



**Northern New Energy Holdings Limited**

**北方新能源控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

08246.HK



2015 Third Quarterly Report

二零一五年第三季度報告

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Northern New Energy Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.*

# Corporate Information

## Board of Directors

### Executive Directors

Mr. Hu Yishi (*Executive Chairman*)  
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 Bankers

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

# Financial Highlights

- The revenue of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2015 amounted to approximately RMB16.4 million (2014: RMB16.0 million) and RMB51.3 million (2014: RMB53.5 million), representing an increase of 2.5% and a decrease of 4.1% as compared with the last corresponding periods respectively.
- The loss and total comprehensive expenses attributable to owners of the Company for the three months and nine months ended 30 September 2015 were approximately RMB1.6 million and RMB13.4 million while the loss and total comprehensive expenses attributable to owners of the Company for the three months and nine months ended 30 September 2014 were approximately RMB4.7 million and RMB18.2 million.
- Basic loss per share for the nine months ended 30 September 2015 amounted to RMB4 cents (2014: RMB6 cents).

	For the three months ended 30 September			For the nine months ended 30 September		
	2015 RMB (in million)	2014 RMB (in million)	Increase/ (Decrease)	2015 RMB (in million)	2014 RMB (in million)	(Decrease)
Revenue	16.4	16.0	2.5%	51.3	53.5	(4.1%)
Gross Profit <sup>(1)</sup>	10.4	10.2	2.0%	30.8	33.0	(6.7%)
Loss and total comprehensive expenses attributable to the owners of the Company	1.6	4.7	(66.0%)	13.4	18.2	(26.4%)
Gross profit margin <sup>(2)</sup>	63.4%	63.8%		60.0%	61.7%	

#### Notes:

- (1) The calculation of gross profit is based on revenue minus cost of inventories consumed.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

The board of Directors (the “Board”) announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2015, together with the unaudited comparative figures for the three months and nine months ended 30 September 2014, as follows:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the three months and nine months ended 30 September 2015

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	3	16,452	15,972	51,344	53,510
Other income	3	3,431	944	4,346	1,295
Other gains and losses		93	(4)	(780)	(2,257)
Cost of inventories consumed		(6,013)	(5,736)	(20,541)	(20,553)
Staff costs		(7,143)	(6,250)	(20,827)	(19,594)
Depreciation of property, plant and equipment		(902)	(988)	(2,682)	(3,026)
Utilities and consumables		(841)	(995)	(2,521)	(2,972)
Rental and related expenses		(3,608)	(5,391)	(12,188)	(14,893)
Advertising and marketing expenses		(223)	(206)	(606)	(500)
Other expenses		(3,126)	(2,454)	(8,280)	(7,512)
Loss on liquidation of a subsidiary		–	–	(865)	–
Impairment loss recognised on inventories		–	–	(161)	–
Impairment loss recognised in respect of interest in an associate		–	–	–	(826)
Impairment loss reversed/ (recognised) in respect of amount due from an associate		158	–	–	(1,906)
Share of results of associates		–	–	–	(343)
Loss before tax	4	(1,722)	(5,108)	(13,761)	(19,577)
Income tax expense	5	–	–	–	(55)
Loss and total comprehensive expenses for the period		(1,722)	(5,108)	(13,761)	(19,632)
Loss and total comprehensive expenses attributable to					
– the owners of the Company		(1,625)	(4,694)	(13,438)	(18,211)
– non-controlling interests		(97)	(414)	(323)	(1,421)
		(1,722)	(5,108)	(13,761)	(19,632)
Loss per share (RMB), basic:	6	(0.01)	(0.02)	(0.04)	(0.06)

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2015

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Accumulated losses	Special reserve	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2015 (audited)</b>	2,735	59,450	8,348	(43,707)	528	27,354	(2,708)	24,646
Loss and total comprehensive expense recognised for the period	-	-	-	(13,438)	-	(13,438)	(323)	(13,761)
Exercise of share options	104	12,137	(3,797)	-	-	8,444	-	8,444
Issue of new shares	631	59,353	-	-	-	59,984	-	59,984
Cost of issuing new shares	-	(164)	-	-	-	(164)	-	(164)
Liquidation of a subsidiary	-	-	-	-	-	-	1,635	1,635
<b>Balance at 30 September 2015 (unaudited)</b>	3,470	130,776	4,551	(57,145)	528	82,180	(1,396)	80,784
<b>Balance at 1 January 2014 (audited)</b>	2,291	31,076	-	(11,464)	528	22,431	(901)	21,530
Loss and total comprehensive expense recognised for the period	-	-	-	(18,211)	-	(18,211)	(1,421)	(19,632)
<b>Balance at 30 September 2014 (unaudited)</b>	2,291	31,076	-	(29,675)	528	4,220	(2,322)	1,898

# Notes to the Third Quarterly Financial Statements

For the nine months ended 30 September 2015

## 1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's shares have been listed on the GEM of the Stock Exchange since 30 December 2011. 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, Zhennan 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 restaurant operations and sales of processed food and seafood in the PRC and Hong Kong.

## 2. BASIS OF PREPARATION

The Third Quarterly Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2014 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

The Third Quarterly Financial Statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

### 3. REVENUE AND OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Revenue</b>				
Operation of restaurants	14,372	14,803	44,225	49,650
Provision of management services	720	–	720	–
Sales of processed food and seafood	1,360	1,169	6,399	3,860
	<b>16,452</b>	15,972	<b>51,344</b>	53,510
<b>Other income</b>				
Interest income	4	–	11	32
Government subsidy (Note)	–	950	750	950
Imputed interest income on advances granted to associates	–	–	158	319
Exchange gain/(loss)	3,427	(6)	3,427	(6)
	<b>3,431</b>	944	<b>4,346</b>	1,295

Note: During the nine months ended 30 September 2015, a PRC subsidiary received a subsidy of RMB750,000 (2014: RMB950,000) given by the PRC government for encouragement of its business development. There were no specific conditions attached to the incentives and, therefore, the Group recognised the incentives upon receipt.

### 4. LOSS BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss before tax has been arrived after charging the following:				
Staff costs	7,143	6,250	20,827	19,594
Impairment loss recognised on inventories	–	–	161	–
Depreciation of property, plant and equipment	902	988	2,682	3,026



## 5. INCOME TAX EXPENSE

	For the three months ended 30 September 2015		For the nine months ended 30 September 2015	
	RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Enterprise income tax in the PRC				
Current income tax	-	-	-	55

### Hong Kong

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit. No provision for Hong Kong taxation has been made as the Group's subsidiaries have no assessable profit arising in or derived from Hong Kong for the nine months ended 30 September 2015 and 2014.

### PRC

PRC subsidiaries were subject to PRC Enterprise Income Tax at a rate of 25% for the nine months ended 30 September 2015 and 2014.

## 6. LOSS PER SHARE

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

	For the three months ended 30 September 2015		For the nine months ended 30 September 2015	
	RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<b>(1,625)</b>	(4,694)	<b>(13,438)</b>	(18,211)
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>429,160,000</b>	280,000,000	<b>373,570,623</b>	280,000,000

The computation of the diluted loss per share for the periods ended 30 September 2015 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

No diluted loss per share had been presented for prior periods ended 30 September 2014 as the Company had no potential ordinary shares outstanding during that period.

## 7. DIVIDENDS

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2015 (2014: nil).

## 8. RESERVES

Movements in the reserves of the Group during the nine months ended 30 September 2015 and 2014 are set out in the condensed consolidated statement of changes in equity on page 4.

# Management Discussion and Analysis

## BUSINESS REVIEW

### Operation of restaurants

As at 30 September 2015, we owned and operated six restaurants under the Group's own brand name "Noble House (名軒)" in Shanghai and Beijing in the PRC. We also operated a restaurant in Ningbo in the form of an associate company. In June 2015, the Group closed down an underperforming restaurant in Qingdao. Apart from these restaurants, we operated a food trading company, 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. As PRC government promoted the "frugality" culture, the habits and consumption patterns of the prestigious customers in the PRC have been changing, as such, the Group's operating income recorded a continuous decrease.

### Change of Company Name

On 17 July 2015, the Company proposed to change the English name of the Company from "Noble House (China) Holdings Limited" to "Northern New Energy Holdings Limited" and to adopt "北方新能源控股有限公司" as the new dual foreign name of the Company to replace "名軒(中國)控股有限公司". Please refer to the Company's announcement dated 17 July 2015 and circular dated 30 July 2015 for more details. On 9 September 2015, the Certificate of Registration of Alteration of the Name of a Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong certifying that the new English and dual foreign names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

### Establishment of the JV Company

On 17 July 2015, Northern New Energy Development Limited (the "Northern New Energy"), an indirectly wholly-owned subsidiary of the Company, has entered into a joint venture agreement (the "JV Agreement") with an independent third party, 天津新平潤馳工貿有限公司 ("Tianjin Xinping Runchi") in relation to the proposed establishment of a sino-foreign equity joint venture enterprise (the "JV Company") in the PRC. The JV Company is to principally engage in, among other things, new energy development, research on its relevant technologies and construction business. The JV Company is to be located at Binhai Science Park, Binhai New Area, Tianjin, the PRC.

On 8 September 2015, the JV Company has been established under the name of 華夏北方新能源科技發展(天津)有限公司 (Hua Xia Northern New Energy Technology Development (Tianjin) Limited). The total investment is RMB18 million contributed by the parties in the form of registered capital. Northern New Energy has contributed 90% of the registered capital of the JV Company for a cash consideration of RMB16.2 million and Tianjin Xinping Runchi has contributed the remaining 10% for a cash consideration of RMB1.8 million. The capital contribution from Northern New Energy has been funded by internal resources of the Company.

### Property Investment

Beginning with the completion of the acquisition of a property located at Room 609, No. 1701 Beijing Road West, Jing An District, Shanghai, the Group's business will diversify into property investment during the period. The property is being held as an investment property and should start to generate stable rental income for the Group.

# Management Discussion and Analysis

## Subscription of New Shares

On 28 November 2014, the Company has successfully placed 56,000,000 shares to four subscribers (the "First Placing"). Please refer to the announcement published on 20 November 2014 for more details. The net proceeds from the First Placing amounting to HK\$36,358,000 (equivalent to RMB28,818,000) is intended to be applied as general working capital of the Group. As at 30 September 2015, approximately HK\$17,669,000 (equivalent to RMB14,460,000) has been used as general working capital of the Group and the remaining net proceeds have not been utilized and are still available for the intended use.

On 16 April 2015, the Company has entered into another subscription agreement with a subscriber for the subscription of 80,000,000 new shares for a consideration of HK\$76,000,000 (equivalent to RMB59,984,000) at the subscription price of HK\$0.95 per subscription share (the "Second Placing"). The Second Placing has been completed on 30 June 2015. Please refer to the announcement published on 16 April 2015 for more details. The net proceeds from the issuance of new shares are HK\$75,791,000 (equivalent to RMB59,820,000) and the Company intends to use the net proceeds arising from the Second Placing as follows:

- (i) HK\$25,500,000 (equivalent to RMB20,127,000) for any potential investment opportunities as identified by the Group; and
- (ii) HK\$50,291,000 (equivalent to RMB39,693,000) as general working capital of the Group.

As at 30 September 2015, HK\$19,675,000 (equivalent to RMB16,200,000) out of HK\$25,500,000 has been used for establishment of JV Company in Tianjin; the remaining net proceeds have not been utilized and are still available for the intended use.

## FINANCIAL REVIEW

### Revenue

During the nine months ended 30 September 2015 (the "Current Period"), the Group recorded an unaudited turnover of RMB51,344,000, a decrease of 4.1% from RMB53,510,000 for the nine months ended 30 September 2014 (the "Corresponding Period"). The decrease in revenue was mainly due to the ongoing deterioration of the financial performance of the high-end catering industry in the PRC. Revenue from operation of restaurants for the Current Period was RMB44,225,000 showing a decrease of RMB5,425,000, or 10.9% from RMB49,650,000 for the Corresponding Period. Revenue generated from the provision of management services rose to RMB720,000 from Nil in the Corresponding Period. The increase in management services income was mainly attributable to the new management services contracts signed during the Current Period.

Sales of processed goods registered an increase by RMB2,539,000, or 65.8% from RMB3,860,000 in the Corresponding Period to RMB6,399,000 for the Current Period. The sales were derived from the sales of processed 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)".

### Gross profit margin

Gross profit represents revenue less cost of inventories consumed. The gross profit margin of the Group slightly decreased from 61.7% for the Corresponding Period to 60.0% for the Current Period. The significant increase in sales of processed supplemental food products was offset by lower gross margins which dragged down the overall gross profit margin.

### Other gains or losses

The Group recorded other losses of RMB780,000, mainly derived from loss on write-off of property, plant and equipment of a retail outlet in Hong Kong amounting to RMB820,000.

# Management Discussion and Analysis

## Cost of inventories consumed

The Group's cost of inventories consumed remained stable at RMB20,541,000 in the Current Period and RMB20,553,000 in the Corresponding Period. This was due to the ongoing effective cost control policies of the Group.

## Staff costs

The Group's staff costs slightly increased by RMB1,233,000, or by 6.3%, from RMB19,594,000 in the Corresponding Period to RMB20,827,000. The increase in the staff costs was primarily due to the increase in the number of key management personnel to explore potential investment opportunities for the Group. The ratio of staff costs to revenue increased from 36.6% in the Corresponding Period to 40.6% in the Current Period primarily due to the decrease in revenue for the Current Period.

## Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by RMB344,000, or by 11.4%, from RMB3,026,000 in the Corresponding Period to RMB2,682,000 in the Current Period. The decrease was mainly due to the effect of the write-off of property, plant and equipment of an underperforming retail outlet in Hong Kong.

## Utilities and consumables

Utilities and consumables decreased by RMB451,000, or by 15.2%, from RMB2,972,000 in the Corresponding Period to RMB2,521,000 in the Current Period. Utilities and consumables to revenue slightly decreased from 5.6% in the Corresponding Period to 4.9% in the Current Period, which is mainly due to the diminishing usage of utilities.

## Rental and related expenses

Rental and related expenses decreased by RMB2,705,000, or by 18.2%, from RMB14,893,000 in the Corresponding Period to RMB12,188,000 in the Current Period, which was mainly due to the decrease in rental payment of certain rental agreements.

## Advertising and marketing expenses

Advertising and marketing expenses amounted to RMB606,000 and RMB500,000 in the Current Period and the Corresponding Period respectively, mainly because of the implementation of cost control policies and the recent market environment.

## Other expenses

Other expenses increased by RMB768,000, or by 10.2%, from RMB7,512,000 in the Corresponding Period to RMB8,280,000 in the Current Period. The increase was primarily due to the increase in the legal and professional fee for the Group's corporate actions and the increase of administration expenses after the Hong Kong head office was opened during the Current Period.

## Income tax expense

Income tax expenses decreased by RMB55,000, or 100%, from RMB55,000 for the Corresponding Period to Nil for the Current Period, as the Group had no taxable profit during the Current Period.

# Management Discussion and Analysis

## Non-controlling interests

The loss attributable to non-controlling interests decreased by RMB1,098,000 from RMB1,421,000 for the Corresponding Period to RMB323,000 for the Current Period. Such a decrease was due to the closing of a non wholly-owned subsidiary in Qingdao, and the decrease in operating loss recorded by another non wholly-owned subsidiary in Beijing during the Current Period.

## Connected Transaction

On 2 April 2015, the Company and 順盈貿易(上海)有限公司 (Sun Profit Trading (Shanghai) Limited (the "Vendor"), a company indirectly wholly-owned by Mr. Hu Yishi (Mr. Hu) entered into a sale and purchase agreement pursuant to which the Company agreed to the purchase by its subsidiary of, and the Vendor agreed to sell, the property at the aggregate consideration of RMB4,960,000 (equivalent to HK\$6,263,000) (the "Acquisition").

Mr. Hu is the executive chairman, an executive Director and a substantial Shareholder of the Company. He is interested in the entire issued shares of the Vendor. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratio as defined under Rule 19.04 of the GEM Listing Rules for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company. The Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. The Directors considers that by leveraging the presence of an existing rental contract and the Group's intention to continue to hold the property for lease, the investment is expected to general stable income for the Group. The Acquisition has been completed on 24 September 2015. Please refer to the Company's announcement dated 02 April 2015 and 30 August 2015 for more details.

Save as disclosed above, during the period ended 30 September 2015, there were no connected transactions or continuing connected transactions under the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements thereunder.

## PROSPECTS

In recent years, given the changing habits and consumption pattern of fine-dining customers in the PRC, and the "frugality" culture promoted by the PRC government, the fine-dining catering industry continued to face severe challenges. To address these challenges, the Group has continuously adopted a number of focused measures, including cost reduction and cost control, adjustments to the food trading business, a halt on opening new restaurants and closing restaurants that are facing severe losses. In addition, the management has actively explored new potential projects outside of the catering business in order to diversify its business as well as broaden income sources, thereby broadening the asset base of the Group and maintaining a foundation for long-term development.

In March 2015, the Ministry of Industry and Information Technology of the PRC issued the "Implementation Program for Special Action to Maintain Green Development for the Industry for 2015", which clearly stipulated that national coal consumption must be reduced by more than four million tonnes by the end of this year. The Ministry of Environment Protection of the PRC has completed the drafting of the proposal to reduce emissions of major pollutants under the "Thirteenth Five-Year Plan", which is expected to add more pollutants to the national emissions reduction indicators. The Group believes that the demand for new energy development in the future will bring massive opportunities to the entire market, and has therefore decided to focus its resources on developing new energy related businesses and has formed a professional team to oversee such businesses.

# Management Discussion and Analysis

On 9 September 2015, the Group has adopted “Northern New Energy Holdings Limited” as the new name of the Company. The new name provides the Group with a fresh corporate image and better reflects the Group’s future business development. Moreover, on 8 September 2015, the Group has established a JV company in Tianjin in the PRC, Hua Xia Northern New Energy Technology Development (Tianjin) Limited (“Northern New Energy Technology”). The JV Company is to principally engage in new energy development and research on its relevant technologies and construction business.

Northern New Energy Technology recently signed supply agreements with two professional engineering and construction companies engaging in new energy related businesses and three main contractors engaging in engineering and construction works related to new energy businesses respectively. Northern New Energy Technology will provide 1) energy-related engineering and construction consultation services and new technology services to the abovementioned companies; 2) material and equipment trading and sales, including the sale of LNG tanks, carburetors, non-standard pressure regulators (products), heating pipes, heat exchangers, gas boilers and controlled electrical devices. In the future, the Group will provide additional contract engineering services, including the installation of LNG tanks, carburetors, non-standard pressure regulators (products) and gas boilers, as well as the construction of large-scale heating plants. Capitalizing on the joint venture’s professional management team with ample experience in new energy technologies, as well as the extensive personnel network of the joint venture’s partners in the PRC, the Group is well-positioned to develop its new energy business.

Looking ahead, we will continue to expand our presence and product chain in terms of the development and utilization of new energies by introducing products that are applicable in related fields. We will also monitor the market closely, allocate our resources flexibly and adapt appropriate measure decisively to reduce costs, expand income streams and ultimately enhance the economies of scale of our resources. To capture the growth momentum, we will adopt a highly efficient business model to develop the new energy business in a comprehensive and dynamic manner, which will certainly enhance the Group’s income, creating greater returns for our shareholders.

## CAPITAL STRUCTURE

### Exercise of share options

During the Current Period, 13,160,000 shares were allotted pursuant to the exercise of share options with exercise price of HK\$0.81 granted on 25 November 2014.

### Placing of shares

On 28 November 2014, the First Placing was completed. The net proceeds from the First Placing amounting to HK\$36,358,000 (equivalent to RMB28,818,000) was intended to be applied as general working capital of the Group. As at 30 September 2015, HK\$17,669,000 (equivalent to RMB14,460,000) has been used as general working capital of the Group and the remaining net proceeds have not yet been utilized and remained for the intended use.

On 30 June 2015, a total of 80,000,000 ordinary shares at par value of HK\$0.01 each had been allotted and issued to a sole subscriber (Depot Up Limited), pursuant to the Second Placing. The gross and net proceeds were HK\$76,000,000 (equivalent to RMB59,984,000) and HK\$75,791,000 (equivalent to RMB59,820,000) respectively. The Company intended to use the net proceeds arising from the subscription (i) as to HK\$25,500,000 (equivalent to RMB20,127,000) for any potential investment opportunities as identified by the Group and (ii) as to HK\$50,291,000 (equivalent to RMB39,693,000) as general working capital of the Group. As at 30 September 2015, HK\$19,675,000 (equivalent to RMB16,200,000) out of HK\$25,500,000 has been used for establishment of a JV Company; while the remaining net proceeds have not been utilized and remained available for the intended use.

Upon the shares allotted by exercising of share options and the completion of the subscription on 30 June 2015, the Company had an aggregate of 429,160,000 shares of HK\$0.01 each in issue.

# Management Discussion and Analysis

## DIVIDENDS

The Board did not recommend the payment of any dividend for the Current Period (Corresponding Period: Nil).

## FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB, with some denominated in Hong Kong dollars. The Group's cash and bank deposits were denominated mainly in Hong Kong dollars, with some denominated in RMB. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact on the Group.

As at 30 September 2015, the Directors considered the Group's foreign exchange risk currently remained minimal. During the Current Period, the Group did not use any financial instruments for hedging purposes.

## 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.

During the year 2014, the Company has granted 28,000,000 share options to the Directors, consultants and employees at the exercise price of HK\$0.81 per option share. As at 30 September 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 14,840,000 (30 September 2014: nil), representing 3.5% (30 September 2014: nil) of the shares of the Company in issue as at that date. Details of the movements of share options granted, exercised or cancelled/lapsed during the review period and outstanding as at 30 September 2015 are as follows:

	Number of share options					Exercise period (both dates inclusive)	Exercised price	Closing price immediately before the date of grant
	At 1 January 2015	Granted during the period	Exercise during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 September 2015			
<b>Directors</b>								
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
<b>Total Directors</b>	<b>9,240,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,240,000</b>			
<b>Employees</b>								
	10,360,000	-	(4,760,000)	-	5,600,000	25 November 2014 to 24 November 2021	0.81	0.97
<b>Total Employees</b>	<b>10,360,000</b>	<b>-</b>	<b>(4,760,000)</b>	<b>-</b>	<b>5,600,000</b>			
<b>Consultants</b>								
	8,400,000	-	(8,400,000)	-	-	25 November 2014 to 24 November 2021	0.81	0.97
<b>Total Consultants</b>	<b>8,400,000</b>	<b>-</b>	<b>(8,400,000)</b>	<b>-</b>	<b>-</b>			
<b>Total All Categories</b>	<b>28,000,000</b>	<b>-</b>	<b>(13,160,000)</b>	<b>-</b>	<b>14,840,000</b>			



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2015, 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:

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

Name of Director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Hu Yishi	1	Interest of controlled corporation	56,000,000	13.05%
Ms. Lin Min, Mindy	2	Interest of controlled corporation	56,000,000	13.05%
Mr. Chan Tai Neng	3	Interest of controlled corporation	47,040,000	10.96%

Notes:

- Mr. Hu Yishi is deemed to be interested in 56,000,000 shares held by Smart Lane Global Limited, a subsidiary of Yuan Rong Century Investment Holdings Limited ("Yuan Rong"), where the entire issued share capital of which is held by Mr. Hu Yishi.
- 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 Min, Mindy.
- Mr. Chan Tai Neng is deemed to be interested in 47,040,000 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	Nature of Interest	Number of underlying shares (note)
Ms. Lin Min, Mindy	Beneficial owner	2,800,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	2,800,000
Ms. Kwong Wai Man, Karina	Beneficial owner	2,800,000
Mr. Lui Tin Nang	Beneficial owner	280,000
Ms. Ma Lee	Beneficial owner	280,000
Mr. Wang Zhi Zhong	Beneficial owner	280,000

Note:

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 report.

Saved as disclosed above, as at 30 September 2015, 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.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the Current Period, the Directors were not aware of any business or interest of the Directors, 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 during the Current Period. However, the deed of non-competition was no longer applied when the covenantors' interest in shares of the Company had dropped below 30% of the entire issued share capital of the Company since 10 March 2015.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2015, 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 and underlying shares

Name	Capacity and nature of interest	Number of shares	Number of underlying shares	Percentage of the Company's issued share capital
Depot Up Limited (Note 1)	Beneficial owner	80,000,000	–	18.64%
Song Zhi Cheng (Note 2)	Interest of controlled corporation	80,000,000	–	18.64%
Smart Lane Global Limited (Note 3)	Beneficial owner	56,000,000	–	13.05%
Uprise Global Investments Limited (Note 4)	Beneficial owner	56,000,000	–	13.05%
Blossom Merit Limited (Note 5)	Beneficial owner	47,040,000	–	10.96%
Rosy Deal Group Limited (Note 6)	Beneficial owner	28,000,000	–	6.52%
Ms. Miao Kun Yu (Note 7)	Interest of controlled corporation	28,000,000	–	6.52%

Notes:

1. Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital is held by Mr. Song Zhi Cheng.
2. Mr. Song Zhi Cheng is deemed to be interested in 80,000,000 shares through his interest in Depot Up Limited.
3. Smart Lane Global Limited, a company incorporated in Samoa on 19 February 2014 with limited liability is an investment holding company which is a subsidiary of Yuan Rong where the entire issued share capital is held by Mr. Hu Yishi.
4. Uprise Global Investments Limited, a company incorporated in the British Virgin Islands on 19 December 2013 with limited liability is an investment holding company where the entire issued share capital is held by Ms. Lin Min, Mindy.
5. Blossom Merit Limited, a company incorporated in the British Virgin Islands on 6 July 2011 with limited liability is an investment holding company where the entire issued share capital 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 30 September 2015.
6. Rosy Deal Group Limited, a company incorporated in Samoa on 14 October 2014 with limited liability is an investment holding company where the entire issued share capital is held by Ms. Miao Kun Yu.
7. 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 Period, there were no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 30 September 2015, the Directors were 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 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.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company” above, at no time during the Current Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Current Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## COMMUNICATION WITH SHAREHOLDERS

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

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") pursuant to a resolution of the Directors passed on 12 December 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C.3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company.

As at 30 September 2015, the 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 Audit Committee had reviewed the unaudited third quarterly report and results announcement for the nine months ended 30 September 2015 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made. The committee also monitored the Company's progress in implementing the code provisions of corporate governance practices as required under the GEM Listing Rules.

## CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practice contained in Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code") throughout the Current Period. Except for the deviations from code provision A.6.7 as explained below. The Board will continue to review regularly and take appropriate actions to comply with the CG Code.

Under code provision A.6.7, the Board members should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other unavoidable business engagement, the Chairman and one of independent non-executive Directors were unable to attend the Company's annual general meeting held on 7 May 2015 and the extraordinary general meetings held on 9 June 2015 and 24 August 2015. Besides, one of the executive Directors was unable to attend the extraordinary general meeting held on 9 June 2015 and 24 August 2015.

Save as disclosed above, the Directors are of the opinions that the Company and the Board had complied with the Corporate Governance Code throughout the Current Period.

By order of the Board

**Chan Wing Yuen, Hubert**

*Chief Executive Officer and Executive Director*

Hong Kong, 9 November 2015

*As at the date of this report, the executive Directors are Mr. Hu Yishi, Ms. Lin Min, Mindy, Mr. Chan Wing Yuen, Hubert, Ms. Kwong Wai Man, Karina and Mr. Chan Tai Neng; and the independent non-executive Directors are Mr. Lui Tin Nang, Ms. Ma Lee and Mr. Wang Zhi Zhong.*