$0.01 each of the Company

Name	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Blossom Merit Limited (Note 1)	Beneficial owner	112,000,000	33.33%
Uprise Global Investments Limited (Note 2)	Beneficial owner	56,000,000	16.67%
Mr. Hu Yishi (Note 3)	Interest of spouse	56,000,000	16.67%
Rosy Deal Group Limited (Note 4)	Beneficial owner	28,000,000	8.33%
Ms. Miao Kun Yu (Note 5)	Interest of controlled corporation	28,000,000	8.33%

Notes:

1. 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 (a former executive Director) in the proportion of 90% and 10% respectively as at 31 December 2014.

2. Uprise Global Investments Limited, a company incorporated in British Virgin Islands on 19 December 2013 with limited liability and an investment holding company where the entire issued share capital of which is held by Ms. Lin Min, Mindy.

3. Mr. Hu Yishi is the spouse of Ms. Lin Min, Mindy. Mr. Hu Yishi is deemed to be interested in the 56,000,000 shares in which Ms. Lin Min, Mindy is interested.

4. Rosy Deal Group Limited, a company incorporated in Samoa on 14 October 2014 with limited liability and an investment holding company where the entire issued share capital of which is held by Ms. Miao KunYu.

5. Ms. Miao Kun Yu is deemed to be interested in 28,000,000 shares through her interests in Rosy Deal Group Limited.

During the Current Year, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any other person other than the Directors and the chief executives 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.

Report of the Directors

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.

Arrangements to purchase shares or debentures

At no time during the Current Year 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.

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 25.

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.

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.

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.

Report of the Directors

Auditor

The financial statements of the Group for the year ended 31 December 2013 and 2014 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.

On behalf of the Board

Chan Wing Yuen, Hubert
Chief Executive Officer

Hong Kong, 16 March 2015

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 38 to 92, which comprise the consolidated statement of financial position as at 31 December 2014, 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 2014, 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
16 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	**2014 RMB'000**	2013 RMB'000
Revenue	7	**74,810**	99,477
Other income	8	**1,630**	2,195
Other gains and losses	9	**(3,802)**	(9,721)
Cost of inventories consumed		**(28,527)**	(40,144)
Staff costs		**(35,750)**	(33,846)
Depreciation of property, plant and equipment		**(3,890)**	(3,861)
Utilities and consumables		**(3,951)**	(4,080)
Rental and related expenses		**(20,627)**	(21,068)
Advertising and marketing expenses		**(991)**	(2,018)
Other expenses		**(12,493)**	(13,184)
Impairment loss recognised on inventories		**(84)**	–
Share of results of associates		**(375)**	(1,652)
Loss before tax	10	**(34,050)**	(27,902)
Income tax expense	12	**–**	(201)
Loss and total comprehensive expenses for the year		**(34,050)**	(28,103)
Loss and total comprehensive expenses attributable to:			
Owners of the Company		**(32,243)**	(26,611)
Non-controlling interests		**(1,807)**	(1,492)
		(34,050)	(28,103)
Loss per share, basic	14	**RMB(0.113)**	RMB(0.095)

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	15	**11,849**	14,624
Goodwill	16	**–**	–
Rental deposits		**2,068**	2,150
Interests in associates	17	**–**	343
Amounts due from associates	18	**–**	1,405
		13,917	18,522
Current assets			
Inventories	19	**11,260**	11,221
Trade and other receivables	20	**10,167**	12,607
Bank balances and cash	21	**37,207**	20,730
		58,634	44,558
Current liabilities			
Trade and other payables	22	**18,312**	15,602
Prepayment from customers		**20,408**	21,877
Amounts due to directors	23	**5,104**	–
Tax liabilities		**4,081**	4,071
		47,905	41,550
NET CURRENT ASSETS		**10,729**	3,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,646**	21,530
Capital and reserves			
Share capital	24	**2,735**	2,291
Reserves		**24,619**	20,140
Equity attributable to owners of the Company		**27,354**	22,431
Non-controlling interests		**(2,708)**	(901)
		24,646	21,530

The consolidated financial statements on pages 38 to 92 were approved and authorised for issue by the Board of Directors on 16 March 2015 and are signed on its behalf by:

Mr. Chan Wing Yuen, Hubert
DIRECTOR

Ms. Lin Min, Mindy
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company							
	Share capital	Share premium	Share option reserve	(Accumulated losses) retained profits	Special reserve	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	2,291	31,076	–	15,147	528	49,042	591	49,633
Loss and total comprehensive expenses 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
Loss and total comprehensive expenses for the year	–	–	–	(32,243)	–	(32,243)	(1,807)	(34,050)
Issue of new shares (note 24)	444	28,407	–	–	–	28,851	–	28,851
Cost of issuing new shares	–	(33)	–	–	–	(33)	–	(33)
Recognition of equity-settled share-based payments (note 25)	–	–	8,348	–	–	8,348	–	8,348
At 31 December 2014	2,735	59,450	8,348	(43,707)	528	27,354	(2,708)	24,646

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(34,050)**	(27,902)
Adjustments for:		
Depreciation of property, plant and equipment	**3,890**	3,861
Share of results of associates	**375**	1,652
Allowance for doubtful debts	**1,123**	681
Loss on disposal of property, plant and equipment	**236**	123
Impairment loss recognised on goodwill	**–**	1,429
Impairment loss recognised on amounts due from associates	**1,509**	8,712
Written off of amounts due from associates	**772**	–
Waiver of other payables upon deregistration of a subsidiary	**–**	(1,115)
Gain on disposal of an associate	**(200)**	–
Equity settled share-based payment expenses	**8,348**	–
Impairment loss recognised on inventories	**84**	–
Imputed interest income	**(537)**	(556)
Interest income	**(34)**	(359)
Operating cash flows before movements in working capital	**(18,484)**	(13,474)
Decrease in rental deposits	**82**	895
(Increase) decrease in inventories	**(123)**	3,768
Decrease (increase) in trade and other receivables	**1,317**	(1,257)
Increase in trade and other payables	**2,710**	6,871
Decrease in prepayment from customers	**(1,469)**	(2,288)
Cash used in operations	**(15,967)**	(5,485)
Income tax refunded (paid)	**10**	(757)
NET CASH USED IN OPERATING ACTIVITIES	**(15,957)**	(6,242)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,351)**	(6,530)
Advance to associates	**(633)**	(2,995)
Repayment from associates	**262**	737
Proceeds from disposal of an associate	**200**	–
Interest received	**34**	359
Withdrawal of short-term bank deposit	**–**	10,000
Refund of deposit for acquisition of property, plant and equipment	**–**	2,500
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(1,488)**	4,071

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES		
Proceeds from issue of new shares	**28,851**	–
Advance from directors	**5,104**	–
Cost of issuing new shares	**(33)**	–
NET CASH FROM FINANCING ACTIVITIES	**33,922**	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,477**	(2,171)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**20,730**	22,901
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**37,207**	20,730

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. General

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's shares are listed on the GEM of the Stock Exchange. 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")

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

The Group has applied for the first time in the current year the following amendments to IFRSs and a new Interpretation.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year *(Continued)*

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

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

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

The Group has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year *(Continued)*

IFRIC – Int 21 Levies

The Group has applied IFRIC – Int 21 Levies for the first time in the current year. IFRIC – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised IFRSs in issue 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.

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

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for first annual IFRS financial statements beginning on or after 1 January 2016

[3] Effective for annual periods beginning on or after 1 January 2017

[4] Effective for annual periods beginning on or after 1 July 2014

[5] Effective for annual periods beginning on or after 1 January 2016

[6] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies

Statement of compliance

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.

Basis of preparation

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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

Investments in associates *(Continued)*

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.

When a group entity transacts with its associate, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

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).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instrument *(Continued)*

Effective interest method (Continued)

Financial liabilities

Financial liabilities representing trade and other payables and amounts due to directors 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.

Share-based payment transactions of the Company

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. Significant Accounting Policies *(Continued)*

Share-based payment transactions of the Company *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

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 2014, no deferred tax asset has been recognised on the tax losses of RMB32,044,000 (2013: RMB15,847,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. Key Sources of Estimation Uncertainty *(Continued)*

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 2014, the carrying amount of trade and other receivables is RMB10,167,000 (net of allowance for doubtful debts of RMB1,776,000) (2013: carrying amount of RMB12,607,000, net of allowance for doubtful debts of RMB827,000).

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 2014, an impairment of RMB1,509,000 (2013: RMB8,712,000) was recognised on amounts due from associates. As at 31 December 2014, the carrying amount of the amounts due from associates is nil (2013: RMB1,405,000). Details are set out in note 17 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. Financial Instruments

6a. Categories of financial instruments

	2014 **RMB'000**	2013 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**43,799**	32,122
Financial liabilities		
Amortised cost	**19,739**	11,812

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from associates, bank balances and cash, trade and other payables and amounts due to directors. 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.

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:

	2014 **RMB'000**	2013 RMB'000
Assets		
HKD	**26,240**	876
USD	**398**	396

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. Financial Instruments *(Continued)*

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

Market risk *(Continued)*

(i) Currency risk (Continued)

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 in post-tax loss for the year in the following magnitude, and vice versa:

	2014 **RMB'000**	2013 RMB'000
HKD	**(1,312)**	(44)
USD	**(20)**	(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 deposit.

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

Sensitivity analysis

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. Financial Instruments *(Continued)*

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

Credit risk

As at 31 December 2014, 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 RMB7,421,000 (2013: RMB10,117,000). For the year ended 31 December 2014, 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 RMB1,509,000 (2013: 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 2014

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 31.12.2014 RMB'000
2014				
Trade and other payables	**–**	**14,635**	**14,635**	**14,635**
Amounts due to directors	**5,104**	**–**	**5,104**	**5,104**
	5,104	**14,635**	**19,739**	**19,739**

	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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

Continuing operations

	2014 RMB'000	2013 RMB'000
Operation of restaurants	**68,211**	86,605
Sales of processed food and seafood	**6,599**	12,471
Management services	**–**	401
	74,810	99,477

The information reported to the chief operating decision maker, 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 five 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) Qingdao – operation of one restaurant,

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. Revenue and Segment Information *(Continued)*

Segment information is presented below.

Year ended 31 December 2014

	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	62,168	10,959	1,384	299	74,810	–	74,810
Inter-segment management service fee and sales of processed food	9,024	–	–	–	9,024	(9,024)	–
Total	71,192	10,959	1,384	299	83,834	(9,024)	74,810
RESULT							
Segment result	(9,435)	(4,170)	(1,947)	(2,552)	(18,104)		(18,104)
Unallocated corporate expenses							(13,490)
Impairment loss recognised in respect of amount due from an associate							(1,509)
Written off of amounts due from associates							(772)
Gain on disposal of interest in an associate							200
Share of results of associates							(375)
Loss before tax							(34,050)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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)
Gain on deregistration of a subsidiary							1,115
Share of results of associates							(1,652)
Loss before tax							(27,902)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. Revenue and Segment Information *(Continued)*

Other segment information

Year ended 31 December 2014

	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	**980**	**143**	**–**	**–**	**1,123**
Depreciation of property, plant and equipment	**2,608**	**966**	**27**	**289**	**3,890**
Loss on disposal of property, plant equipment	**162**	**–**	**–**	**74**	**236**
Interest income	**(34)**	**–**	**–**	**–**	**(34)**
Imputed interest income on advances to associates	**(537)**	**–**	**–**	**–**	**(537)**

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)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. Revenue and Segment Information *(Continued)*

Other segment information *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss generated 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.

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	
	31.12.2014 RMB'000	31.12.2013 RMB'000	**31.12.2014 RMB'000**	31.12.2013 RMB'000
PRC	**74,511**	98,736	**11,845**	16,020
Hong Kong	**299**	741	**2,072**	1,097
	74,810	99,477	**13,917**	17,117

Information about major customers

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

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For the year ended 31 December 2014

8. Other Income

	2014 RMB'000	2013 RMB'000
Government subsidy (note)	**950**	1,280
Imputed interest income on advances to associates	**537**	556
Interest income	**34**	359
Others	**109**	–
	1,630	2,195

Note:

During the year ended 31 December 2014, a PRC subsidiary received approximately RMB950,000 (2013: RMB1,280,000), 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

	2014 RMB'000	2013 RMB'000
Loss on disposal of property, plant and equipment	**(236)**	(123)
Allowance for doubtful debts	**(1,123)**	(681)
Waiver of other payables upon deregistration of a subsidiary	**–**	1,115
Impairment loss recognised on amounts due from associates	**(1,509)**	(8,712)
Written off of amounts due from associates	**(772)**	–
Impairment loss recognised on goodwill	**–**	(1,429)
Gain on disposal of interest in an associate	**200**	–
Others	**(362)**	109
	(3,802)	(9,721)

10. Loss Before Tax

	2014 RMB'000	2013 RMB'000
Loss before tax has been arrived at after charging:		
Directors' and chief executive's emoluments (note 11)	**4,580**	1,765
Salaries and other allowances	**21,225**	26,303
Retirement benefit scheme contributions, excluding those of directors	**4,531**	5,778
Equity-settled share-based expenses, excluding those of directors	**5,414**	–
Total staff costs	**35,750**	33,846
Auditor's remuneration	**749**	698

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For the year ended 31 December 2014

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										CEO	
	Ms. Lin Min, Mindy (a)*	Ms. Kwong Wai Man, Karina (a)*	Mr. Chan Tai Neng (a)	Mr. Cheung Chi Keung (a)***	Mr. Chan Meng Hou (a)***	Mr. Lui Tin Nang (b)**	Ms. Ma Lee (b)**	Mr. Wang Zhi Zhong (b)	Mr. Tse Wai Chuen, Tony (b)***	Mr. Yeung Chi Wai (b)***	Mr. Chan Wing Yuen, Hubert (a)*	Total 2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fee	61	61	40	-	-	40	40	108	108	58	61	577
Salaries and other allowances	394	197	72	72	72	-	-	-	-	-	197	1,004
Retirement benefit scheme contributions	9	28	-	-	-	-	-	-	-	-	28	65
Equity-settled share-based expenses	889	889	-	-	-	89	89	89	-	-	889	2,934
	1,353	1,175	112	72	72	129	129	197	108	58	1,175	4,580

	Directors						CEO	
	Mr. Cheung Chi Keung (a)	Mr. Chan Meng Hou (a)	Mr. Wang Zhi Zhong (b)	Mr. Tse Wai Chuen, Tony (b)	Mr. Chan Chun Sing (b)****	Mr. Yeung Chi Wai (b)	Mr. Chan Tai Neng (a)	Total 2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

Notes:

(a) Executive Directors
(b) Independent non-executive Directors
* Appointed on 15 August 2014.
** Appointed on 1 October 2014.
*** Resigned on 1 October 2014.
**** Resigned on 31 October 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

For the year ended 31 December 2013, Mr. Chan Tai Neng was also the CEO of the Company and his emoluments disclosed above include those for services rendered by him as the CEO. On 3 October 2014, Mr. Chan Tai Neng resigned as the CEO of the Company and Mr. Chan Wing Yuen, Hubert, who is an Executive Director appointed on 15 August 2014, is further appointed as the CEO of the Company on 3 October 2014. His emolument disclosed above include those for services rendered by him as the CEO.

Employees

Of the five highest paid individuals of the Group, the number of directors and employees were as follows:

	2014 **RMB'000**	2013 RMB'000
Directors	**5**	3
Employees	**–**	2
	5	5

The remuneration of the five (2013: three) directors of the Company are set out above. The emoluments of the remaining individuals were as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries and other allowances	**–**	514
Retirement benefit scheme contributions	**–**	10
	–	524

The emolument were within the following band:

	2014	2013
HK$1,000,001 to HK$1,500,000	**3**	–
Less than HK$1,000,000	**2**	5

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 ended 31 December 2014 (2013: nil). None of the directors waived any emoluments during the year ended 31 December 2014 (2013: nil).

Notes to the Consolidated Financial Statements

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12. Income Tax Expense

	2014 RMB'000	2013 RMB'000
Enterprise income tax in the PRC		
Current tax	–	162
Underprovision in prior year	–	39
	–	201

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 have no assessable profit arising in or derived in Hong Kong for both years.

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 before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2014 RMB'000	2013 RMB'000
Loss before tax	(34,050)	(27,902)
Tax at EIT rate (25%)	(8,513)	(6,976)
Tax effect of expenses not deductible for tax purpose (note)	3,082	3,464
Tax effect of income not taxable for tax purpose	(188)	(430)
Tax effect of tax losses not recognised	3,986	3,236
Tax effect of temporary difference not recognised	325	225
Effect of different tax rates of subsidiaries operations in Hong Kong	1,214	393
Tax effect of share of results of associates	94	413
Utilisation of tax loss from previous years	–	(36)
Others	–	(127)
Underprovision in prior year	–	39
Tax charge for the year	–	201

Note: The amount mainly consists of entertainment, staff welfare and fine which are not deductible for tax purpose.

Notes to the Consolidated Financial Statements

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12. Income Tax Expense *(Continued)*

PRC *(Continued)*

At the end of the reporting period, the Group has unused tax losses of RMB32,638,000 (2013: RMB16,695,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB594,000 (2013: RMB848,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB32,044,000 (2013: RMB15,847,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB1,290,000 (2013: RMB1,290,000) which will expire in 2015, RMB393,000 (2013: RMB393,000) will expire in 2016; RMB2,068,000 (2013: RMB2,068,000) will expire in 2017; RMB10,386,000 (2013: RMB10,432,000) will expire in 2018 and RMB13,636,000 (2013: nil) will expire in 2019. 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 nil as at 31 December 2014 (2013: RMB13,630,000), 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 2013 and 2014.

14. Loss per Share

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

	2014 **RMB'000**	2013 RMB'000
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(32,243)**	(26,611)
Weighted average number of ordinary shares for the purpose of basic loss per share	**286,444,000**	280,000,000

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the year ended 31 December 2014.

No diluted loss per share had been presented for the year ended 31 December 2013 as the Company had no potential ordinary shares outstanding during that year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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 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 and 1 January 2014	21,938	9,644	5,209	–	36,791
Additions	1,090	261	–	–	1,351
Disposals/Write-off	(11,879)	(1,897)	–	–	(13,776)
At 31 December 2014	11,149	8,008	5,209	–	24,366
DEPRECIATION					
At 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 and 1 January 2014	13,293	6,240	2,634	–	22,167
Provided for the year	2,590	507	793	–	3,890
Disposals/Write-off	(11,879)	(1,661)	–	–	(13,540)
At 31 December 2014	4,004	5,086	3,427	–	12,517
CARRYING VALUES					
At 31 December 2014	7,145	2,922	1,782	–	11,849
At 31 December 2013	8,645	3,404	2,575	–	14,624

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%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

16. Goodwill

	2014 **RMB'000**	2013 RMB'000
COST		
At 1 January and 31 December	**1,429**	1,429
IMPAIRMENT		
At 1 January	**1,429**	–
Impairment loss recognised in the year	**–**	1,429
At 31 December	**1,429**	1,429
CARRYING VALUES		
At 31 December	**–**	–

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 in relation to goodwill 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.

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

The recoverable amount of the CGU had been determined based on value in use calculations. That calculation used cash flow projections based on financial budgets approved by management covering a five-year period at a discount rate of 16.13% at 31 December 2013. The key assumptions for the value in use calculations related to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation was based on past performance and management's expectations for the market development.

17. Interests in Associates

	2014 **RMB'000**	2013 RMB'000
Cost of unlisted investments in associates	**400**	600
Deemed capital contribution (note (i))	**1,705**	2,350
Share of post-acquisition losses	**(2,105)**	(2,607)
	–	343

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

17. Interests in Associates *(Continued)*

As at 31 December 2014 and 2013, 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
			2014	2013	**2014**	2013	
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%	Operating restaurant

Notes:

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

(ii) On 28 June 2014, the Group entered into a sale agreement to dispose of its 20% equity interest in Bin Jiang Noble House to an independent third party for cash proceeds of RMB200,000. Before the disposal, the Group owned 20% interest in Bin Jiang Noble House and the investment was previously accounted for as an investment in an associate using the equity method of accounting. The Group does not retain any interest in Bin Jiang Noble House after the disposal. This transaction has resulted in the Group recognising a gain of RMB200,000 in profit or loss, calculated as follows:

	RMB'000
Cash proceeds	200
Less:	
Cost of unlisted investment in an associate	(200)
Deemed capital contribution	(677)
Share of post-acquisition losses	877
Gain recognised in profit or loss (included in other gains and losses)	200

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

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17. Interests in Associates *(Continued)*

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

Dong Hai Noble House

	2014 **RMB'000**	2013 RMB'000
Total assets	**11,433**	15,356
Total liabilities	**(21,957)**	(21,268)
Net liabilities	**(10,524)**	(5,912)
Net liabilities attributable to the Group	**(4,210)**	(2,365)

	Year ended **31.12.2014** **RMB'000**	Year ended 31.12.2013 RMB'000
Revenue	**9,510**	10,440
Loss for the year attributable to owner of the associate	**(4,611)**	(4,524)
Group's share of loss	**(1,845)**	(1,118)

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

	2014 **RMB'000**	2013 RMB'000
Net liabilities	**(10,524)**	(5,912)
Proportion of the Group's ownership interest in Dong Hai Noble House	**40%**	40%
Group's interest in Dong Hai Noble House	**(4,210)**	(2,365)
Deemed capital contribution	**1,705**	1,673
Unrecognised share of loss	**2,505**	692
Carrying amount of the Group's interest in Dong Hai Noble House	**–**	–

Notes to the Consolidated Financial Statements

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17. Interests in Associates *(Continued)*

Bin Jiang Noble House

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

	Period ended 28.06.2014 (date of disposal) RMB'000	Year ended 31.12.2013 RMB'000
Revenue	**3,017**	7,687
Loss for the year attributable to owner of the associate	**(1,745)**	(2,670)
Group's share of loss	**(343)**	(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
Net liabilities	(1,670)
Proportion of the Group's ownership interest in Bin Jiang Noble House	20%
Group's interest in Bin Jiang Noble House	(334)
Deemed capital contribution	677
Carrying amount of the Group's interest in Bin Jiang Noble House	343

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17. Interests in Associates *(Continued)*

Bin Jiang Noble House *(Continued)*

	Year ended 31.12.2014 RMB'000	Year ended 31.12.2013 RMB'000
The unrecognised share of loss of associates for the year	**1,813**	692
Cumulative unrecognised share of loss of associates	**2,505**	692

18. Amounts Due from Associates

	2014 RMB'000	2013 RMB'000
Dong Hai Noble House – non-trade (non-current) (note (a))	**7,421**	6,651
Bin Jiang Noble House – non-trade (non-current) (note (b))	**–**	3,466
Less: Impairment loss recognised (note (c))	**(7,421)**	(8,712)
	–	1,405

Notes:

(a) As at 31 December 2014 and 2013, 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% (2013: 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, the amount represented advances to finance pre-operating activities of Bin Jiang Noble House and was interest free and had no fixed repayment terms. Imputed interest was computed at 6.4% 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. During the year ended 31 December 2014, the Group disposed of a Bin Jiang Noble House to an independent third party.

The imputed interest on the advances to Bin Jiang for the period up to disposal amounted to RMB106,000 is recognised to profit or loss for the year ended 31 December 2014 and the carrying amount of advances to Bin Jiang amounted to approximately RMB772,000 was written off upon the completion of its disposal.

(c) During the year ended 31 December 2014, as the results of Dong Hai Noble House (2013: 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 amount of RMB1,509,000 was recognised in profit or loss (2013: RMB8,712,000).

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19. Inventories

	2014 RMB'000	2013 RMB'000
Food and beverages	11,138	11,036
Consumables	122	185
	11,260	11,221

20. 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.

	2014 RMB'000	2013 RMB'000
Trade receivables	7,199	9,515
Less: allowance for doubtful debts	(1,625)	(502)
	5,574	9,013
Other receivables and deposits:		
Prepayments to suppliers	806	1,059
Payment on behalf of restaurants managed or serviced by the Group	207	315
Other deposits	2,713	1,561
Others	1,018	984
Less: allowance for doubtful debts	(151)	(325)
	4,593	3,594
	10,167	12,607

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

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20. Trade and Other Receivables *(Continued)*

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:

	2014 RMB'000	2013 RMB'000
0–30 days	**2,470**	2,434
31–60 days	**533**	1,370
61–90 days	**683**	1,420
91–120 days	**565**	158
121–150 days	**174**	1
151–180 days	**87**	473
Over 180 days	**1,062**	3,157
	5,574	9,013

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB1,888,000 as of 31 December 2014 (2013: RMB3,789,000), 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

	2014 RMB'000	2013 RMB'000
91–120 days	**565**	158
121–150 days	**174**	1
151–180 days	**87**	473
Over 180 days	**1,062**	3,157
	1,888	3,789

Notes to the Consolidated Financial Statements

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20. Trade and Other Receivables *(Continued)*

Movement in the allowance for doubtful debts on trade receivables

	2014 RMB'000	2013 RMB'000
At beginning of the year	**502**	–
Allowance for impairment losses recognised	**1,123**	502
At end of the year	**1,625**	502

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB1,625,000 (2013: RMB502,000) of which the debtors were in financial difficulties.

Movement in the allowance for doubtful debts on other receivables

	2014 RMB'000	2013 RMB'000
At beginning of the year	**325**	146
Allowance for impairment losses recognised	**–**	179
Written off during the year	**(174)**	–
At end of the year	**151**	325

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate carrying amount of RMB151,000 (2013: RMB325,000) which was not settled before the due date and considered as uncollectable.

21. Bank Balances and Cash

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

	2014	2013
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:

	2014 RMB'000	2013 RMB'000
HKD	**26,122**	1,111

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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:

	2014 RMB'000	2013 RMB'000
Trade payables:		
0–30 days	**2,497**	3,058
31–60 days	**1,469**	1,344
61–90 days	**992**	1,490
91–180 days	**907**	488
Over 180 days	**729**	423
	6,594	6,803
Other payables:		
Accruals	**3,677**	1,987
Other payables	**6,662**	5,009
Employee benefits payable	**1,144**	1,086
Other taxes payable	**235**	717
	11,718	8,799
	18,312	15,602

23. Amounts Due to Directors

	2014 RMB'000	2013 RMB'000
Amounts due to directors	**5,104**	–

The amounts are denominated in HKD, unsecured, non-interest bearing and repayable on demand.

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24. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	**8,000,000,000**	80,000
Issued and fully paid:		
At 1 January 2013 and 31 December 2013	**280,000,000**	2,800
Issue of new shares (note)	**56,000,000**	560
At 31 December 2014	**336,000,000**	3,360

	2014 RMB'000	2013 RMB'000
Shown on the consolidated statement of financial position	**2,735**	2,291

Note: On 28 November 2014, the Company issued an aggregate 56,000,000 new shares at a price of HK$0.65 per new share. The aggregate gross proceeds and net proceeds from the issuance of new shares are approximately HK$36,400,000 (equivalent to RMB28,851,000) and HK$36,358,000 (equivalent to RMB28,818,000), respectively.

25. Share-Based Payments Transactions

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

25. Share-Based Payments Transactions *(Continued)*

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 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 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 year ended 31 December 2013 and there were no outstanding share options under the Scheme as at 31 December 2013.

During the year ended 31 December 2014, the Company has granted 28,000,000 share options to the Company's directors, consultants and employees at the exercise price of HK$0.81 per option share. At 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 28,000,000 (31 December 2013: nil), representing 8.3% (31 December 2013: nil) of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price	Fair value at grant date
Option to directors				
Option A	25/11/2014	25/11/2014-24/11/2021	HK$0.81	HK$0.4008
Option to consultants				
Option B	25/11/2014	25/11/2014-24/11/2021	HK$0.81	HK$0.3641
Option to employees				
Option C	25/11/2014	25/11/2014-24/11/2021	HK$0.81	HK$0.3641

In accordance with the terms of the Scheme, options granted during the financial year ended 31 December 2014 vested at the date of grant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

25. Share-Based Payments Transactions *(Continued)*

The following table discloses movement of the Company's share options during the year ended 31 December 2014:

Option type	Outstanding at 1.1.2013, 31.12.2013 and 1.1.2014	Granted	Exercised	Forfeited	Outstanding at 31.12.2014
	'000	'000	'000	'000	'000
Option A	–	9,240	–	–	9,240
Option B	–	8,400	–	–	8,400
Option C	–	10,360	–	–	10,360
	–	28,000	–	–	28,000
Exercisable at the end of the year 2014					28,000
Weighted average exercise price					HK$0.81

The estimated fair values of the options granted on 25 November 2014 at the date of grant was approximately HK$10,533,000 (equivalent to RMB8,348,000). These fair values were calculated using the binomial option pricing model.

The inputs into the model were as follows:

	2014
Share price	**HK$0.81**
Exercise price	**HK$0.81**
Expected life	**7 years**
Expected volatility	**53.49%**
Dividend yield	**0%**
Risk-free interest rate	**1.49%**

Expected volatility was determined based on the average of historical share price volatilities of the Company and a set of selected comparable companies, which were the annualized standard deviation of daily return of the Company's share price as reported by Bloomberg. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the expense of HK$10,533,000 (equivalent to RMB8,348,000) for the year ended 31 December 2014 (2013: nil) in relation to share options granted by the Company.

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For the year ended 31 December 2014

26. 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 2013	184	(184)	–
(Credit) charge to profit or loss	(44)	44	–
At 31 December 2013	140	(140)	–
(Credit) charge to profit or loss	(42)	42	–
At 31 December 2014	98	(98)	–

27. Operating Lease Commitments

The Group as lessee

	2014 **RMB'000**	2013 RMB'000
Minimum lease payments paid under operating lease commitment in respect of premise for the year	**20,519**	20,981

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

27. Operating Lease Commitments *(Continued)*

The Group as lessee *(Continued)*

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:

	2014 **RMB'000**	2013 RMB'000
Within one year	**14,957**	12,722
In the second to fifth year inclusive	**26,690**	24,586
Over five years	**–**	1,100
	41,647	38,408

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.

28. Retirement Benefit Schemes

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 (2013: HK$25,000). 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 2014 in respect of the retirement of its employees.

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For the year ended 31 December 2014

29. Information About the Financial Position of the Company

Assets and Liabilities

	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**316**	316
Amounts due from subsidiaries	**44,380**	20,066
	44,696	20,382
CURRENT ASSETS		
Prepayment	**54**	–
Amount due from a director	**955**	954
Cash on hand	**–**	–
	1,009	954
CURRENT LIABILITIES		
Other payables	**681**	1,059
Net current assets (liabilities)	**328**	(105)
Total assets less current liabilities	**45,024**	20,277
OWNERS' EQUITY		
Share capital (note 24)	**2,735**	2,291
Reserves (note 30)	**42,289**	17,986
	45,024	20,277

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30. Reserve of the Company

	Share premium RMB'000	**Special reserve** RMB'000	**Share option reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 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 and 1 January 2014	31,076	316	–	(13,406)	17,986
Loss and total comprehensive expense for the year	–	–	–	(12,419)	(12,419)
Issue of new shares (note 24)	28,407	–	–	–	28,407
Cost of issuing new shares	(33)	–	–	–	(33)
Recognition of equity-settled share-based payments	–	–	8,348	–	8,348
At 31 December 2014	59,450	316	8,348	(25,825)	42,289

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 2014

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	2014 RMB'000	2013 RMB'000
Bin Jiang Noble House	Sales of processed food	–	53
	Handling fee income on VIP cards	–	1
Dong Hai Noble House	Sales of processed food	283	354
	Handling fee income on VIP cards	–	63

(II) Balances

Details of balances with related parties are set out in notes 18 and 23, respectively.

(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 COMMITMENTS

	2014 RMB'000	2013 RMB'000
Contracted for but not provided in the consolidated financial statements		
– capital expenditure in respect of acquisition of plant and equipment	–	103

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For the year ended 31 December 2014

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
			2014	2013	2014	2013		
Directly owned								
富品有限公司 Wealth Grade Limited	BVI 8 August 2011	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 18 April 2012	Hong Kong	**100%**	100%	**100%**	100%	HKD10,000	Food trading
上海名軒樓餐飲管理有限公司 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
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
上海名軒食品貿易有限公司 Shanghai Noble House Food Service Management Co., Ltd.	PRC 11 July 2011	PRC	**100%**	100%	**100%**	100%	RMB500,000	Food trading
萃譽控股有限公司 Brilliant Nobel House Holdings Limited (Note)	Samoa 1 August 2014	Samoa	**100%**	–	**100%**	–	US$1	Not yet commence business
耀海控股有限公司 Radiant Sea Holdings Limited (Note)	Samoa 19 August 2014	Samoa	**100%**	–	**100%**	–	US$1	Investment holding
誠富投資有限公司 Chengfu Investments Limited (Note)	Samoa 8 August 2014	Samoa	**100%**	–	**100%**	–	US$1	Investment holding
眾富財務有限公司 All Rich Finance Limited (Note)	Hong Kong 18 August 2014	Hong Kong	**100%**	–	**100%**	–	HK$1	Not yet commence business
冠能集團有限公司 Crown Glory Holdings Limited (Note)	Hong Kong 18 August 2014	Hong Kong	**100%**	–	**100%**	–	HK$1	Providing administrative services to the Group
怡大有限公司 Total Joy Corporation Limited (Note)	Hong Kong 8 July 2014	Hong Kong	**100%**	–	**100%**	–	HK$1	Providing administrative services to the Group

Note: The subsidiaries were newly set up by the Company in 2014.

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

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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	
		2014	2013	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
青島名軒樓餐飲有限公司	PRC	**50%**	50%	**(973)**	(756)	**(1,628)**	(655)
Individually immaterial subsidiary with non-controlling interest						**(1,080)**	(246)
						(2,708)	(901)

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.

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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

	2014 RMB'000	2013 RMB'000
Current assets	**107**	905
Non-current assets	**7**	330
Current liabilities	**(3,370)**	(2,545)
Equity attributable to owners of the Company	**(3,256)**	(1,310)
Non-controlling interests	**(1,628)**	(655)

	Year ended 31.12.2014 RMB'000	Year ended 31.12.2013 RMB'000
Revenue	**1,384**	4,657
Expenses	**(3,330)**	(6,169)
Loss for the year	**(1,946)**	(1,512)
Loss and total comprehensive expenses attributable to owners of the Company	**(973)**	(756)
Loss and total comprehensive expenses attributable to the non-controlling interests	**(973)**	(756)
Loss and total comprehensive expenses for the year	**(1,946)**	(1,512)
Net cash outflow from operating activities	**(127)**	(381)
Net cash outflow from investing activities	**–**	(17)
Net cash outflow	**(127)**	(398)

Summary of Financial Information

	For the year ended 31 December				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Revenue	123,821	131,233	124,702	99,477	**74,810**
Profit (loss) before taxation	12,220	10,318	8,482	(27,902)	**(34,050)**
Taxation	(4,133)	(5,442)	(3,643)	(201)	**–**
Profit (loss) for the year	8,087	4,876	4,839	(28,103)	**(34,050)**

	For the year ended 31 December				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
ASSETS AND LIABILITIES					
Total assets	58,109	97,798	88,271	63,080	**72,551**
Total liabilities	(50,671)	(52,524)	(38,638)	(41,550)	**(47,905)**
Net assets	7,438	45,274	49,633	21,530	**24,646**

A summary of the Group's result for the five financial years and the assets and liabilities of the Group as at 31 December 2014, 2013, 2012, 2011 and 2010 as extracted from the published audited financial statements for the year ended 31 December 2014, 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.