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 Annual Report
年報

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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 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

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

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

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Hutchins Drive,
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Grand Cayman KY1-1111,
Cayman Islands

Principal Place of Business in Hong Kong

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Hong Kong

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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

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

Company Website

http://www.8246hk.com

GEM Stock Code

8246

Executive Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Northern New Energy 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 2015.

During the year, the Group actively sought out new projects with potential. New energy development and relevant businesses (the "New energy business") have been deemed as core businesses based on the Group's strategic development objectives. The Company was also officially renamed as Northern New Energy Holdings Limited to better reflect its development direction.

The Group's New energy business is currently concentrated in heat supply projects which involve the replacement of coal-powered heat sources with natural gas in Tianjin, the PRC. The country has entered a strategic phase to implement energy reforms. The optimization of gas networks and construction of natural gas support networks have become an important objective of the Thirteenth Five-year Plan. All provincial work reports submitted have elaborated extensively on the prevention of ozone pollution, and also clearly stated the quantitative objective in 2016 and during the Thirteenth Five-year plan was to reduce the emission of pollutants. International pressure to reduce energy usage and reduce emissions expedited the transformation and upgrades of traditional industries. For the energy industry, industry transformation and upgrades will become a driving force for growth.

Despite the Group's New energy business only commencing operations in the final quarter of last year, the revenue generated by the business has already surpassed the Group's traditional businesses, proving that the Group has made the correct strategic decisions. Currently, there is a severe shortage of natural gas supply, and the development of natural gas will become an investment hotspot under the Thirteenth Five-year Plan. In fact, Tianjin is only the starting point of the Group's New energy business. Management will closely adhere to the government's development strategy and continuously adjust its development direction to gradually establish a foothold in the natural gas business. Businesses other than "coal-to-natural gas" heating conversion projects will be developed and we will also expand our presence to surrounding areas, thereby enabling us to seize market opportunities. In the long run, the Group will set its sights on China as a whole and devote its resources to regions with development potential.

In the next few years, coal usage will be cut back, while natural gas and renewable energy sources will enter a phase of rapid development. We predict that the New energy business will continue to grow and become an important contributor of profit to the Group. The Group will leverage management's extensive personnel network in China to undertake relevant projects. By doing so, we hope to promote the development of business and contribute to the environmental protection work of the nation, which will improve the living standards of its citizens.

Regarding traditional businesses, the Group will closely monitor market developments and make appropriate adjustments. The current focus will be to strictly control costs to enhance operating efficiency.

On behalf of the Group, I would like to thank the management and our employees for their hard work and contribution. I also wish to express my gratitude to our business partners, clients, and stakeholders for their trust and support.

Hu Yishi
Executive Chairman

Hong Kong, 15 March 2016

Financial Highlights

	2015 RMB'000	2014 RMB'000	Increase
Revenue	**162,508**	74,810	117.2%
Gross profit[a]	**90,864**	46,283	96.3%
Profit (loss) and total comprehensive income (expense) for the year	**21,332**	(34,050)	162.6%
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company	**18,369**	(32,243)	157.0%
Dividend	**Nil**	Nil	
EBIT	**32,479**	(34,050)	195.4%
EBITDA	**36,228**	(30,160)	220.1%
Earnings (loss) per share			
Basic	**RMB0.047**	RMB(0.113)	141.6%
Diluted	**RMB0.046**	RMB(0.113)	140.7%

	As at 31.12.2015 RMB'000	As at 31.12.2014 RMB'000	Increase
Total assets	**211,369**	72,551	191.3%
Bank balances and cash	**124,950**	37,207	235.8%
Equity attributable to owners of the Company	**113,987**	27,354	316.7%

Key Financial Indicators	2015	2014
Current ratio (times)[b]	**2.1**	1.2
Gross profit margin[c]	**55.9%**	61.9%
Net gearing ratio[d]	**2.4%**	18.7%
Net profit (loss) margin[e]	**13.1%**	(45.5%)
Return on average equity[f]	**26.0%**	(129.5%)

Notes:

(a) The calculation of gross profit is based on revenue minus cost of inventories consumed included inventories costs from Catering business and engineering and construction costs related to the New energy business.

(b) The calculation of current ratio is based on current assets divided by current liabilities.

(c) The calculation of gross profit margin is based on gross profit divided by revenue.

(d) The calculation of net gearing ratio is based on total debt divided by total equity.

(e) The calculation of net profit (loss) margin is based on profit (loss) for the year divided by revenue.

(f) The calculation of return on average equity is based on profit attributable to owners of the Company divided by average equity attributable to equity holder of the Company.

Management Discussion and Analysis

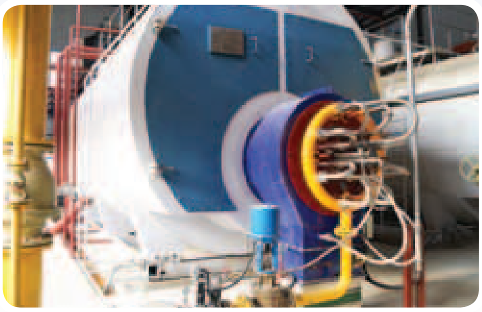
BUSINESS REVIEW

The Group has been adopting a prudently aggressive approach with stringent procedures managing business risk, to continuously explore new potential projects so as to broaden its income sources. The ultimate target is to maximise shareholders' return and value. As the PRC government has launched a series of policies emphasizing environmental protection, energy conservation as well as reduction of emissions and pollution, the Directors have observed with interest the increasing demand in projects applying new energy and the huge opportunities subsequently presented. Hence, apart from maintaining the existing operations of the restaurant and processed food businesses, the Group has boosted its efforts to develop the New energy business.

To build a new corporate image and reflect the Group's diversification and expansion strategy, its shareholders have approved the change of the Company's dual foreign and English names from "名軒（中國）控股有限公司" and "Noble House (China) Holdings Limited" to "北方新能源控股有限公司" and "Northern New Energy Holdings Limited"[g] respectively in July 2015. At the same time, to further expedite the strategy, the Company has established a Sino-foreign joint venture company ("JV company") Hua Xia Northern New Energy Technology Development (Tianjin) Limited ("Hua Xia Northern New Energy") in Tianjin with an independent third party. The JV company mainly engaged in the development of new energy, research and development of related technologies and construction engineering businesses[h].

Mr. Hu Yishi has accumulated enormous experience in China affairs, business development and business expansion, and is experienced in overall strategic planning, management and operation of companies with an extensive personnel network. The Company has appointed Mr. Hu Yishi to be the executive Director and executive chairman of the Company in August 2015. His joining definitely strengthens the capability of the Group's core management team in business development and management, which will in turn help it to attain the best return for shareholders.

In early September 2015, with the official setting up of Hua Xia Northern New Energy, the Group's new energy-related business has also been launched, bringing new income sources to the Group.



Notes:

(g) Please refer to the announcement of the Company dated 17 July 2015 and the circular dated 30 July 2015 for more details. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 9 September 2015 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).

(h) On 17 July 2015, the Company's indirectly wholly-owned subsidiary, entered into a joint venture agreement with an independent third party in relation to the establishment of a JV company according to PRC law. The JV company will be located at Binhai Science Park, Binhai New Area, Tianjin, the PRC. With a total investment of RMB18 million the JV company will be 90%-owned by the Company and the capital contribution will be funded by internal resources of the Company. Please refer to the announcement of the Company dated 17 July 2015 for more details.

Management Discussion and Analysis

New Energy Business

With the establishment of Hua Xia Northern New Energy, the Group has clearly defined the New energy business as the focus of its future business development. Capitalising on Hua Xia Northern New Energy's experienced management team and its partners' professional network in China, and in light of the market demand, the New energy business has gained encouraging results to date, testifying to the initial success of the Group's strategy. Since the joint venture's inception, the Group has completed several projects in Tianjin, the PRC, including coal-to-natural gas conversion heating projects in Xiqing District and Beichen District, and contract engineering projects for the installation of LNG tanks, carburetors, non-standard pressure regulators (products) and gas boilers, as well as the construction of large-scale heating plants.

Catering Business

As at 31 December 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.

Management Discussion and Analysis

Property Investment

Upon 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 has further diversified into Property investment during the current year. The property is being held as an investment property and has started to generate stable rental income for the Group.

Subscription of New Shares

The Company has successfully placed 56,000,000 new shares to four subscribers (the "First Placing")[j] at a subscription price of HK$0.65 per new shares on 28 November 2014 and 80,000,000 new shares to one subscriber at the subscription price of HK$0.95 per subscription share (the "Second Placing")[k] on 30 June 2015 respectively.

The aggregate gross proceeds and net proceeds from the two placings are HK$112,400,000 (equivalent to RMB88,835,000) and HK$112,149,000 (equivalent to RMB88,638,000). The Company intended to use the net proceeds from the two placings as follows:

(i) HKD25,500,000 (equivalent to approximately RMB20,127,000) for any potential investment opportunities as identified by the Group; and

(ii) HKD86,649,000 (equivalent to approximately RMB68,511,000) as general working capital of the Group.

As at 31 December 2015, approximately HK$27,743,000 (equivalent to RMB22,195,000) of the proceeds has been used as general working capital of the Group and HK$19,675,000 (equivalent to RMB16,200,000) has been used for establishment of a subsidiary in Tianjin. The remaining net proceeds have not yet been utilized and remain available for the intended use.

Notes:

(j) Please refer to the announcement of the Company dated 20 November 2014 and the clarification announcement dated 26 June 2015 for more details.

(k) Please refer to the announcement of the Company dated 16 April 2015, the circular dated 8 May 2015 and the announcement on completion of the subscription of new shares under specific mandate dated 30 June 2015 for more details.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015 (the "Current Year"), revenue of the Group amounted to RMB162.5 million, representing a sharply increase of 117.2% from RMB74.8 million for the corresponding year ended 31 December 2014 (the "Previous Year"). The increase in revenue was mainly attributable to the revenue of RMB86.0 million generated from the Group's new stream of income in the New energy business during the Current Year.

Cost of inventories consumed

	2015	2014	Increase
	RMB'000	RMB'000	
Catering business	**32,319**	28,527	13.3%
New energy business	**39,325**	–	–
Property investment	**–**	–	–
Group total	**71,644**	28,527	151.1%

The cost of inventories consumed for Catering business in the Current Year increased by 13.3% from RMB28.5 million to RMB32.3 million was mainly due to the increase in sales of the processed supplemental food products. The cost of inventories consumed for the New energy business amounting to RMB39.3 million, including direct labor cost and raw materials of LNG tanks, carburetors, non-standard pressure regulators (products) and gas boilers, etc.

Gross profit margin

	2015	2014	Decrease
	%	%	
Catering business	**57.7%**	61.9%	(4.2%)
New energy business	**54.3%**	–	–
Property investment	**100.0%**	–	–
Group	**55.9%**	61.9%	(6.0%)

Gross profit represents the revenue less cost of inventories consumed. The gross profit margin for the Catering business decreased from 61.9% to 57.7%, mainly due to the increase in sales of the low-margin processed supplemental food products, it dragged down the overall gross profit margin of Catering business.

The New energy business segment and Property investment segment recorded gross profit margin of 54.3% and 100% respectively.

Management Discussion and Analysis

Other gains and losses

Other gains of RMB8.4 million in the Current Year compared to other losses of RMB3.8 million in the Previous Year were mainly due to the recovery of allowance on amount due from a former associate in the amount of RMB4.0 million in the Catering business for the Current Year and the foreign exchange gain of RMB4.8 million due to the depreciation in RMB as some of our cash in bank was denominated in Hong Kong dollars.

General and administrative expenses

The general and administrative expenses (including: staff costs, rental and utilities, advertising and marketing expenses and other expenses) decreased by 14.5% from RMB73.8 million for the Previous Year to RMB63.1 million for the Current Year. The drop reflected an effective cost reduction and control measures. Also, the equity-settled share-based expense of RMB8.3 million was an one off item incurred in the Previous Year.

Depreciation of property, plant and equipment expenses slightly decreased by 3.6%, from RMB3.9 million for the Previous Year to RMB3.7 million for the Current Year, it was due to the write-off of property, plant and equipment of an underperforming retail outlet in Hong Kong in the Current Year.

Income tax expense

Income tax expenses for the Current Year was RMB11.1 million (Previous Year: Nil). It was mainly derived from the provision of EIT of a subsidiary in Tianjin.

Non-controlling interests

The non-controlling interests recorded a gain of RMB3.0 million in the Current Year as compared to a loss of RMB1.8 million in the Previous Year. This was mainly attributable to an operating profit recorded by the non-wholly-owned subsidiary in Tianjin in the Current Year.

Profit/(loss) and comprehensive income/(expenses) attributable to owners of the Company

The net profit and comprehensive income attributable to owners of the Company for the Current Year amounted to RMB18.4 million, as compared to the net loss and comprehensive expense attributable to owners of the Company amounted to RMB32.2 million in the Previous Year. The basic and diluted profit per share for the Current Year was RMB4.7 cents and RMB4.6 cents respectively, as compared to the basic and diluted loss per share of RMB11.3 cents and RMB11.3 cents respectively in the Previous Year.

Segmental review of the Group's operations during the Current Year is as follows:

New energy business

The Group successfully established a subsidiary in Tianjin, Hua Xia Northen New Energy, and has clearly defined the New energy business as the focus of its future business development.

During the Current Year, the Group began to recognize revenue of RMB86.0 million from the New energy business segment, accounting for 52.9% of the Group's total revenue. It was mainly attributable to the completion of several projects in Xiqing District of Tianjin for RMB15.2 million and Beichen District of Tianjin for RMB70.8 million, including coal-to-natural gas conversion heating projects and contract engineering projects for the installation of LNG tanks, carburetors, non-standard pressure regulators (products) and gas boilers, as well as the construction of large-scale heating plants during the Current Year. The Group also recorded segmental profit of RMB45.2 million in the Current Year.

Management Discussion and Analysis

Catering business

Faced with market changes, we remained keen on innovations and adhered to the conviction of providing quality service for our customers. The Group's operation of Catering business in Shanghai and Beijing continued to contribute steady revenue to the Group. During the Current Year, the Group recorded revenue of RMB76.5 million from the operation of Catering business segment as compared to RMB74.8 million in the Previous Year. The revenue from Catering business included RMB62.2 million from operating of restaurants, RMB0.9 million from the provision of management services and RMB13.4 from sales of processed food and seafood products.

The increase in revenue was generated from the provision of management services of RMB0.9 million, a new management service contract that was signed in January 2015 for 12 months and an increase in sales of seafood and processed supplemental food products.

The Catering business recorded a decrease in segmental loss from RMB18.1 million in the Previous Year to RMB12.0 million in the Current Year. It was mainly attributable to the effective cost reduction and control measures. We will insist on our pursuit for perfection and implement swift adjustments to strategies in response to market demands in order to expand customer base. Meanwhile, the Group will adopting optimized business model, which will include methods such as external contracting, with an aim to reduce loss. The Group will also continue to maintain strict control over costs to reduce operating costs.

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

	Revenue (RMB in millions) Year ended 31 December		Gross profit margin[m] Year ended 31 December	
	2015	2014	**2015**	2014
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	**16.5**	16.3	**63.3%**	67.5%
Noble House Pudong Restaurant, Shanghai (上海浦東店)	**13.4**	14.9	**65.1%**	63.0%
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	**12.8**	13.7	**64.3%**	66.9%
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	**5.5**	4.8	**65.2%**	67.2%
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	**10.7**	11.0	**60.2%**	62.6%
Noble House Qingdao Restaurant (青島店)[n]	**–**	1.4	**–%**	50.0%
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	**3.3**	6.1	**61.0%**	65.9%
	62.2	68.2		

Notes:

(m) The calculation of gross profit margin is based on the revenue less cost of inventories consumed, divided by revenue, and multiplied by 100%.

(n) Noble House Qingdao Restaurant had been closed in June 2015 due to its underperformance.

Management Discussion and Analysis

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

Restaurants	Approximate seating capacity (seats)	Approximate Gross floor area (sq.m.)	Approximate total number of customers visited		Average spending per customer per meal (RMB)	
			Year ended 31 December 2015	Year ended 31 December 2014	**Year ended 31 December 2015**	Year ended 31 December 2014
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	140	978	**23,405**	21,804	**704**	748
Noble House Pudong Restaurant, Shanghai (上海浦東店)	146	800	**18,254**	17,595	**735**	847
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	134	1,370	**34,334**	29,730	**373**	461
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	85	781	**9,144**	6,852	**604**	701
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	132	1,000	**18,305**	15,168	**583**	725
Noble House Qingdao Restaurant[p] (青島店)	73	214	**–**	2,509	**–**	558
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	146	1,552	**93,710**	154,710	**35**	39

Revenue from operation of restaurants was RMB62.2 million in the Current Year, a decrease of 8.8% from RMB68.2 million for the Previous Year, which was mainly due to the ongoing deterioration of the financial performance of the high-end catering industry in the PRC. Almost all the restaurants recorded an increased in number of customers visited but the average spending per customer showed a trend of substantial decrease. For "Zhangjiang Restaurant", both the number of customers visited and average spending per customer recorded a decrease.

Property investment

During the Current Year, the Group acquired a property located at Room 609, No. 1701 Beijing Road West, Jing An District, Shanghai and was successfully diversified into Property investment business. The property is being held as an investment property and has generated rental income and segment profit of RMB0.06 million and RMB0.002 million respectively in the Current Year. The investment property is expected to generate a stable rental income for the Group in the long run.

Notes:

(p) Noble House Qingdao Restaurant had been closed in June 2015 due to its underperformance.

Management Discussion and Analysis

PROSPECTS

The year 2015 has been strategically significant for the Group while it is also the first year of its New energy business. During the year, the Group has proactively responded to the changes of the business environment by capturing market opportunities and has actively explored the potential new income sources apart from the Catering business. Having noted the huge potential of the New energy business in the PRC, the Group has pushed forward a series of strategic initiatives in the past year, such as changing the company name, establishing a JV company and strengthening the management team, while redefining the Group's major development direction.

Riding on the extensive experience of the team in new energy technology and the well-established network of its partners in China, the Group has promptly secured and completed several projects in Tianjin, the PRC shortly after the establishment of the joint venture, including coal-to-natural gas heating projects in Xiqing District and Beichen District. Consequently, the New energy business has enjoyed initial success with its income exceeding the full-year performance of its Catering business in last year, testimony to the wisdom of Group's strategic transformation. Although the first quarter is the annual slack season of coal-to-natural gas projects, several coal-to-natural gas conversion projects in Tianjin which the Group completed at the end of last year have laid a solid foundation for the business. In the future, the Group is confident it can secure more projects. It will continue to closely monitor the latest developments in government policies and adjust its strategy in a timely manner so as to seize the opportunities brought about by policy shifts.

The PRC has experienced rapid economic development in the past few decades. However, the significant increase of coal consumption has led to severe pollution in many cities across the PRC. Carbon emissions have also reached the international alarming level. According to the results of the particulate analysis released by the Tianjin Environmental Protection Bureau in 2014, local emissions accounted for 66%-78% of the PM2.5 (small particles) in Tianjin, while coal-fired facilities accounted for 27% of local pollution emissions. As more and more residents in the northern region are requesting the government to address the smog issue, the community also encourages the reduction of coal use and the replacement of coal with cleaner energy.

One of the major tasks of the 13th Five-Year Plan is to curb smog. During the first year of the Plan, the Group's business matches well with the national development objectives. China's government has announced several measures aimed at controlling coal consumption in key cities and provinces including Beijing, Tianjin and Hebei, and closing down certain coal mines. In June 2015, Li Keqiang, Premier of China, announced a new goal for reduction of coal-generated emissions, which seeks to lower related emissions by 60% to 65% by 2030 from the level in 2005. The determination of the Chinese government has been proven by actual figures. In 2014, local coal consumption dropped year-on-year by 2.9%, the first drop in 14 years. In 2015, the corresponding figure has further decreased by 4%. With strong government support, coal consumption is expected to decrease continuously in the future.

Management Discussion and Analysis

The Group believes that a strong demand to coal-to-natural gas conversion heating projects exists in Northern China, therefore it will seek opportunities to expand into neighbouring areas. In the long run, the Group will analyze the situation across the whole nation, and allocate resources into areas with development potential. To boost the development of its New energy business, it will review its business model and launch services and products which correspond to market needs at the appropriate time, with the aim to expand and deepen its industry chain and capture the enormous market opportunities. With this aim, the Group has been actively seeking to set up joint venture companies with its industry partners (especially the gas companies) in order to develop clean energy-related businesses in technologies, consultancy, services, transfer and sales.

As the world is attaching increasing importance to climate change and environmental protection, new energy sources take up a pivotal role. The Group will develop the New energy business in a comprehensive manner by capitalizing on the current growth momentum to create greater returns for our shareholders.

For Catering business, the Group will closely monitor market developments and make adjustments accordingly, while adopting optimized business model, which will include methods such as external contracting, with an aim to reduce loss. The Group will also continue to maintain strict control over costs to reduce operating costs. In addition, the Group will identify suitable investment properties that generate stable rental income for the Group, and ultimately enhance the economic efficiency of the Group' resources.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, cash and bank balances in general accounts maintained by the Group were RMB125.0 million, representing an increase of 235.8% from RMB37.2 million as at 31 December 2014, which was largely due to the net proceeds of RMB68.3 million received from the issuance of 93,160,000 new shares during the Current Year. Trade and other receivables were RMB63.8 million as at 31 December 2015 (31 December 2014: RMB10.2 million), which mainly represented an increase in trade receivables from the New energy business segment.

Trade and other payables have increased by 186.2% from RMB18.3 million in the Previous Year to RMB52.4 million in the Current Year, which also mainly represented an increase in trade payable from the New energy business segment. During the Current Year, there was a decrease in amounts due to Directors of RMB5.1 million, a Director had resigned on 4 December 2015 and the outstanding RMB2.7 million has been reclassified as amount due to a shareholder. The tax liability increased by 284.3% to RMB15.7 million in the Current Year (Previous Year: RMB4.1 million), mainly derived from the provision of EIT for a subsidiary in Tianjin.

As a result of the abovementioned, the Group's current assets and current liabilities as at 31 December 2015 were RMB194.7 million (31 December 2014: RMB58.6 million) and RMB93.7 million (31 December 2014: RMB47.9 million) respectively.

The Group has no bank borrowings as at 31 December 2015. The gearing ratio of the Group, measured as total debt to total equity, decreased to 2.4% as at 31 December 2015 (31 December 2014: 18.7%). As at 31 December 2015, the Group recorded net assets of RMB117.7 million as compared with RMB24.6 million as at 31 December 2014. The increase was mainly due to the aforementioned issuance of new shares and the profit for 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

Exercise of Share Options

During the Current Year, 13,160,000 shares were issued and allotted upon to the exercise of share options with exercise price of HK$0.81 granted on 25 November 2014.

Placing of New Shares

The Company has successfully completed the First Placing on 28 November 2014 and the Second Placing on 30 June 2015. Details of the two placings were set out in the "Subscription of New Shares" under the "Business Review" section in this report.

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

DIVIDENDS

The Board did not recommend the payment of any dividend for the Current Year (Previous Year: 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 31 December 2015, the Directors considered the Group's foreign exchange risk currently remained minimal. During the Current Year, the Group did not use any financial instruments for hedging purposes (Previous Year: Nil).

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in notes 17 and 19 to the consolidated financial statements, there were no other significant investments held by us as at 31 December 2015 and 2014.

MATERIAL ACQUISITION AND DISPOSAL

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

FURTHER PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2015, the Group did not have any further plan for material investments or capital assets.

CAPITAL COMMITMENT

There were no other capital commitment for the Group as at 31 December 2015 and 2014.

PLEDGE OF ASSETS

As at 31 December 2015, the Group did not have any mortgage or charge over its assets.

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 31 December 2015, the Group had approximately 359 staff in the PRC and 11 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

Mr. Hu Yishi ("Mr. Hu"), aged 40, was appointed as an executive Director and an executive chairman (the "Executive Chairman") of the Company on 27 August 2015. Mr. Hu is the spouse of Ms. Lin Min, Mindy, an executive Director and the chairman of the Company. Mr. Hu is responsible for the overall strategic planning for China affairs, the development and expansion of the business of the Group. Mr. Hu graduated from Shanghai International Tourism Vocational Technology School. Mr. Hu has accumulated extensive experience in China affairs business development and business expansion, he is also experienced in overall strategic planning, management and operation of companies. Mr. Hu is an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475) and a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of both companies are listed on the Stock Exchange. Mr. Hu was previously an executive director of China Pipe Group Limited (stock code: 380) and Sun Media Group Holdings Limited (now known as Up Energy Development Group Limited) (stock code: 307), the issued shares of both companies are listed on the Stock Exchange.

Ms. Lin Min Mindy ("Ms. Lin"), aged 40, was appointed as an executive Director on 15 August 2014. Ms. Lin is the spouse of Mr. Hu, an executive Director and the Executive Chairman of the Company. 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 58, 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 on 1 October 2014 and as the chief executive officer (the "CEO") of the Company on 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 46, was appointed as an executive Director on 15 August 2014. Ms. Kwong has also been appointed as 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 is currently 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.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lui Tin Nang ("Mr. Lui"), aged 58, 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 on 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 51, was appointed as an independent non-executive Director, member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company on 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 (now known as Yuhua Energy 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 65, 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.

COMPANY SECRETARY

Ms. Chan Wai Yee ("Ms. Chan"), age 42, 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 new code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company for the Current Year, 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.

Save as disclosed above, the Directors are of the opinion that the Company and the Board had complied with the CG Code throughout the Current Year.

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 year ended 31 December 2015, he 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.

Corporate Governance Report

BOARD OF DIRECTORS

As at 31 December 2015, 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 17 to 18 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.

Save for that Ms. Lin is the spouse of Mr. Hu, each of the Directors has no relationship with other Directors.

The Roles of the Executive Chairman, Chairman and Chief Executive Officer

The Company has appointed Mr. Hu to be the executive Director and Executive Chairman of the Company in August 2015. Mr. Hu is responsible for the overall strategic planning for China affairs, the development and expansion of the business of the Group.

According to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. At present, Ms. Lin serves as the Chairman. The Chairman is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while Mr. Hubert Chan serves as the CEO of the Group. The CEO is responsible for running the Group's business and the implementation of the approved strategies of the Group.

Number of Meetings and Directors' Attendance

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

During the year under review, the Board held 19 Board meetings and 3 general meeting. The Directors attended those meetings in person, by phone or through other electronic means of communication.

Corporate Governance Report

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

Name of Directors	Attendance/Number of meetings: Board meeting	Attendance/Number of meetings: General meeting
Executive Directors		
Mr. Hu Yishi *(Executive Chairman) (appointed on 27 August 2015)*	3/3	0/0
Ms. Lin Min, Mindy *(Chairman)*	14/14	0/3
Mr. Chan Wing Yuen, Hubert *(Chief Executive Officer)*	19/19	3/3
Ms. Kwong Wai Man, Karina	19/19	3/3
Mr. Chan Tai Neng *(resigned on 4 December 2015)*	14/14	2/3
Independent non-executive Directors		
Mr. Lui Tin Nang	15/15	3/3
Ms. Ma Lee	15/15	3/3
Mr. Wang Zhi Zhong	15/15	0/3

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

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.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the Company Secretary 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.

Corporate Governance Report

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 courses and seminars on regulatory and corporate governance matters to develop and refresh their knowledge.

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.

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, risk management 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.

During the Current Year, 5 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	5/5
Ms. Ma Lee	5/5
Mr. Wang Zhi Zhong	5/5

The following is a summary of work performed by the Audit Committee during the year:

1. Reviewed the Group's quarterly, half-yearly and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 December 2015 and recommended them to the Board for review and approval;

2. Reviewed the Company's financial controls, internal control and risk management systems and discussed the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 December 2015; and

4. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company.

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.

During the year, 3 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	3/3
Ms. Lin Min, Mindy	3/3
Ms. Ma Lee	3/3
Mr. Wang Zhi Zhong	3/3

Corporate Governance Report

The following is a summary of work performed by the Remuneration Committee during the 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; and

5. Made recommendations to the Board on the remuneration packages of newly appointed individual 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 year, 2 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	2/2
Mr. Lui Tin Nang	2/2
Ms. Ma Lee	2/2
Mr. Wang Zhi Zhong	2/2

The following is a summary of work performed by the Nomination Committee during the 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 Director; and

5. Reviewed the Board diversity policy to achieve diversity of the Board.

Corporate Governance Report

Company Secretary

Ms. Chan was appointed as the Company Secretary on 15 August 2014. Ms. Chan reports to the Board directly for ensuring the Board's 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 appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to the Rule 5.15 of the Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the financial year ended 31 December 2015. 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 year ended 31 December 2015. 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 37 to 38.

AUDITOR'S REMUNERATION

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the year ended 31 December 2015 is as follows:

Nature of services	Amount RMB'000
Audit services	774
Interim Review	118

INTERNAL CONTROLS

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

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

The Board is not aware of any significant changes in the Company's constitutional documents during the year ended 31 December 2015. Memorandum and articles of association of the Company is available on both the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

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

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

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

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 secretary of the Company 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).

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 is an investment holding company. The Group's business of operation of restaurants and sales of processed food and seafood in the PRC and Hong Kong has largely remains the same for the year ended 31 December 2015. In addition, the Group expanded its principle business activities to include new energy development business, research and development on its relevant technologies and construction engineering and property investment.

RESULTS AND DIVIDENDS

The Group's profit for the financial year ended 31 December 2015 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 39 to 99.

The Directors did not recommend the payment of any dividend for the Current Year (2014: Nil).

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

During the Year, the four largest customers of the Group accounted for approximately 52.9% of the turnover of the Group and the largest customer of the Group accounted for about 34.0% of the total turnover.

The five largest suppliers of the Group accounted for approximately 34.6% of the Group's total purchases for the Current Year and the largest suppliers accounted for approximately 7.05% of the Group's total purchases.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the share capital of the Group's five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of the movements in property, plant and equipment and investment property of the Group are set out in notes 16 and 17 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of the Company's share capital are set out in note 26 to the consolidated financial statements.

RESERVES

Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2015 amounted to RMB114.0 million (2014: Nil).

Movements in the reserves of the Group during the Current Year are set out in the consolidated statement of changes in equity on page 41.

Report of the Directors

SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in note 35 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 2015 (2014: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 December 2015 (2014: Nil).

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement schemes are set out in note 30 to the financial statements.

EVENTS AFTER THE END OF REPORTING PERIOD

Particulars of the events after the end of reporting period are set out in note 34 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 100 of the annual report.

Report of the Directors

DIRECTORS

The Directors during the financial year and up to the date of this report were as follows:

Executive Directors:

Mr. Hu Yishi *(Executive Chairman)*	(appointed on 27 August 2015)
Ms. Lin Min, Mindy *(Chairman)*	
Mr. Chan Wing Yuen, Hubert *(CEO)*	
Ms. Kwong Wai Man, Karina	
Mr. Chan Tai Neng	(resigned on 4 December 2015)

Independent non-executive Directors:

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

Pursuant to the article 83(3), Mr. Hu Yishi (who was appointed on 27 August 2015) being Director 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 Wing Yuen, Hubert, and Ms. Kwong Wai Man, Karina, all being executive Directors, 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.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 17 to 18 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 12 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.

During the year 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. As at 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 14,840,000 (2014: 28,000,000), representing 3.5% (2014: 8.3%) of the shares of the Company in issue at that date. Details of the movements of share options granted, exercised or cancelled/lapsed during the review period and outstanding as at 31 December 2015 are as follows:

	Number of share options							
	At 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2015	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	–	(4,760,000)	–	5,600,000	25 November 2014 to 24 November 2021	0.81	0.97
Total Employees	**10,360,000**	**–**	**(4,760,000)**	**–**	**5,600,000**			
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**	**–**	**(13,160,000)**	**–**	**14,840,000**			

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

At 31 December 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%

Notes:

1. 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.

2. 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.

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, at 31 December 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 Year, 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 Year. 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 31 December 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	37,040,000	–	8.63%
Chan Tai Neng (Note 6)	Interest of controlled corporation	37,040,000	–	8.63%
Rosy Deal Group Limited (Note 7)	Beneficial owner	28,000,000	–	6.52%
Ms. Miao Kun Yu (Note 8)	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 and an investment holding company where the entire issued share capital of which 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 of which is held by Mr. Hu Yishi, an executive Director and Executive Chairman.

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 of which is held by Ms. Lin Min, Mindy an executive Director and Chairman.

5. Blossom Merit Limited, a company incorporated in British Virgin Islands on 6 July 2011 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung (both being former executive Directors) in the proportion of 90% and 10% respectively as at the 31 December 2015.

6. Mr. Chan Tai Neng is deemed to be interested in 37,040,000 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, (both being former executive Directors).

7. 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 of which is held by Ms. Miao Kun Yu.

8. 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 and the Company at any time.

Save as disclosed above, as at 31 December 2015, 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.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

One of the related party transactions of the Group as set out in note 33 to the consolidated financial statements also constituted connected transactions under Chapter 20 of the GEM Listing Rules. Details of such connected transaction (as defined under the GEM Listing Rules) are set out below in accordance with the requirements of the GEM Listing Rules:

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 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. 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 Current Year, all other transactions as set out in note 33 of the consolidated financial statements were entered into by the Group in the ordinary and usual course of business and on normal commercial terms and, if constituted connected transactions or continuing connected transactions, are exempt from the relevant disclosure requirements under Chapter 20 of 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 CG Report section set out on page 19 to 27.

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.

AUDITOR

The financial statements of the Group for the year ended 31 December 2014 and 2015 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, 15 March 2016

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF NORTHERN NEW ENERGY HOLDINGS LIMITED
北方新能源控股有限公司
(FORMERLY KNOWN AS 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 Northern New Energy Holdings Limited 北方新能源控股有限公司 (formerly known as Noble House (China) Holdings Limited 名軒(中國)控股有限公司) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 99, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with IFRSs and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	7	**162,508**	74,810
Other income	8	**1,246**	1,630
Other gains and losses	9	**8,402**	(3,802)
Cost of inventories consumed		**(71,644)**	(28,527)
Staff costs		**(28,975)**	(35,750)
Depreciation of property, plant and equipment		**(3,749)**	(3,890)
Utilities and consumables		**(3,371)**	(3,951)
Rental and related expenses		**(16,343)**	(20,627)
Advertising and marketing expenses		**(832)**	(991)
Other expenses		**(13,581)**	(12,493)
Gain on liquidation of a subsidiary	10	**933**	–
Impairment loss recognised on inventories		**(2,115)**	(84)
Share of results of associates		**–**	(375)
Profit (loss) before tax	11	**32,479**	(34,050)
Income tax expense	13	**(11,147)**	–
Profit (loss) and total comprehensive income (expense) for the year		**21,332**	(34,050)
Profit (loss) and total comprehensive income (expense) attributable to:			
Owners of the Company		**18,369**	(32,243)
Non-controlling interests		**2,963**	(1,807)
		21,332	(34,050)
Earnings (loss) per share	15		
Basic		**RMB0.047**	RMB(0.113)
Diluted		**RMB0.046**	RMB(0.113)

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**9,050**	11,849
Investment property	17	**5,124**	–
Goodwill	18	**–**	–
Rental deposits		**2,479**	2,068
Interest in an associate	19	**–**	–
Amount due from an associate	20	**–**	–
		16,653	13,917
Current assets			
Inventories	21	**5,971**	11,260
Trade and other receivables	22	**63,795**	10,167
Bank balances and cash	23	**124,950**	37,207
		194,716	58,634
Current liabilities			
Trade and other payables	24	**52,410**	18,312
Prepayment from customers		**19,598**	20,408
Amounts due to Directors	25	**–**	5,104
Amount due to a shareholder	25	**2,740**	–
Amounts due to related parties	25	**2,559**	–
Amount due to a non-controlling shareholder of a subsidiary	25	**700**	–
Tax liabilities		**15,685**	4,081
		93,692	47,905
Net current assets		**101,024**	10,729
Net assets		**117,677**	24,646
Capital and reserves			
Share capital	26	**3,470**	2,735
Reserves		**110,517**	24,619
Equity attributable to owners of the Company		**113,987**	27,354
Non-controlling interests		**3,690**	(2,708)
Total equity		**117,677**	24,646

The consolidated financial statements on pages 39 to 99 were approved and authorised for issue by the Board of Directors on 15 March 2016 and are signed on its behalf by:

Ms. Lin Min, Mindy
DIRECTOR

Mr. Chan Wing Yuen, Hubert
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	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 2014	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 26)	444	28,407	–	–	–	28,851	–	28,851
Cost of issuing new shares	–	(33)	–	–	–	(33)	–	(33)
Recognition of equity-settled share-based payments (note 27)	–	–	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
Profit and total comprehensive income for the year	–	–	–	18,369	–	18,369	2,963	21,332
Exercise of share options (note 26)	104	12,137	(3,797)	–	–	8,444	–	8,444
Issue of new shares (note 26)	631	59,353	–	–	–	59,984	–	59,984
Cost of issuing new shares	–	(164)	–	–	–	(164)	–	(164)
Liquidation of a subsidiary (note 10)	–	–	–	–	–	–	1,635	1,635
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	1,800	1,800
Cancellation of share premium (note)	–	(130,776)	–	130,776	–	–	–	–
At 31 December 2015	3,470	–	4,551	105,438	528	113,987	3,690	117,677

Note: Pursuant to the Board resolution dated on 9 November 2015, the Board of Directors (the "Board") resolved to apply credits in the share premium account in the amount of RMB130,776,000 to set-off accumulated losses of the Company. Under the Companies Law of the Cayman Islands, the share premium account may be applied by the Company subject to the provisions, if any, of its memorandum or articles of association in such manner as the Company may, from time to time, determine. Provided that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under the Articles of Association of the Company, the Board of the Company is empowered to apply the share premium account in any manner permitted by the Companies Law of Cayman Islands.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**32,479**	(34,050)
Adjustments for:		
Depreciation of property, plant and equipment	**3,749**	3,890
Share of results of associates	**–**	375
Impairment loss recognised on trade receivables	**134**	1,123
Reversal of impairment loss recognised on trade and other receivables	**(751)**	–
Loss on disposal of property, plant and equipment	**836**	236
Impairment loss recognised on amounts due from associates	**163**	2,281
Gain on disposal of interest in an associate	**–**	(200)
Gain on liquidation of a subsidiary	**(933)**	–
Equity settled share-based payment expenses	**–**	8,348
Impairment loss recognised on inventories	**2,115**	84
Imputed interest income on advances to associates	**(463)**	(537)
Interest income	**(31)**	(34)
Operating cash flows before movements in working capital	**37,298**	(18,484)
(Increase) decrease in rental deposits	**(411)**	82
Decrease (increase) in inventories	**3,174**	(123)
(Increase) decrease in trade and other receivables	**(54,218)**	1,317
Increase in trade and other payables	**37,173**	2,710
Decrease in prepayment from customers	**(810)**	(1,469)
Increase in amount due to related parties	**59**	–
Increase in amount due to a non-controlling shareholder of a subsidiary	**700**	–
Cash generated from (used in) operations	**22,965**	(15,967)
Income tax refunded	**457**	10
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	**23,422**	(15,957)
INVESTING ACTIVITIES		
Purchase of investment property	**(2,624)**	–
Purchase of property, plant and equipment	**(1,356)**	(1,351)
Repayment from an associate	**300**	262
Proceeds from disposal of property, plant and equipment	**270**	–
Interest received	**31**	34
Advances to associates	**–**	(633)
Proceeds from disposal of an associate	**–**	200
NET CASH USED IN INVESTING ACTIVITIES	**(3,379)**	(1,488)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES		
Proceeds from issue of new shares	**59,984**	28,851
Proceeds from exercise of share options	**8,444**	–
Capital contribution from non-controlling interests of a subsidiary	**1,800**	–
Repayment to directors	**(2,364)**	–
Cost of issuing new shares	**(164)**	(33)
Advances from directors	**–**	5,104
NET CASH GENERATED BY FINANCING ACTIVITIES	**67,700**	33,922
NET INCREASE IN CASH AND CASH EQUIVALENTS	**87,743**	16,477
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**37,207**	20,730
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**124,950**	37,207

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. General

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 in Hong Kong is Room 2202, 22/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Group's business of operation of restaurants and sales of processed food and seafood in the PRC and Hong Kong has largely remained the same for the year ended 31 December 2015. In addition, the Group expanded its principle business activities to include new energy development business, research and development on its relevant technologies and construction engineering and property investment.

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")

Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised IFRSs in issue but not yet effective

The Group has not 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[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale 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[4]

[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 2019
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after a date to be determined
[6] Effective for annual periods beginning on or after 1 January 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

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

IFRS 9 Financial Instruments *(Continued)*

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 *Leases*

IFRS 16 issued in January 2016 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Directors of the Company anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosure made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group performs a detailed review.

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

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The Directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 10 and IAS 28 until the Group performs a detailed review.

Annual Improvements to IFRSs 2012 – 2014 Cycle

The *Annual Improvements to IFRSs 2012 – 2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

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

Except as described above, the Directors of the Company anticipate the application of the other new and revised IFRSs will have no material impact on the Group's consolidated financial statements.

3. Significant Accounting Policies

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

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for investment property, which is measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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 *Share-based Payments*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (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.

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.

3. Significant Accounting Policies *(Continued)*

Investment in an associate

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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee 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 the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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.

3. Significant Accounting Policies *(Continued)*

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 sales taxes, goods and services taxes, valued added taxes, return, and discounts and after eliminating sales within the Group.

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

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

Revenue from energy-related engineering and construction contracts is recognised when underlying services are rendered. Revenue is recognised using the percentage of completion method, however, should the services be completed within a relative short period (usually within three months), revenue is recognised upon completion. The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant lease.

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.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment

Property, plant and equipment 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.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

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.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as lessor

Rental income from operating leases is recognised in the consolidated statement of profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as lessee

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

Foreign currencies

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

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

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

Borrowing costs

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

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

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.

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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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.

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.

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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

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, amount due from an associate 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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.

Financial liabilities

Financial liabilities representing trade and other payables, amounts due to directors and amount due to a shareholder 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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instrument *(Continued)*

Effective interest method (Continued)

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 27.

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).

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

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumption concerning the future and other key sources of estimation uncertainty at the date of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As at 31 December 2015, no deferred tax asset has been recognised on the tax losses of RMB40,580,000 (2014: RMB32,044,000) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

Estimated impairment of 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 2015, the carrying amount of trade and other receivables is RMB63,795,000 (net of allowance for doubtful debts of RMB1,159,000) (2014: carrying amount of RMB10,167,000, net of allowance for doubtful debts of RMB1,776,000).

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.

6. Financial Instruments

6a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**183,152**	43,799
Financial liabilities		
Amortised cost	**56,275**	19,739

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, amounts due to directors, amount due to a shareholder, amounts due to related parties and amount due to a non-controlling shareholder of a subsidiary. 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") by a Group's entity with functional currency denominated in RMB, 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:

	2015 RMB'000	2014 RMB'000
Assets		
HKD	**60,666**	26,240
USD	**3,205**	398

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 a decrease/increase in post-tax profit/loss for the year in the following magnitude, and vice versa:

	2015	2014
	RMB'000	RMB'000
HKD	**(3,033)**	(1,312)
USD	**(160)**	(20)

If a 5% strengthening of the HKD and USD against RMB would give to an exchange gain and an increase/decrease in post-tax profit/loss for the year in the same amount but in opposite direction as above.

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

(ii) Interest rate risk

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

Sensitivity analysis

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

6. Financial Instruments *(Continued)*

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

Credit risk

As at 31 December 2015, 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 associate 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 amount due from an associate amounting to RMB7,584,000 (2014: RMB7,421,000) before deducting impairment loss allowance. For the year ended 31 December 2015, as the results of the associate continued to not meet management's expectation, the Directors of the Company reassessed the timing and estimate of the cash flows from the repayment of the advance to an associate and discounted them at the original effective interest rate of the advance. Further impairment loss of RMB163,000 (2014: RMB2,281,000) is recognised in profit or loss to fully write down the whole amount of the outstanding advances.

The Group is also exposed to concentration of credit risk as at 31 December 2015 on trade balances arising from the New energy business from one customer amounting to RMB34,188,000 (2014: nil) which accounted for 60% of the Group's trade receivables. The customer of the Group is a well-known construction company with over ten years' relevant industrial history in Tianjin, the PRC. The management of the Group considers that the credit risk is limited in this regard.

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.

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	3 months to 1 year RMB'000	Total undiscounted cash flow RMB'000	Total carrying value at 31.12.2015 RMB'000
2015					
Trade and other payables	–	50,276	–	50,276	50,276
Amount due to a shareholder	2,740	–	–	2,740	2,740
Amounts due to related parties	59	1,500	1,000	2,559	2,559
Amount due to a non-controlling shareholder of a subsidiary	700	–	–	700	700
	3,499	51,776	1,000	56,275	56,275

	Repayable on demand RMB'000	Less than 3 months RMB'000	3 months to 1 year 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

6c. Fair value

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

7. REVENUE AND SEGMENT INFORMATION

Existing businesses

The Group owned and operated seven restaurants under the Group's own brand name "Noble House" in Shanghai, Qingdao and Beijing in the PRC ("Operation of restaurants"). The Group also operated a restaurant in Ningbo in the form of an associate. In June 2015, the Group closed down an underperforming restaurant in Qingdao, the PRC. Apart from these restaurants, the Group 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 under the Group's own brand name "Noble House" for supply to the Group's restaurants and retails shops in Shanghai and Hong Kong ("Sales of processed food and seafood"). The Operation of restaurants and the Sales of processed food and seafood are collectively referred to as the "Catering business".

New businesses

(i) On 8 September 2015, the Group has established a subsidiary in Tianjin in the PRC, Hua Xia Northern New Energy Technology Development (Tianjin) Limited ("Hua Xia Northern New Energy") with 90% equity interest. Hua Xia Northern New Energy is principally engaged in engineering and construction work related to New energy business ("New energy business"). During the year, Hua Xia Northern New Energy signed several supply agreements with two professional engineering and construction companies engaged in new energy related businesses and main contractors engaging in engineering and construction works related to New energy business respectively.

(ii) The Group's business is further diversified into property investment upon the acquisition of a property located in Shanghai, the PRC and rental income is generated to the Group during the year ended 31 December 2015 ("Property investment").

For the year ended 31 December 2014, the information reported to the chief operating decision maker, for the purpose of resource allocation and assessment of performance was prepared according to the geographical location of restaurants and stores. Hence, the Group's reportable and operating segments, based on geographical location of the restaurants and stores in the PRC and Hong Kong, were 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 processed food and seafood store,

(ii) Beijing – operation of one restaurant,

(iii) Qingdao – operation of one restaurant,

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

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

New businesses *(Continued)*

For the year ended 31 December 2015, the information reported to the executive Directors, for the purposes of resource allocation and performance assessment are changed as follows:

(i) **Catering business** – represented the gross revenue from the Operation of restaurants located in Shanghai and Beijing, the PRC, and the management services rendered to restaurants owned by the independent third parties and restaurants of the Group and the gross revenue from the operation of a food processing plant and seafood stores located in Shanghai and Hong Kong.

(ii) **New energy business** – represented the gross revenue from New energy business in Tianjin, the PRC.

(iii) **Property investment** – represented property rental income generated from an investment property located in Shanghai, the PRC.

Revenue from each type of business for the years ended 31 December 2015 and 2014 are as follow:

	2015 **RMB'000**	2014 RMB'000
Catering business	**76,458**	74,810
New energy business	**85,990**	–
Property investment	**60**	–
	162,508	74,810

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information is presented below.

Year ended 31 December 2015

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Segment total RMB'000	Total RMB'000
REVENUE					
External sales	**76,458**	**85,990**	**60**	**162,508**	**162,508**
RESULT					
Segment result	**(11,992)**	**45,213**	**2**	**33,223**	**33,223**
Unallocated corporate expenses					**(10,761)**
Impairment loss recognised on amounts due from associates					**(163)**
Recovery of allowance on amount due from a former associate					**3,976**
Gain on liquidation of a subsidiary					**933**
Imputed interest income on advances to an associate					**463**
Net foreign exchange gain					**4,808**
Profit before tax					**32,479**

Year ended 31 December 2014

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Segment total RMB'000	Total RMB'000
REVENUE					
External sales	74,810	–	–	74,810	74,810
RESULT					
Segment result	(18,104)	–	–	(18,104)	(18,104)
Unallocated corporate expenses					(13,665)
Impairment loss recognised on amounts due from associates					(2,281)
Gain on disposal of interest in an associate					200
Share of results of associates					(375)
Imputed interest income on amounts due from associates					537
Net foreign exchange loss					(362)
Loss before tax					(34,050)

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 December 2015

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:					
Impairment loss recognised on trade receivables	**134**	**–**	**–**	**–**	**134**
Reversal of impairment loss recognised on trade and other receivables	**(751)**	**–**	**–**	**–**	**(751)**
Depreciation of property, plant and equipment	**3,209**	**88**	**–**	**452**	**3,749**
Loss on disposal of property, plant and equipment	**813**	**–**	**–**	**23**	**836**
Impairment loss recognised on inventories	**(2,115)**	**–**	**–**	**–**	**(2,115)**
Interest income	**(17)**	**(12)**	**(1)**	**(1)**	**(31)**

Year ended 31 December 2014

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:					
Impairment loss recognised on trade receivables	1,123	–	–	–	1,123
Depreciation of property, plant and equipment	3,890	–	–	–	3,890
Loss on disposal of property, plant and equipment	236	–	–	–	236
Interest income	(34)	–	–	–	(34)

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 profit (loss) represents the profit (loss) generated by each segment without allocation of the expenses incurred by the Group's head office. This is the measure reported to the executive Directors of the Company for the purpose of resource allocation and performance assessment.

As information on the Group's segment assets and liabilities are not regularly provided to the executive Directors of the Company, 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 customers and assets respectively.

	Revenue from external customers Year ended		**Non-current assets Year ended**	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
PRC	**162,508**	74,511	**15,026**	11,845
Hong Kong	**–**	299	**1,627**	2,072
	162,508	74,810	**16,653**	13,917

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2015 RMB'000	2014 RMB'000
Customer A (New energy business)	**56,980**	–

There was no revenue from a single customer contributing over 10% of total revenue of the Group for the year ended 31 December 2014.

8. Other Income

	2015 RMB'000	2014 RMB'000
Government subsidy (note)	**750**	950
Imputed interest income on advances to associates	**463**	537
Interest income	**31**	34
Others	**2**	109
	1,246	1,630

Note: During the year ended 31 December 2015, a PRC subsidiary received approximately RMB750,000 (2014: RMB950,000), 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

	2015 RMB'000	2014 RMB'000
Net foreign exchange gain (loss)	**4,808**	(362)
Recovery of allowance on amount due from a former associate	**3,976**	–
Loss on disposal of property, plant and equipment	**(836)**	(236)
Impairment loss recognised on trade receivables	**(134)**	(1,123)
Reversal of impairment loss recognised on trade and other receivables	**751**	–
Impairment loss recognised on amounts due from associates	**(163)**	(2,281)
Gain on disposal of interest in an associate	**–**	200
	8,402	(3,802)

10. Gain on Liquidation of a Subsidiary

During the year, the Group liquidated Qingdao Noble House Food and Beverage Co., Ltd. (青島名軒樓餐飲有限公司) ("Noble House Qingdao"), a non-wholly owned subsidiary of the Company, which engaged in the operation of a restaurant. The liquidation was completed on 29 June 2015, on which date the Group lost control of Noble House Qingdao.

The net liabilities of Noble House Qingdao at the date of liquidation were as follows:

	RMB'000
Net liabilities liquidated	3,270
Less: non-controlling interest portion	(1,635)
	1,635
Assets and liabilities written off during liquidation:	
– amounts due from group companies	(1,207)
– amounts due to group companies	505
Gain on liquidation	933

11. Profit (Loss) Before Tax

	2015 **RMB'000**	2014 RMB'000
Profit (loss) before tax has been arrived at after charging:		
Directors' and chief executive's emoluments (note 12)	**3,721**	4,580
Salaries and other allowances	**20,909**	21,225
Retirement benefit scheme contributions, excluding those of Directors	**4,345**	4,531
Equity-settled share-based expenses, excluding those of Directors	**–**	5,414
Total staff costs	**28,975**	35,750
Auditors' remuneration	**892**	749

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

Directors

Details of the emoluments paid by the Group to the Directors of the Company were as follows:

2015

Name of directors	Directors' fee RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Directors				
Mr. Chan Wing Yuen, Hubert**	162	522	41	725
Mr. Hu Yishi*	57	370	6	433
Ms. Lin Min, Mindy**	162	1,044	14	1,220
Ms. Kwong Wai Man, Karina**	162	522	41	725
Mr. Chan Tai Neng****	149	–	–	149
Independent Non-executive Directors				
Mr. Lui Tin Nang***	162	–	–	162
Ms. Ma Lee***	162	–	–	162
Mr. Wang Zhi Zhong	145	–	–	145
Total	1,161	2,458	102	3,721

2014

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

Notes:

* Appointed on 27 August 2015.
** Appointed on 15 August 2014.
*** Appointed on 1 October 2014.
**** Resigned on 4 December 2015.
***** Resigned on 1 October 2014.

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

The executive Directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive Directors' emoluments shown above were mainly for their services as Directors of the Company.

There were no arrangement under which a Director waived or agreed to waive any remuneration during the year.

During the year ended 31 December 2014, certain Directors were granted share options in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 27 to the Group's consolidated financial statements.

For the year ended 31 December 2015, Mr. Hu Yishi, is appointed as the executive Director and executive chairman of the Company on 27 August 2015.

Employees

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

	2015	2014
Directors	**4**	5
Employees	**1**	–
	5	5

The remuneration of the four (2014: five) directors of the Company are set out above. The emoluments of the remaining individuals were as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries and other allowances	**1,062**	–
Retirement benefit scheme contributions	**66**	–
	1,128	–

The emolument were within the following band:

	2015	2014
HK$1,000,001 to HK$1,500,000	**2**	3
Less than HK$1,000,000	**3**	2

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 years ended 31 December 2015 and 2014. None of the directors waived any emoluments during the years ended 31 December 2015 and 2014.

13. Income Tax Expense

	2015 RMB'000	2014 RMB'000
Enterprise income tax in the PRC		
Current tax	**11,147**	–

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, Tianjin 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 profit (loss) before tax per the consolidated statements of profit (loss) and other comprehensive income (expenses) as follows:

	2015 RMB'000	2014 RMB'000
Profit (loss) before tax	**32,479**	(34,050)
Tax at EIT rate (25%)	**8,120**	(8,513)
Tax effect of expenses not deductible for tax purpose (note)	**2,672**	3,082
Tax effect of income not taxable for tax purpose	**(2,663)**	(188)
Tax effect of tax losses not recognised	**2,134**	3,986
Tax effect of temporary difference not recognised	**243**	325
Effect of different tax rates of subsidiaries operations in Hong Kong	**809**	1,214
Tax effect of share of results of associates	**–**	94
Others	**(168)**	–
Tax charge for the year	**11,147**	–

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

13. Income Tax Expense *(Continued)*

PRC *(Continued)*

At the end of the reporting period, the Group has unused tax losses of RMB40,580,000 (2014: RMB32,638,000) available for offset against future profits. A deferred tax asset has been recognised in respect of Nil (2014: RMB594,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB40,580,000 (2014: RMB32,044,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB393,000 (2014: RMB393,000) will expire in 2016; RMB2,068,000 (2014: RMB2,068,000) will expire in 2017; RMB10,386,000 (2014: RMB10,386,000) will expire in 2018 and RMB11,831,000 (2014: RMB13,636,000) will expire in 2019 and RMB14,143,000 (2014: Nil) will expire in 2020. 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 retained profits of the PRC subsidiaries amounting to Nil as at 31 December 2015 (2014: nil), 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.

14. Dividends

No dividend has been paid or proposed by the Group for the year ended 31 December 2014 and 2015.

15. Earnings (Loss) per Share

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

	2015 RMB'000	2014 RMB'000
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**18,369**	(32,243)

The weighted average number of ordinary shares for the purpose of calculation of diluted earnings (loss) per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share as follows:

	2015 '000	2014 '000
Weighted average number of shares used in the calculation of basic earnings (loss) per share	**387,582**	286,444
Shares deemed to be issued in respect of:		
– Share options	**12,082**	–
Weighted average number of shares used in the calculation of diluted earnings (loss) per share	**399,664**	286,444

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares in 2014.

16. Property, Plant and Equipment

	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 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 and 1 January 2015	11,149	8,008	5,209	24,366
Additions	908	267	881	2,056
Disposals/Write-off	–	(1,453)	(577)	(2,030)
At 31 December 2015	12,057	6,822	5,513	24,392
DEPRECIATION				
At 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 and 1 January 2015	4,004	5,086	3,427	12,517
Provided for the year	2,453	708	588	3,749
Disposals/Write-off	–	(639)	(285)	(924)
At 31 December 2015	6,457	5,155	3,730	15,342
CARRYING VALUES				
At 31 December 2015	5,600	1,667	1,783	9,050
At 31 December 2014	7,145	2,922	1,782	11,849

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%

17. Investment Property

	RMB'000
AT FAIR VALUE	
Addition and at 31 December 2015	5,124

The Group's investment property is situated in the PRC and held under medium term lease. The Directors of the Company have determined that the investment property is commercial asset, based on the nature, characteristics and risks of the property.

Fair value measurements and valuation processes

In estimating the fair value of investment properties, it is the Group's policy to engage third party qualified external valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's investment property as at 31 December 2015 has been arrived on the basis of a valuation carried out on that date by Avista Valuation Advisory Limited, being independent qualified professional valuers not connected to the Group.

The fair value was determined based on the income approach, by taking into account the net rental income of the property derived from the existing lease and/or achievable in the existing market with the allowance for the reversionary income potential of the leases, which has been then capitalised to determine the market value at an appropriate capitalisation rate.

In estimating the fair value of the property, the highest and best use of the property is their current use.

17. Investment Property *(Continued)*

Fair value measurements and valuation processes *(Continued)*

The following table gives information about how the fair value of the investment property is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment property held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment property	Level 3	Income approach		
		The key inputs are		
		(1) Average monthly rental	Average monthly rental, taking into account the rentals achieved in the lettable units of the property as well as other lettings of similar properties in the neighbourhood. In the 31 December 2015 valuation, average monthly rental of RMB5.6 per square meter is used.	An increase in the monthly rental used would result in an increase in fair value measurement of the investment property, and vice vesa.
		(2) Discount rate	Discount rate, taking into accounts the sales transactions of similar commercial properties in the PRC and the market expectation from property investors. In the 31 December 2015 valuation, discount rate approximate to 5% is used.	A slight increase in discount rate used would result in significant decrease in fair value measurement to the investment property, and vice versa.

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2015 are as follows:

	Level 3	Fair value as at 31.12.2015
Commercial property unit located in the PRC	5,124	5,124

There were no transfers into or out of Level 3 during the year.

18. Goodwill

	2015 & 2014 RMB'000
COST	
At 1 January and 31 December	1,429
IMPAIRMENT	
At 1 January and 31 December	1,429
CARRYING VALUES	
At 31 December	–

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, sales of seafood in Shanghai.

19. Interest in an Associate

	2015 RMB'000	2014 RMB'000
Cost of unlisted investment in an associate	400	400
Deemed capital contribution (note)	1,705	1,705
Share of post-acquisition losses	(2,105)	(2,105)
	–	–

As at 31 December 2015 and 2014, the Group had interest in the following associate:

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
			2015	2014	2015	2014	
Dong Hai Noble House Food and Beverage Co., Ltd. ("Dong Hai Noble House")	Limited liability	PRC	40%	40%	40%	40%	Operating restaurant

Note: Deemed capital contribution represents the imputed interest on interest-free loans to an associate.

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

The Group's associate is accounted for using the equity method in these consolidated financial statements.

19. Interest in an Associate *(Continued)*

Dong Hai Noble House

	2015 RMB'000	2014 RMB'000
Total assets	**6,824**	11,433
Total liabilities	**(21,919)**	(21,957)
Net liabilities	**(15,095)**	(10,524)
Net liabilities attributable to the Group	**(6,038)**	(4,210)

	Year ended 31.12.2015 RMB'000	Year ended 31.12.2014 RMB'000
Revenue	**8,082**	9,510
Loss for the year attributable to owner of the associate	**(4,571)**	(4,611)
Group's share of loss	**(1,828)**	(1,845)

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

	2015 RMB'000	2014 RMB'000
Net liabilities	**(15,095)**	(10,524)
Proportion of the Group's ownership interest in Dong Hai Noble House	**40%**	40%
Group's interest in Dong Hai Noble House	**(6,038)**	(4,210)
Deemed capital contribution	**1,705**	1,705
Unrecognised share of loss	**4,333**	2,505
Carrying amount of the Group's interest in Dong Hai Noble House	**–**	–

	Year ended 31.12.2015 RMB'000	Year ended 31.12.2014 RMB'000
The unrecognised share of loss of an associate for the year	**1,828**	1,813
Cumulative unrecognised share of loss of an associate	**4,333**	2,505

20. Amount Due From an Associate

	2015 RMB'000	2014 RMB'000
Dong Hai Noble House – non-trade (non-current) (note (a))	**7,584**	7,421
Less: Impairment loss recognised (note (b))	**(7,584)**	(7,421)
	–	–

Notes:

(a) As at 31 December 2015 and 2014, 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% (2014: 5.89%) per annum. 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) During the years ended 31 December 2015 and 2014, as the result of Dong Hai 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 advance to the associate and discounted them at the original effective interest rate of the advance. An impairment loss of an amount of RMB163,000 was recognised in profit or loss (2014: RMB2,281,000).

21. Inventories

	2015 RMB'000	2014 RMB'000
Food and beverages	**5,949**	11,138
Consumables	**22**	122
	5,971	11,260

22. Trade and Other Receivables

Generally, there was no credit period for sales from the Catering business, except for certain well established corporate customers for which the credit terms are up to 90 days.

For the New energy business, the settlement period according to contract terms is generally within one year after the completion of energy-related engineering and construction work.

	2015 **RMB'000**	2014 RMB'000
Trade receivables	**57,888**	7,199
Less: allowance for doubtful debts	**(1,067)**	(1,625)
	56,821	5,574
Other receivables and deposits:		
Prepayments to suppliers	**2,638**	806
Prepayments for operating expenses	**526**	207
Other deposits	**2,521**	2,713
Others	**1,381**	1,018
Less: allowance for doubtful debts	**(92)**	(151)
	6,974	4,593
	63,795	10,167

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

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

	2015 **RMB'000**	2014 RMB'000
0 – 30 days (note)	**54,274**	2,470
31 – 60 days	**635**	533
61 – 90 days	**405**	683
91 – 120 days	**284**	565
121 – 150 days	**69**	174
151 – 180 days	**83**	87
Over 180 days	**1,071**	1,062
	56,821	5,574

22. Trade and Other Receivables *(Continued)*

Note: Included in the amount represents trade receivables of RMB51,187,000 (2014: Nil) from the New energy business, which are not yet due at period end and are within the settlement period according to the contract terms is generally within one year after the completion of engineering and construction work related to New energy business.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB1,507,000 as of 31 December 2015 (2014: RMB1,888,000), 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 balances 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

	2015 RMB'000	2014 RMB'000
91 – 120 days	**284**	565
121 – 150 days	**69**	174
151 – 180 days	**83**	87
Over 180 days	**1,071**	1,062
	1,507	1,888

Movement in the allowance for doubtful debts on trade receivables

	2015 RMB'000	2014 RMB'000
At beginning of the year	**1,625**	502
Impairment losses recognised	**134**	1,123
Reversal of impairment loss recognised	**(692)**	–
At end of the year	**1,067**	1,625

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB1,067,000 (2014: RMB1,625,000) of which the debtors were in financial difficulties.

22. Trade and Other Receivables *(Continued)*

Movement in the allowance for doubtful debts on other receivables

	2015 **RMB'000**	2014 RMB'000
At beginning of the year	**151**	325
Reversal of impairment loss recognised	**(59)**	(174)
At end of the year	**92**	151

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate carrying amount of RMB92,000 (2014: RMB151,000) which was not settled before the due date and considered as uncollectible.

23. 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:

	2015	2014
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:

	2015 **RMB'000**	2014 RMB'000
HKD	**60,666**	26,240
USD	**3,205**	398

24. Trade and Other Payables

The credit period for trade purchases of the Catering business is 30 to 60 days.

For the New energy business, the settlement period in according to contract terms is generally within one year after the completion of energy-related engineering and construction work.

24. Trade and Other Payables *(Continued)*

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

	2015 RMB'000	2014 RMB'000
Trade payables:		
0 – 30 days (note)	**37,397**	2,497
31 – 60 days	**1,808**	1,469
61 – 90 days	**725**	992
91 – 180 days	**679**	907
Over 180 days	**1,336**	729
	41,945	6,594
Other payables:		
Accruals	**2,134**	3,677
Other payables	**7,116**	6,662
Payable for acquisition of property, plant and equipment	**700**	–
Employee benefits payable	**435**	1,144
Other taxes payable	**80**	235
	10,465	11,718
	52,410	18,312

Note: Included in the amount represents trade payables of RMB23,184,000 (2014: Nil) from the New energy business, which are not yet due at period end and are within the settlement period according to the contract terms is generally within one year after the completion of engineering and construction work.

25. Amounts Due to Directors/a Shareholder/Related Parties/ a Non-controlling Shareholder of a Subsidiary

	2015 RMB'000	2014 RMB'000
Amounts due to directors	**–**	5,104
Amount due to a shareholder	**2,740**	–

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

25. Amounts Due to Directors/a Shareholder/Related Parties/ a Non-controlling Shareholder of a Subsidiary *(Continued)*

	2015 RMB'000	2014 RMB'000
Amounts due to related parties		
– 順盈貿易(上海)有限公司 (note)	**2,500**	–
– 臻露酒業(上海)有限公司 (note)	**59**	–
	2,559	–
Amount due to a non-controlling shareholder of a subsidiary	**700**	–

Note: Both companies are owned by Mr. Hu Yishi, the executive director, executive chairman and a shareholder of the Company.

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

26. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2014	280,000,000	2,800
Issue of new shares (note 1)	56,000,000	560
At 31 December 2014 and 1 January 2015	336,000,000	3,360
Exercise of share options (note 2)	13,160,000	132
Issue of new shares (note 3)	80,000,000	800
At 31 December 2015	429,160,000	4,292

26. Share Capital *(Continued)*

	2015	2014
	RMB'000	RMB'000
Shown on the consolidated statement of financial position	**3,470**	2,735

Notes:

1. 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.

2. During the year ended 31 December 2015, an aggregate of 13,160,000 new shares were issued and allotted upon the exercise of share options with exercise price of HK$0.81 granted on 25 November 2014. The gross proceeds from the exercise of share options are approximately HK$10,660,000 (equivalent to RMB8,444,000).

3. On 16 April 2015, the Company entered into the subscription agreement with the subscriber for the subscription of an aggregate of 80,000,000 new shares for an aggregate consideration of HK$76,000,000 (equivalent to RMB59,984,000) at the subscription price of HK$0.95 per subscription share. The subscription was completed on 30 June 2015.

   The aggregate net proceeds from the issuance of new shares is approximately HK$75,791,000 (equivalent to RMB59,820,000) and the Company intended to use the net proceeds arising from the subscription (i) as to HK$25,500,000 (equivalent to approximately RMB20,127,000) for any potential investment opportunities as identified by the Group and (ii) as to HK$50,291,000 (equivalent to approximately RMB39,693,000) as general working capital of the Group.

27. 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.

27. 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 share option scheme is valid and effective for a period of 10 years commencing on 30 December 2011 and may continue to be exercisable in accordance with their terms of issue.

The Scheme has become effective on 12 December 2011. During the year ended 31 December 2014, the Company had 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 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 14,840,000 (31 December 2014: 28,000,000), representing 3.5% (31 December 2014: 8.3%) 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.

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

The following table discloses movement of the Company's share options during the years ended 31 December 2015 and 2014:

Option type	1.1.2014	Granted	Exercised	Forfeited	Outstanding at 31.12.2014 and 1.1.2015	Granted	Exercised	Forfeited	Outstanding at 31.12.2015
	'000	'000	'000	'000	'000	'000	'000	'000	'000
Option A	–	9,240	–	–	9,240	–	–	–	9,240
Option B	–	8,400	–	–	8,400	–	(8,400)	–	–
Option C	–	10,360	–	–	10,360	–	(4,760)	–	5,600
	–	28,000	–	–	28,000	–	(13,160)	–	14,840
Exercisable at the end of the year 2015									14,840
Weighted average exercise price									HK$0.81

In respective of the share options exercised during the year, the weighted average share price immediately before the date of exercise is HK$1.51 (2014: nil).

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 an expense of HK$10,533,000 (equivalent to RMB8,348,000) in relation to share options granted by the Company for the year ended 31 December 2014 (2015: Nil).

28. 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 2014	140	(140)	–
(Credit) charge to profit or loss	(42)	42	–
At 31 December 2014	98	(98)	–
(Credit) charge to profit or loss	(98)	98	–
At 31 December 2015	–	–	–

29. Operating Lease Commitments

The Group as lessee

	2015 RMB'000	2014 RMB'000
Minimum lease payments paid under operating lease commitment in respect of premise for the year	**16,343**	20,519

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

	2015 RMB'000	2014 RMB'000
Within one year	**13,179**	14,957
In the second to fifth year inclusive	**25,660**	26,690
	38,839	41,647

The leases are generally negotiated for a lease term from 2 to 10 years (2014: 3 to 10 years).

29. Operating Lease Commitments *(Continued)*

The Group as lessor

The property held have committed tenants to the maximum of two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments which fall due:

	2015 **RMB'000**	2014 RMB'000
Within one year	**264**	–
In the second to fifth year inclusive	**132**	–
	396	–

30. 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$30,000 (2014: 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 2015 in respect of the retirement of its employees.

31. Information about the Financial Position of the Company

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investments in subsidiaries	**316**	316
Current assets		
Prepayment	**251**	54
Amount due from a director	**955**	955
Amounts due from subsidiaries	**108,703**	44,380
Cash on hand	**–**	–
	109,909	45,389
Current liabilities		
Other payables	**586**	681
Net current assets	**109,323**	44,708
Net assets	**109,639**	45,024
Capital and reserves		
Share capital (note 26)	**3,470**	2,735
Reserves (note 32)	**106,169**	42,289
Total equity	**109,639**	45,024

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 15 March 2016 and are signed on its behalf by:

Ms. Lin Min, Mindy
DIRECTOR

Mr. Chan Wing Yuen, Hubert
DIRECTOR

32. Reserves of the Company

	Share premium RMB'000	Special reserve RMB'000 (note a)	Share option reserve RMB'000	(Accumulated losses) retained period RMB'000	Total RMB'000
At 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 26)	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 and 1 January 2015	59,450	316	8,348	(25,825)	42,289
Loss and total comprehensive expense for the year	–	–	–	(3,649)	(3,649)
Exercise of share options (note 27)	12,137	–	(3,797)	–	8,340
Issue of new shares (note 26)	59,353	–	–	–	59,353
Cost of issuing new shares	(164)	–	–	–	(164)
Cancellation of share premium (note b)	(130,776)	–	–	130,776	–
At 31 December 2015	–	316	4,551	101,302	106,169

Notes:

a. 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 in 2011.

b. Pursuant to the Board resolution dated on 9 November 2015, the Board resolved to apply credits in the share premium account in the amount of RMB130,776,000 to set-off accumulated losses of the Company. Under the Companies Law of the Cayman Islands, the share premium account may be applied by the Company subject to the provisions, if any, of its memorandum or articles of association in such manner as the Company may, from time to time, determine. Provided that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under the Articles of Association of the Company, the board of directors of the Company is empowered to apply the share premium account in any manner permitted by the Companies Law of Cayman Islands.

33. 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	**2015 RMB'000**	2014 RMB'000
Dong Hai Noble House	Sales of processed food	**134**	283
	Handling fee income on VIP cards	**35**	–
天津新平潤馳工貿有限公司 (note 1)	Service fee paid	**700**	–
臻露酒業(上海)有限公司 (note 2)	Purchase of inventory	**946**	–

Notes:

1. 天津新平潤馳工貿有限公司 is a non-controlling shareholder of 華夏北方新能源科技發展(天津)有限公司, an indirectly owned subsidiary of the Company.

2. 臻露酒業(上海)有限公司 is a company owned by Mr. Hu Yishi, the executive Director, Executive Chairman and a shareholder of the Company.

On 2 April 2015, the Company and 順盈貿易(上海)有限公司 (Sun Profit Trading (Shanghai) Limited), a company indirectly wholly-owned by Mr. Hu Yishi, the executive Director, Executive Chairman and a shareholder of the Company, entered into a sale and purchase agreement for the purchase of an investment property located in Shanghai, the PRC, at the aggregate consideration of RMB4,960,000 and the associated legal cost of RMB164,000 in which this transaction constitutes a connected party transaction to the Group. The acquisition of the property has been completed on 24 September 2015.

(II) Balances

Details of balances with related parties are set out in the consolidated statement of financial position and in notes 20 and 25, 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 12. The remuneration of the directors and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

34. Events after the reporting period

(I) On 10 March 2016, Crown Glory Holdings Limited, an indirectly wholly-owned subsidiary of the Company, has been granted a money lenders licence. Up to the report date, the money lending business had not been commenced.

(II) On 15 March 2016, the Board proposed the following:

(i) Implement the share subdivision (the "Share Subdivision") on the basis that every 1 issued and unissued share of HK$0.01 each will be subdivided into 8 subdivided shares of HK$0.00125 each;

(ii) Change the board lot size for trading in the subdivided shares of the Company from 4,000 subdivided shares to 8,000 subdivided shares upon the Share Subdivision becoming effective; and

(iii) Make certain amendments to the Memorandum and Articles of Association of the Company.

All of the above proposal will be subject to shareholders' approval at the coming annual general meeting. Details are set out in the Company's announcement dated 15 March 2016.

35. 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		Proportion of voting power held by the Company		Share capital/ registered and paid-up capital	Principal activities
			2015	2014	2015	2014		
Directly owned								
富品有限公司 Wealth Grade Limited	BVI 8 August 2011	BVI	100%	100%	100%	100%	US$1	Investment holding
耀海控股有限公司 Radiant Sea Holdings Limited	Samoa 19 August 2014	Samoa	100%	100%	100%	100%	US$1	Investment holding
誠富投資有限公司 Chengfu Investments Limited	Samoa 8 August 2014	Samoa	100%	100%	100%	100%	US$1	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 Noblehouse Food Trading Co., Limited	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 Food Service Management Co., Ltd.	PRC 22 December 2003	PRC	100%	100%	100%	100%	US$2,000,000	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
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

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

A. General information of subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group 2015	Equity interest attributable to the Group 2014	Proportion of voting power held by the Company 2015	Proportion of voting power held by the Company 2014	Share capital/ registered and paid-up capital	Principal activities
上海盈愷投資管理有限公司 Shanghai Ying Kai Investment Management Limited (Note)	PRC 6 July 2015	PRC	**100%**	–	**100%**	–	RMB5,353,296	Property investment
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 (Note)	PRC 8 September 2015	PRC	**90%**	–	**90%**	–	RMB18,000,000	New energy development, research on its related technology and construction business
萃譽控股有限公司 Brilliant Noble Holdings Limited	Samoa 1 August 2014	Samoa	**100%**	100%	**100%**	100%	US$1	Not yet commence business
北方新能源管理有限公司 Northern New Energy Management Limited (Note)	Hong Kong 8 July 2015	Hong Kong	**100%**	–	**100%**	–	HK$1	Not yet commence business
冠能集團有限公司 Crown Glory Holdings Limited	Hong Kong 18 August 2014	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Money lending
怡大有限公司 Total Joy Corporation Limited	Hong Kong 8 July 2014	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Providing administrative services to the group
易貸財務有限公司 Easy 2 Finance Limited (formerly known as 眾富財務有限公司 All Rich Finance Limited)	Hong Kong 18 August 2014	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Not yet commence business
盈凱有限公司 Abundant Victory Limited (Note)	Republic of Seychelles 3 February 2015	Republic of Seychelles	**100%**	–	**100%**	–	US$1	Investment holding
寶順發展有限公司 Treasure Trend Development Limited (Note)	Hong Kong 23 January 2015	Hong Kong	**100%**	–	**100%**	–	HK$1	Investment holding
鋭力投資有限公司 Sharp Power Investments Limited (Note)	Republic of Seychelles 22 January 2015	Republic of Seychelles	**100%**	–	**100%**	–	US$1	Investment holding
億鑽珠寶控股有限公司 Noble Jewelry Holdings Limited	Hong Kong 18 April 2012	Hong Kong	**100%**	–	**100%**	–	HK$1	Investment holding
北方新能源發展有限公司 Northern New Energy Development Limited (Note)	Hong Kong 22 June 2015	Hong Kong	**100%**	–	**100%**	–	HK$1	Investment holding
冠保集團有限公司 Crown Ace Holdings Limited (Note)	Hong Kong 13 July 2015	Hong Kong	**100%**	–	**100%**	–	HK$1	Not yet commence business
青島名軒樓餐 Qingdao Noble House Food and Beverage Co., Ltd	PRC 17 October 2005	PRC	**-**	50%	**-**	50%	RMB500,000	Operating restaurant

Note: The subsidiaries were newly set up by the Company in 2015.

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

35. 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	
		2015	2014	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
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	PRC	**10%**	–	**3,407**	–	**5,207**	–
青島名軒樓餐飲有限公司 Qingdao Noble House Food and Beverage Co., Ltd	PRC	**N/A**	50%	**–**	(973)	**–**	(1,628)
Individually immaterial subsidiary with non-controlling interest				**(444)**	(834)	**(1,517)**	(1,080)
				2,963	(1,807)	**3,690**	(2,708)

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

華夏北方新能源科技發展(天津)有限公司

	2015 RMB'000	2014 RMB'000
Current assets	**97,994**	N/A
Non-current assets	**792**	N/A
Current liabilities	**(46,712)**	N/A
Equity attributable to owners of the Company	**52,074**	N/A
Non-controlling interests	**5,207**	N/A

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

B. Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

華夏北方新能源科技發展(天津)有限公司 *(Continued)*

	2015 RMB'000	2014 RMB'000
Revenue	85,645	N/A
Expenses	(51,570)	N/A
Profit for the year	34,075	N/A
Profit and total comprehensive income attributable to owners of the Company	30,668	N/A
Profit and total comprehensive income attributable to the non-controlling interests	3,407	N/A
Profit and total comprehensive income for the year	34,075	N/A
Net cash inflow from operating activities	29,569	N/A
Net cash outflow from investing activities	(761)	N/A
Net cash inflow from financing activities	18,000	N/A
Net cash inflow	46,808	N/A

35. 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(Note)

	2015 RMB'000	2014 RMB'000
Current assets	**N/A**	107
Non-current assets	**N/A**	7
Current liabilities	**N/A**	(3,370)
Equity attributable to owners of the Company	**N/A**	(3,256)
Non-controlling interests	**N/A**	(1,628)

Note: The subsidiary was liquidated of during the year ended 31 December 2015 as detailed in note 10.

	2015 RMB'000	2014 RMB'000
Revenue	**N/A**	1,384
Expenses	**N/A**	(3,330)
Loss for the year	**N/A**	(1,946)
Loss and total comprehensive expenses attributable to owners of the Company	**N/A**	(973)
Loss and total comprehensive expenses attributable to the non-controlling interests	**N/A**	(973)
Loss and total comprehensive expenses for the year	**N/A**	(1,946)
Net cash outflow from operating activities	**N/A**	(127)
Net cash outflow from investing activities	**N/A**	–
Net cash outflow	**N/A**	(127)

Summary of Financial Information

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	131,233	124,702	99,477	74,810	**162,508**
Profit (loss) before taxation	10,318	8,482	(27,902)	(34,050)	**32,479**
Taxation	(5,442)	(3,643)	(201)	–	**(11,147)**
Profit (loss) for the year	4,876	4,839	(28,103)	(34,050)	**21,332**

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Total assets	97,798	88,271	63,080	72,551	**211,369**
Total liabilities	(52,524)	(38,638)	(41,550)	(47,905)	**93,692**
Net assets	45,274	49,633	21,530	24,646	**117,677**

A summary of the Group's result for the five financial years and the assets and liabilities of the Group as at 31 December 2015, 2014, 2013, 2012 and 2011 as extracted from the published audited financial statements for the year ended 31 December 2015, 2014, 2013, 2012 and 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.

Particular of Investment Property

Location	Type	Tenure	Attributable interest of the Group
Unit 609, Jing An China Tower, 1701 Beijing West Road, Shanghai, the PRC	Commercial	Medium-term lease	100%