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

Annual Report 2016

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Corporate Information

Board of Directors

Executive Directors

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

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

Authorised Representatives

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

Registered Office

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

Principal Place of Business in Hong Kong

Rm 2202, 22/F,
Chinachem Century Tower,
178 Gloucester Road,
Wan Chai,
Hong Kong

Share Registrar and Transfer Office in Cayman Islands

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

Hong Kong Share Registrar

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

Legal Adviser to the Company

K&L Gates
Angela Ho & Associates
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu

Principal Banker

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

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 2016.

During the year, the Group's dedicated efforts to actively develop the new energy business led to encouraging results. The new energy business has become the Group's key growth driver within little more than a year. Therefore, the strategic direction of expansion to new business segments pursued by the management in 2015 has proven to be effective.

Apart from the significant contribution from the new energy business, our prudent business approach to the catering business is also one of the reasons contributing to substantial growth in profit during the year. Our implementation of strict cost control measures and a pragmatic business strategy has helped us to further improve our business performance.

In view of the increasing concern of Mainland China's citizens about environmental protection, smog has become a national topic of conversation, in particular, the worsening air pollution has been caused by emissions generated by winter heating. The National Development and Reform Commission ("NDRC") is determined to push forward the reform of the energy sector in order to enhance the prevention and treatment of pollution. Such determination could be seen in the "Thirteenth Five-year Plan for the Development of Natural Gas" (the "Plan") announced by the authority at the beginning of 2017. The Plan included provisions to step up efforts in developing the natural gas industry. The Beijing-Tianjin-Hubei region, which has been hit most hard by the smog, is one of the critical areas for the implementation of coal-to-natural gas conversion projects. Moreover, the consultation period for "Opinions on Accelerating the Use of Natural Gas" has ended and the measure is likely to be introduced in the near future. All local governments have indicated their support for the measure by launching or planning natural gas reform measures such as subsidies for coal-to-natural gas conversion and tax concession policy.

The new energy industry is vital to the sustainable development of society and is poised to be a development focus of the country. The Group is set to capture abundant opportunities presented by the favorable national policies mentioned above to pursue further business development in the new energy sector. In addition to continuously providing new energy development, installation and consultancy services to existing clients, we are also actively exploring cooperation or acquisition opportunities that are conducive to the growth of the Group, with the aim to accelerate the development pace of the new energy business and enlarge our market share. We have already established a solid foothold in Tianjin, China and expect to replicate our successful business model elsewhere in Northern China and neighboring regions which we believe have huge potential in the future.

To halt the ongoing loss from the catering business, we plan to review and restructure its operations in 2017. As for property investment, we will continue to look for investment projects delivering stable returns, so as to generate greater value for our shareholders.

On behalf of the Group, I would like to thank our Board members, management team and all staff members for their contributions. I also wish to express my gratitude to our business partners, clients and shareholders for their cooperation and support.

Hu Yishi
Executive Chairman

Hong Kong, 16 March 2017

Principal Activities

The principal activities of the Group are new energy development business, research & development on its relevant technologies and construction engineering (the "New energy business"), operation of restaurants, provision of management services, sale of processed food and seafood (the "Catering business") and property investment business (the "Property investment").

Financial Highlights

The Board of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2016 (the "Current Year"), together with the audited comparative figures for the corresponding year ended 31 December 2015 (the "Previous Year") as follows:

	2016 RMB'000	2015 RMB'000 (restated)	Increase
Revenue	**372,291**	162,508	129.1%
Gross profit[a]	**168,921**	58,182	190.3%
Profit and total comprehensive income for the year	**106,737**	21,332	400.4%
Profit and total comprehensive income attributable to owners of the Company	**95,050**	18,369	417.4%
Dividend	**Nil**	Nil	
EBIT	**147,090**	32,479	352.9%
EBITDA	**150,570**	36,228	315.6%
Earnings per share			
Basic	**RMB0.028**	RMB0.006	366.7%
Diluted	**RMB0.027**	RMB0.006	350.0%

	As at 31.12.2016 RMB'000	As at 31.12.2015 RMB'000	Increase/ (decrease)
Total assets	**343,168**	211,369	62.4%
Bank balances and cash	**102,848**	124,950	(17.7%)
Equity attributable to owners of the Company	**209,037**	113,987	83.4%

Key Financial Indicators	**2016**	2015
Current ratio (times)[b]	**2.8**	2.1
Gross profit margin[c]	**45.4%**	35.8%
Net gearing ratio[d]	**1.2%**	2.4%
Net profit margin[e]	**28.7%**	13.1%
Return on average equity[f]	**58.9%**	26.0%

Note:

(a) The calculation of gross profit is based on revenue minus cost of sales.
(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 margin is based on profit for the year divided by revenue.
(f) The calculation of return on average equity is based on profit attributable to the owners of the Company divided by average equity attributable to owners of the Company.

Management Discussion and Analysis

BUSINESS REVIEW

During the financial year, the Group's active efforts to bolster its New energy business have realized tremendous progress. This division has become our major source of income and profit, which has validated the strategy of expanding into a new area and has created greater value for shareholders.

As a result, the profit of the Group rose notably in the year under review. On top of the obvious contribution from the New energy business, credit is also due to the Group managing its Catering business more prudently, including the implementation of effective cost control measures and executing a pragmatic operational strategy to further improve the performance of the related business.

New Energy Business

Upon setting up the Hua Xia Northern New Energy Technology Development (Tianjin) Limited (the "Hua Xia Northern New Energy") in the second half of 2015, the Group has officially entered the new energy market of China. In just slightly more than one year, this arm has become the main growth driver and strategic key development segment of the Group. As such, our confidence in developing the New energy business has greatly increased. In the future, the Group is continuing to actively explore opportunities for cooperation with different parties.

During the year under review, we have actively developed the New energy business. We have provided technological development and consultation services in new energy projects including coal-to-natural gas conversion heating projects, as well as the installation of LNG tanks, carburetors, non-standard pressure regulator equipment and gas boilers, and the construction of large-scale heating plants. Our outstanding professional services have built for us a good reputation in the market within a short period of time. Besides, the Group has worked with several new energy-related companies during the year to co-develop projects in Tianjin, including the layout and construction of pipeline of outdoor network and the construction and installation of a bag filter, all of which have been smoothly completed during the year.

At the same time, the Group has also signed letters of intent to establish joint ventures with four companies, aiming to expand its scope for development as the management actively follows up on the cooperation opportunities described above, and will announce more relevant information at the appropriate time.

Catering Business

As at 31 December 2016, the Group owned and operated four "Noble House" restaurants in Shanghai, the PRC. It also operated the trading business of supplemental food products, which are sold at the Group's restaurants and other retail stores under the brand of "Noble House".

The performance of the Catering business in Mainland China was still affected by the austerity policy of the government. In the first half of this year, the Group sold three subsidiaries in Hong Kong, Shanghai and Beijing (for further details regarding the disposals, please refer to note 11 of the consolidated financial statements), and closed the underperforming Noble House Zhangjiang Restaurant, Shanghai (the "Zhangjiang Restaurant") in the third quarter of 2016. It has strictly controlled the operating costs of the Catering business to cut losses.

Management Discussion and Analysis

Besides, the Group has outsourced the operation of one of the restaurants to an independent contractor ("Contractor") in the first quarter of 2016. Under the external operation contracting agreement ("Operation Contract") signed by the parties, the Contractor shall manage the restaurant and bear the operating risks. The transaction has further lowered the operating costs of the Catering business and mitigated the risks of the Group.

The contractual dispute between Dang Hai Noble House Food and Beverage Co,. Ltd ("Ningbo Restaurant") and Shanghai Noble House Food Service Management Co,Ltd is under litigation. The Group has sought advice from its legal counsel in the PRC, who believes that the claim would not have any significantly unfavorable impact on the Group's operations or financial status, so no provision shall be made against it. The Group has instructed the legal adviser in the PRC to follow this incident and more relevant information is to be announced in due course.

Property Investment

Subsequent to the investment in a property on Beijing Road West, Jing An District, Shanghai, the Group has signed an agreement during the year to acquire another property within the same building for investment purposes. The transaction is going to be completed in the first half of 2017 and upon completion the property would generate stable rental income for the Group.

FINANCIAL REVIEW

Revenue

For the Current Year, revenue of the Group amounted to RMB372.3 million, representing a substantial increase of 129.1% from RMB162.5 million for the Previous Year. The increase in revenue was mainly owed to the remarkable increase in revenue, of RMB231.6 million, brought in by the Group's New energy business during the Current Year.

Cost of sales

	2016 **RMB'000**	2015 RMB'000	Increase/ (decrease)
Catering business	**46,096**	65,002	(29.1%)
New energy business	**157,274**	39,324	299.9%
Property investment	**–**	–	–
Group total	**203,370**	104,326	94.9%

Cost of sales of the Catering business in the Current Year decreased by 29.1% from RMB65.0 million in the Previous Year to RMB46.1 million, mainly due to effective cost reduction and control measures plus the optimized business model of the segment.

Cost of sales of the New energy business increased by 299.9% to RMB157.3 million from RMB39.3 million in the Previous Year, mainly because more projects were completed in Tianjin as compared with last year.

Management Discussion and Analysis

Gross profit margin

	2016	2015
	%	%
Catering business	**15.3%**	15.0%
New energy business	**50.5%**	54.3%
Property investment	**100%**	100.0%
Group	**45.4%**	35.8%

Gross profit is revenue less cost of sales. The gross profit margin of the Catering business remained stable at around 15% for the Current Year. Effective cost reduction and control measures and the optimized business model of the segment stopped the overall gross profit margin of the business from trending down.

Gross profit margin of the New energy business segment decreased slightly from 54.3% for the Previous Year to 50.5% for the Current Year and the Property investment segment had a 100% gross profit margin.

Other gains and losses

Other gains and losses decreased by 49.7% from RMB8.6 million for the Previous Year to RMB4.3 million for the Current Year, mainly due to the absence of the one-off item of recovery of allowance on amount due from a former associate in the amount of RMB4.0 million incurred in the Previous Year and decrease in the amount of net foreign exchange gain.

Administrative expenses

Administrative expenses slightly increased by 2.9% from RMB27.8 million for the Previous Year to RMB28.6 million for the Current Year. The increase reflected the expenses generated in relation to the increase in New energy business projects. Depreciation of property, plant and equipment expenses decreased by 7.2%, from RMB3.7 million for the Previous Year to RMB3.5 million for the Current Year due to the disposal of subsidiaries by the Group.

Income tax expense

Income tax expense increased substantially, by 262.0%, from RMB11.1 million for the Previous Year to RMB40.4 million for the Current Year, mainly because of the increase in profit from the New energy business.

Non-controlling interests

Non-controlling interests recorded a substantial increase of 294.4% from RMB3.0 million for the Previous Year to RMB11.7 million for the Current Year, mainly due to the significant increase in operating profit generated by the Group's non-wholly-owned subsidiaries in Tianjin in the Current Year.

Management Discussion and Analysis

Profit and total comprehensive income attributable to owners of the Company

The profit and total comprehensive income attributable to owners of the Company rocketed, by 417.4%, from RMB18.4 million for the Previous Year to RMB95.1 million for the Current Year. The basic and diluted earnings per share for the Current Year was RMB2.8 cents and RMB2.7 cents respectively, as compared to RMB0.6 cents and RMB0.6 cents in the Previous Year.

Review of the Group's operations by segment during the Current Year is as follows:

New energy business

The New energy business achieved favorable results for the Current Year. It saw a substantial increase in revenue of 269.4% from RMB86.0 million for the Previous Year to RMB317.6 million for the Current Year. The revenue from this business segment accounted for 85.3% of the Group's total revenue (Previous Year: 52.9%).

The table below set forth a breakdown of the Group's revenue generated from the New energy business segment:

District	**2016 Revenue RMB million**	2015 Revenue RMB million
Beichen (北辰區)	**70.8**	70.8
Xiqing (西青區)	**201.5**	15.2
Hexi (河西區)	**18.0**	–
Hi-Tech Industrial Development area (高新區)	**8.1**	–
Hedong (河東區)	**19.2**	–
	317.6	86.0

The projects completed by the Group in the Current Year included coal-to-natural gas conversion heating projects and contract engineering projects in relation to installation of LNG tanks, carburetors, non-standard pressure regulators (products) and gas boilers, construction of large-scale heating plants, as well as provision of engineering consultancy solutions. The segment also recorded a substantial increase in profit, by 243.3%, from RMB45.2 million for the Previous Year to RMB155.2 million for the Current Year.

Catering business

Facing a fast changing catering market, we have remained keen on innovation and dedicated to providing quality service to customers. During the Current Year, the segment recorded a sharp decrease in revenue, 28.8%, from RMB76.5 million for the Previous Year to RMB54.4 million for the Current Year. Operating restaurants contributed RMB45.1 million (Previous Year: RMB62.2 million) to the revenue of Catering business, and RMB0.7 million was from provision of management services (Previous Year: RMB1.0 million), RMB7.5 million from sales of processed food and seafood products (Previous Year: RMB13.3 million) and RMB1.1 million from Operation Contract (Previous Year: Nil).

Management Discussion and Analysis

The decrease in revenue was mainly due to the continuous deterioration of overall performance of the high-end catering industry in the PRC.

The Catering business was however able to narrow segmental loss from RMB12.0 million in the Previous Year to RMB2.7 million in the Current Year, credits go to the effective cost reduction and control measures of the Group and the optimized business model of the segment.

We will continue to straighten out the operation of this segment and swiftly adjust our strategies in response to market demands. Furthermore, the Group will keep optimizing the business model in order to reduce loss and maintain strict control over operating costs.

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

Restaurants	**Revenue (RMB in millions) Year ended 31 December**		**Gross profit margin Year ended 31 December**	
	2016	2015	**2016**	2015 (restated)
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	**16.9**	16.5	**34.0%**	25.7%
Noble House Pudong Restaurant, Shanghai (上海浦東店)	**13.4**	13.4	**10.1%**	14.8%
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	**13.2**	12.8	**19.3%**	12.1%
Noble House Luwan Restaurant, Shanghai (上海盧灣店) (note 1)	**–**	5.5	**–**	15.4%
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店) (note 2)	**–**	10.7	**–**	7.4%
Noble House Zhangjiang Restaurant, Shanghai (上海張江店) (note 3)	**1.6**	3.3	**(53.8%)**	(44.9%)
	45.1	62.2		

Notes:

1. Noble House Luwan Restaurant, which is operated under the Operation Contract since 1 January 2016. The Contractor shall manage the restaurant and bear the operating risks.
2. Noble House Restaurant at Hotel Nikko New Century Beijing, which was operated under the Operation Contract from 1 January 2016 to 30 June 2016. It was further disposed by the Group on 30 June 2016.
3. Noble House Zhangjiang Restaurant was closed in the third quarter of 2016 due to its underperformance.

Management Discussion and Analysis

The table below set forth the average spending per customer per meal and number of customers of the Group's restaurants.

Restaurants	Approximate seating capacity (seats)	Approximate Gross floor area (sq.m.)	Approximate total number of customers visited **Year ended 31 December 2016**	 Year ended 31 December 2015	Average spending per customer per meal (RMB) **Yer ended 31 December 2016**	 Year ended 31 December 2015
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	140	978	**26,037**	23,405	**651**	704
Noble House Pudong Restaurant, Shanghai (上海浦東店)	150	800	**19,686**	18,254	**680**	735
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	134	1,370	**25,975**	34,334	**508**	373
Noble House Luwan Restaurant, Shanghai (上海盧灣店)	85	781	**–**	9,144	**–**	604
Noble House Restaurant at Hotel Nikko New Century Beijing (北京店)	132	1,000	**–**	18,305	**–**	583
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	176	1,552	**15,902**	93,710	**98**	35

Revenue from the operation of restaurants was RMB45.1 million (Previous Year: RMB62.2 million). The decrease was mainly due to the slack in high-end catering industry in the PRC. The restaurants recorded an overall decrease in number of customer visits and average spending per customer. Noble House Luwan Restaurant ("Luwan Restaurant") is now operated by the Contractor under the Operation Contract pursuant to which, as of 1 January 2016, the Contractor is responsible for the operation and management of Luwan Restaurant. The Contractor is required to manage the restaurant and assume all operational risks, and be entitled to all corporate earnings in the 12-month contract period. The Group disposed Beijing Noble House in June 2016 and closed Zhangjiang Restaurant, in the third quarter of 2016 due to its underperformance.

Property investment

The Group holds the property at Room 609, No. 1701 Beijing Road West, JingAn District, Shanghai. The property is being held for investment purpose and it generated rental income and segmental profit of RMB0.3 million and RMB0.3 million respectively in the Current Year. The investment property is expected to bring stable long-term rental income to the Group.

Management Discussion and Analysis

PROSPECTS

As public concern about issues such as balancing the need for safe heat supply and smog generation is growing, major interest has been placed on the development of the new energy industry by the government and the market alike. The NDRC has announced the "Thirteenth Five-year Plan for Natural Gas Development" in January 2017, which stated an objective to step up efforts in developing the natural gas industry. It aims to increase the proportion of natural gas in total energy consumption significantly to 10%, nearly doubling the 5.9% target in 2015. The Beijing-Tianjin-Hubei region is one of the key areas for the implementation of coal-to-natural gas conversion projects.

Facing tremendous opportunities presented by favorable national policies, the Group as a whole will work closely together to strive for better results and will extend our business model from our Tianjin base to adjacent areas. Furthermore, we will continue to provide new energy-related development, installation and consultancy services to clients. We will also actively seek strong partners and suitable acquisition opportunities in a bid to accelerate the development pace of the New energy business and thereby enlarge our market share. In particular, we will explore more potential business opportunities in Northern China and neighboring regions.

The New energy business has demonstrated good development momentum to the extent that it has become the Group's core business. In light of this, the management is allocating more time and resources to promote growth of this business in the future. On the other hand, as the Catering business has continued to record losses, the management is planning to review and restructure the business in 2017 to further reduce the losses. Regarding Property investment, the Group is seeking investment opportunities with strong potential to add value so as to gain a stable rental income source and deliver a maximum return to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, bank balances and cash maintained by the Group were RMB102.8 million, representing a decrease of 17.7% from RMB125.0 million as at 31 December 2015, was due to the repayment of trade payables in Tianjin and increase in prepayments to suppliers. Trade and other receivables were RMB225.6 million, increasing by 253.6% from RMB63.8 million as at 31 December 2015, which mainly represented the increase in trade receivables due to completion of several projects in Tianjin and increase in prepayments to suppliers.

Trade and other payables have increased from RMB52.4 million as at 31 December 2015 to RMB65.2 million, by 24.3%, mainly reflected the increase in trade payables from the New energy business. Prepayment from customers have decreased from RMB19.6 million as at 31 December 2015 to RMB12.4 million, by 36.8%, was due to the disposal of subsidiaries which reduced our liability on prepayment from customers. The tax liability increased from RMB15.7 million as at 31 December 2015 to RMB37.0 million, by 136.1%, was mainly due to the increase in provision of EIT for more projects completed in the New energy business segment.

As a result of the above mentioned, the Group's current assets and current liabilities as at 31 December 2016 were RMB332.6 million and RMB117.3 million (31 December 2015: RMB194.7 million and RMB93.7 million) respectively.

Management Discussion and Analysis

The Group has no bank borrowings as at 31 December 2016. The gearing ratio of the Group, measured as total debt to total equity, decreased to 1.2% as at 31 December 2016 (31 December 2015: 2.4%). The Group recorded net assets of RMB225.8 million as at 31 December 2016 compared with RMB117.7 million as at 31 December 2015. The increase was mainly due to the net profit recorded during the Current Year. During the Current Year, the Group financed its operations with the funds from its internal resources.

CAPITAL STRUCTURE

Share Subdivision

Pursuant to an ordinary resolution passed by the shareholders at the annual general meeting of the Company held on 19 May 2016, each of the issued share of the Company of HK$0.01 each was subdivided into eight (8) subdivided shares of the Company of HK$0.00125 each (the "Share Subdivision"). For further details, please refer to the Company's announcement dated 15 March 2016 and 19 May 2016. Following the Share Subdivision became effective on 20 May 2016, the Company had an aggregate of 3,433,280,000 shares of HK$0.00125 each in issue.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company had successfully placed 56,000,000 new shares (i.e. 448,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016) to four subscribers (the "First Placing") at a subscription price of HK$0.65 per new shares on 28 November 2014 and 80,000,000 new shares (i.e. 640,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016) to one subscriber at the subscription price of HK$0.95 per subscription share (the "Second Placing") on 30 June 2015. 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 2016, the Company has utilized approximately HK$44,262,000 (equivalent to RMB39,593,000) out of the proceeds for general working capital in the operation of the Group. As the Group is principally engaged in the New energy business, the Catering business and Property investment (the "Existing business"). The Group has applied the proceeds for general working capital on all Existing business from time to time.

In addition, as at 31 December 2016, the Group has utilized approximately HK$19,675,000 (equivalent to RMB16,200,000) out of the proceeds for potential investment for the establishment of a subsidiary in Tianjin in the second half of 2015.

The remaining net proceeds have not yet been utilized and remain available for the intended use.

DIVIDENDS

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

Management Discussion and Analysis

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 some 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 2016, 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)

LITIGATION

Details of the litigation are stated in note 34 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in note 11 to the consolidated financial statements, there was no other significant investments held, material acquisitions or disposal of subsidiaries and affiliated companies during the Current Year. There is no plan for material investments or capital assets as the date of this report.

CAPITAL COMMITMENT

There were no other capital commitment for the Group as at 31 December 2016 and 2015.

PLEDGE OF ASSETS

As at 31 December 2016, the Group did not have any mortgage or charge over its assets.

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 31 December 2016, the Group had approximately 252 staff in the PRC and 12 staff in Hong Kong. The Group recognises 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 41, 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 of the Company. Mr. Hu is responsible for the overall corporate development and strategic planning of the Group. Mr. Hu has held directorship position within the other members 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), the shares of which are listed on the Stock Exchange. Mr. Hu was previously a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of the company is listed on the Stock Exchange.

Mr. Chan Wing Yuen, Hubert, ("Mr. Chan"), aged 59, was appointed as an executive Director on 15 August 2014. Mr. 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. Chan has held directorship position within the other members of the Group. Mr. Chan is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee in the PRC. Mr. Chan spent over 10 years with the Stock Exchange. Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. 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. Chan has been an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475) since November 2011, an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014 and an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (stock code: 6116) since July 2016, the shares of all companies are listed on the Stock Exchange.

Ms. Lin Min, Mindy, ("Ms. Lin"), aged 41, 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 of the Board effective from 3 October 2014. With effect from 17 June 2016, Ms. Lin has ceased to serve as the chairman of the Board and the Nomination Committee of the Company. Ms. Lin has held directorship position within other members 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 previously an executive director of Sheng Yuan Holdings Limited (stock code: 851), the shares of which are listed on the Stock Exchange.

Ms. Kwong Wai Man, Karina ("Ms. Kwong"), aged 47, 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 previously 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 59, was appointed as an independent non-executive Director, chairman of the audit committee (the "Audit Committee") and the Remuneration Committee and member of the Nomination Committee of the Company on 1 October 2014. Mr. Lui has been further appointed as chairman of the Nomination Committee of the Company on 17 June 2016. 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, (now known as China Regenerative Medicine International 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 52, 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 66, 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 43, 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 the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company for the Current Year, except for the deviations from code provision 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 Executive Chairman, an executive Director and one of independent non-executive Directors were unable to attend the Company's annual general meeting held on 19 May 2016.

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 2016, 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 2016, 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 15 to 16 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 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 corporate development and strategic planning 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, Mr. Hu serves as the Executive Chairman. The Executive 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. 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 13 Board meetings and 1 general meeting. The Directors attended those meetings in person, by phone or through other electronic means of communication.

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

Name of Directors	Attendance/Number of meetings	
	Board meeting	General meeting
Executive Directors		
Mr. Hu Yishi *(Executive Chairman)*	12/12	0/1
Mr. Chan Wing Yuen, Hubert *(Chief Executive Officer)*	13/13	1/1
Ms. Lin Min, Mindy	11/11	0/1
Ms. Kwong Wai Man, Karina	13/13	1/1
Independent non-executive Directors		
Mr. Lui Tin Nang	12/12	1/1
Ms. Ma Lee	12/12	1/1
Mr. Wang Zhi Zhong	12/12	0/1

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

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

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the 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 the following means 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 the 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 matters 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, 9 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	9/9
Ms. Ma Lee	9/9
Mr. Wang Zhi Zhong	9/9

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 2016 and recommended them to the Board for review and approval;

2. Reviewed and discussed the Company's financial controls, internal control and risk management 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 2016; 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 the 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, 2 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	2/2
Ms. Lin Min, Mindy	1/1
Ms. Ma Lee	2/2
Mr. Wang Zhi Zhong	2/2

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; and

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

Nomination Committee

The Company has established the 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 and three independent non-executive Directors, namely, Mr. Lui Tin Nang (chairman), 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
Mr. Lui Tin Nang	2/2
Ms. Lin Min, Mindy	1/1
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 Directors; and

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

Corporate Governance Report

Company Secretary

Ms. Chan was appointed as the Company Secretary on 15 August 2014. Ms. Chan reports to Board directly and ensures that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully 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 2016. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management".

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of quarterly, interim and 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 2016. 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 40 to 43.

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 2016 is as follows:

Nature of services	**Amount** RMB'000
Audit services	960
Non-audit services — interim review and tax advisory	307

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board to maintain effective risk management and internal control systems in order to protect the overall interests of the Company and its shareholders. However, the systems are designed to manage but not eliminate all risks of failure to achieve business objectives. It does not provide an absolute shield against unpredictable risks and uncontrollable events such as natural catastrophes, fraud, and errors of judgement, It can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group established an Enterprise Risk Management (the "ERM") framework to implement effective risk management. The ERM framework mainly comprises of two parts: (1) risk management structure and (2) risk management process.

RISK MANAGEMENT STRUCTURE

Board

As a body in charge of the Group's risk management and internal control systems, the Board is responsible for the setting up of clear ERM framework and risk management policies, the purposes of which are to assess and evaluate the business strategies of the Group and its degree of risk tolerance. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting review at least once year as to its effectiveness.

Audit Committee

As the highest body, second only to the Board, being responsible for the risk management and internal control systems, the Audit Committee provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review on the risk register of the Group, review and approve the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuous monitoring of the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. Annual review on the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan of internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

RISK MANAGEMENT PROCESS

The ERM framework has been set up by the Group so as to manage the Group's risk exposures in an effective manner. The framework defines the procedures to identify, evaluate, response and monitor risks and any change thereof. Through periodic internal discussion, the risk management knowledge of different departments will be enriched, which enables better understanding and timely reporting of risks by all staff, thereby strengthening the Group's risk management capability.

When identifying risks, the management will communicate with different operational departments and collect information of significant risk factors in various aspects such as strategy, operations and finance, reporting and compliance in a bottom up approach. Upon specifying areas of risk assessment, the management will evaluate the importance of risks based on their potential impact and the possibility of occurrence and set up internal control measures to mitigate the risks. On-going monitoring and reporting of any change of risks will also be conducted.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Code of conducts have been formulated to promote integrity and ethical conducts to the staff;
- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Stock Exchange when necessary.

During 2016, the Board had reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When carrying out review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget.

Ongoing monitoring of risks (Risk management level)

Based on the ERM framework and risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which has been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact to the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

Corporate Governance Report

During 2016, the management had reviewed risk management structure and procedures and had submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and better understanding of how the management handle and mitigate the risks.

Independent review

The internal audit team of the Group is comprised of the persons who are not responsible for areas under the review. The list of review team and scope of review have been approved by the Audit Committee. The team conducts independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During 2016, the internal audit team had completed review on internal control for the year, period of reviews covered transactions carried out from 1 January 2016 to 31 December 2016. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team had report the review results to the Audit Committee.

Nothing has come to the Audit Committee's or the Board's attention to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

THE GROUP'S MAJOR RISKS AND THEIR CHANGES

The Group's major risks and the changes thereof are set out as follows:

Risk	Description	Internal control measures	Changes
Economic downturn	Affected by the economic downturn, consumers' sentiment may be dampened and they may reduce the frequency of dining outside. Local government may tighten their budgets, resulting in diminished or delayed investment in new energy.	– The management will conduct analysis on changes in overall economy so as to adjust business strategies – Business diversification to adapt to the overall economic changes Investment and expenses will be reduced during economic downturn	Increase
Government policy changes	If the government announces any change on the policies regarding "coal to gas for heat supply", the number of projects that available to the Group may be reduced.	– The management will keep abreast of any change on the relevant policies so as to adjust business strategies of the Group on a timely manner – To expand types of service to be provided by the Group in order to diversify risk	Decrease

Risk	Description	Internal control measures	Changes
Competition	Given the intense competition in the catering industry, the competitors may introduce more attractive or competitive products and the consumers' preference may changes from time to time. New restaurants may be more eye-catching to consumers, which may affect the revenue of the Group.	– Clearly define the market position and target customers of the Group – Understand the reasons of choice making of the potential customers and make improvement/ promotion to address the reasons – Adjust key elements to improve the operations and maintain attractiveness of the restaurants of the Group	Increase
Brands	If any issue regarding food quality or any food safety incident has happened and there is exaggerated media coverage thereon, the customers' confidence on the Group's brand may be dampened.	– Cautions will be placed in choosing food ingredient suppler, while regular review will be conducted. Examination on each batch of food ingredient received will also be done. Food ingredients which have been expired or have problem identified will be sternly handled – Emphasis will be placed in environmental and utensil hygiene of all restaurants to prevent contamination that may occurred during transportation and storage – Training will be provided to raise the awareness of hygiene of the staff	Decrease

Risk	Description	Internal control measures	Changes
Outsourcing	In case the suppliers or contractors fail to complete their work or provide products or services with good quality, the customers' satisfactions towards the Group may be dampened or it may cause us extra cost to complete the relevant works.	– When choosing suppliers and contractors, stringent assessment will be conducted. – Terms of outsourcing contracts will be reviewed by project managers and internal or external legal professional to ensure clear define responsibilities of each party. – Person in charge of the project will conduct on-site inspection to examine the quality and performance of suppliers and contractors in order to ensure that their products and services are up to the standards of the Group.	No change
Exchange rate	The Group has assets and liabilities denominated in Hong Kong dollar and RMB, any fluctuation in the exchange rate may therefore cause loss from currency exchange to the Company.	– Risk of exchange rate will be monitored on a regular basis and relevant response measures will be formulated – Sensitive analysis will be conducted to quantify the risk	Increase
Human resources	If the Group fails to recruit sufficient key professionals, such as management experts, project engineers, chef, etc., the normal operations or quality or the development of the Group may be affected.	– Maintain positive working environment – Regular review on employee benefits – Conduct manpower planning to replenish sufficient staff	Increase

CONSTITUTIONAL DOCUMENTS

Memorandum and articles of association of the Company is available on both the websites of the Stock Exchange and the Company. During the year ended 31 December 2016, in connection with the Share Subdivision, change of Company's name and as to make certain amendments to the existing Articles of Association for housekeeping purpose and for the purpose of conforming with certain amendments to the GEM Listing Rules which have become effective since its adoption, the memorandum and articles of association of the Company were approved to amend at the annual general meeting held on 19 May 2016. Other than as disclosed above, there is no significant change to the constitutional documents of 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.

Environmental, Social and Governance Report

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

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 quarterly, interim and annual reports and communicates with the shareholders through annual general meetings and extraordinary 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.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "AGM") of the Company is expected to be held on or before 30 June 2017. A notice convening the AGM will be issued and dispatched to shareholders of the Company as soon as practicable in accordance with the articles of association of the Company and the CG Code.

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 is principally engaged in

(1) New energy business;

(2) Catering business; and

(3) Property investment.

RESULTS AND DIVIDENDS

The Group's profit for the financial year ended 31 December 2016 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 44 to 107.

The Directors did not recommend the payment of any dividend for the Current Year (Previous Year: 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 five largest customers of the Group accounted for 73.7% (Previous Year: 52.9%) of the turnover of the Group and the largest customer of the Group accounted for about 37.1% (Previous Year: 34.0%) of the total turnover.

The five largest suppliers of the Group accounted for 68.4% (Previous Year: 34.6%) of the Group's total purchases for the Current Year and the largest supplier accounted for 17.7% (Previous Year: 7.1%) 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 17 and 18 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of the Company's share capital are set out in note 27 to the consolidated financial statements.

Report of the Directors

RESERVES

Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2016 amounted to RMB209.0 million (2015: RMB114.0 million).

Movements in the reserves of the Group during the Current Year are set out in the consolidated statement of changes in equity on page 46.

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 loans and other borrowings and no banking facilities as at 31 December 2016 (2015: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 December 2016 (2015: Nil).

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes are set out in note 30 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 108 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)*
Mr. Chan Wing Yuen, Hubert *(CEO)*
Ms. Lin Min, Mindy
Ms. Kwong Wai Man, Karina

Independent non-executive Directors:

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

Pursuant to the article 83(3), being no Director appointed by the Board to fill casual vacancies, shall hold office only until the forthcoming AGM and be eligible for re-election at the forthcoming AGM.

According to the article 84(1), Mr. Lui Tin Nang and Ms. Ma Lee, all being independent non-executive Directors, and Ms. Lin Min, Mindy being an executive Director, will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. Mr. Wang Zhi Zhong, being an independent non-executive Director, wish to retire and will not offer himself for re-election at the forthcoming AGM.

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, will retire and will not offer himself for re-election at the forthcoming AGM. And two of the independent non-executive Directors have entered into a letter of appointment with the Company on 1 October 2014, will retire and will offer himself/herself for re-election at the forthcoming AGM 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 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 16 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

All emoluments of the Directors are determined and approved by the Renumeration Committee 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.

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 13 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme is valid and effective for a period of 10 years commencing on 12 December 2011 and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 10% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

Report of the Directors

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 (i.e. 224,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016). On 20 May 2016, the exercise price of the outstanding Options was adjusted from HK$0.81 per share to HK$0.10125 per subdivided share. On 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 118,720,000 (31 December 2015: 118,720,000), representing 3.5% (31 December 2015: 3.5%) 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 2016 are as follows:

	Number of share options							
	At 1 January 2016*	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2016	Exercise period (both dates inclusive)	Exercise price*	Closing price immediately before the date of grant*
Directors								
Mr. Chan Wing Yuen, Hubert	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Lin Min, Mindy	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Kwong Wai Man, Karina	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Mr. Lui Tin Nang	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Ma Lee	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Mr. Wang Zhi Zhong	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Total Directors	**73,920,000**	**–**	**–**	**–**	**73,920,000**			
Employees	44,800,000	–	–	–	44,800,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Total Employees	**44,800,000**	**–**	**–**	**–**	**44,800,000**			
Total All Categories	**118,720,000**	**–**	**–**	**–**	**118,720,000**			

* adjusted by share subdivision on 20 May 2016.

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

At 31 December 2016, the interests and short positions of the Directors and chief executives of the Company in the ordinary 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$0.00125 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	458,000,000	13.34%
Ms. Lin Min, Mindy	2	Interest of controlled corporation	466,688,000	13.59%

Notes:

1. Mr. Hu Yishi is deemed to be interested in 448,000,000 shares held by Smart Lane Global Limited, a subsidiary of Yuan Rong Centry Investment Holdings Limited (the "Yuan Rong"), where the entire issued share capital of which is held by Mr. Hu Yishi. Mr. Hu Yishi is also deemed to be interested in 10,000,000 shares held by Front Riches Investments Limited, a company 100% controlled by Mr. Hu Yishi.

2. Ms. Lin Min, Mindy is deemed to be interested in 448,000,000 shares held by Uprise Global Investments Limited and in 18,688,000 shares held by Gainup Limited respectively, both companies were 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)
Mr. Chan Wing Yuen, Hubert	Beneficial owner	22,400,000
Ms. Lin Min, Mindy	Beneficial owner	22,400,000
Ms. Kwong Wai Man, Karina	Beneficial owner	22,400,000
Mr. Lui Tin Nang	Beneficial owner	2,240,000
Ms. Ma Lee	Beneficial owner	2,240,000
Mr. Wang Zhi Zhong	Beneficial owner	2,240,000

Note:

The share options were granted by the Company to Directors on 25 November 2014 at the exercise price of HK$0.10125 per option share, which are outstanding as shown under the section "Share Option Scheme" of this report.

Saved as disclosed above, as at 31 December 2016, 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

The deed of non-competition was no longer applied during the Current Year. 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 Corresponding Period. However, the deed of non-competition was no longer applied when the covenantors' interest in shares of the Company had dropped below 30% of the entire issued share capital of the Company since 10 March 2015.

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

As at 31 December 2016, 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	640,000,000	–	18.64%
Mr. Song Zhi Cheng (Note 2)	Interest of controlled corporation	640,000,000	–	18.64%
Smart Lane Global Limited (Note 3)	Beneficial owner	448,000,000	–	13.05%
Uprise Global Investments Limited (Note 4)	Beneficial owner	448,000,000	–	13.05%
Blossom Merit Limited (Note 5)	Beneficial owner	229,632,000	–	6.69%
Mr. Chan Tai Neng (Note 6)	Interest of controlled corporation	229,632,000	–	6.69%
Rosy Deal Group Limited (Note 7)	Beneficial owner	224,000,000	–	6.52%
Ms. Miao Kun Yu (Note 8)	Interest of controlled corporation	224,000,000	–	6.52%

Notes:

1. Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.
2. Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 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 and 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 is 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, and executive Director.

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 2016.
6. Mr. Chan Tai Neng is deemed to be interested in 229,632,000 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 224,000,000 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 2016, 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 18 November 2016, 上海盈愷投資管理有限公司 (Shanghai Ying Kai Investment Management Limited, a wholly-owned subsidiary of the Company ("上海盈愷") 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 上海盈愷 agreed to purchase of, and the Vendor agreed to sell, the property at the aggregate consideration of RMB3,850,000 (equivalent to HK$4,414,000) (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 0.1% but less than 5%, 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 generate stable income for the Group. The Acquisition has not been completed up to the date of this report. Please refer to the Company's announcement dated 18 November 2016 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.

Report of the Directors

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 17 to 30.

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 2015 and 2016 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 AGM.

On behalf of the Board

Chan Wing Yuen Hubert
Chief Executive Officer

Hong Kong, 16 March 2017

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
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Northern New Energy Holdings Limited 北方新能源控股有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 107, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables for the New Energy Business	
We identified the recoverability of trade receivables for the New Energy business as a key audit matter due to its significance to the consolidated financial statements and significant management judgement is involved in determining the appropriate level of allowances for doubtful debts. As disclosed in note 23 to the consolidated financial statements, the carrying amount of the Group's trade receivables for the New Energy Business is RMB200,222,000, in which no allowance for doubtful debts was recognised as at 31 December 2016.	Our procedures in relation to assessing the recoverability of trade receivables for the New Energy business included: • Understanding how recoverability of trade receivables is assessed by the management; • Understanding and assessing key controls over the preparation of aging analysis of trade receivables and management review on aged trade debtors; • Testing the aging analysis for trade receivables on a sample basis to the source documents; • Assessing the reasonableness of allowance for doubtful debts by considering contract term, subsequent settlements and past payment practices; and • Challenging the management on the recoverability of trade receivables that are past due but not impaired.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 any responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Yu Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000 (restated)
Revenue	7	**372,291**	162,508
Cost of sales		**(203,370)**	(104,326)
Gross profit		**168,921**	58,182
Other income	8	**1,094**	1,246
Other gains and losses	9	**4,310**	8,565
Administrative expenses		**(28,615)**	(27,813)
Selling and distribution expenses		**(5,085)**	(6,356)
Gain on disposal of subsidiaries	11	**4,972**	–
Gain on liquidation of a subsidiary	10	**–**	933
Impairment loss reversed (recognised) in respect of inventories		**1,279**	(2,115)
Impairment loss reversed (recognised) in respect of amount due from an associate		**214**	(163)
Profit before tax	12	**147,090**	32,479
Income tax expense	14	**(40,353)**	(11,147)
Profit and total comprehensive income for the year		**106,737**	21,332
Profit and total comprehensive income attributable to:			
Owners of the Company		**95,050**	18,369
Non-controlling interests		**11,687**	2,963
		106,737	21,332
Earnings per share	16		
Basic		**RMB0.028**	RMB0.006
Diluted		**RMB0.027**	RMB0.006

Consolidated Statement of Financial Position

As at 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	17	**3,957**	9,050
Investment property	18	**5,124**	5,124
Goodwill	19	**–**	–
Rental deposits		**1,504**	2,479
Interest in an associate	20	**–**	–
Amount due from an associate	21	**–**	–
		10,585	16,653
Current assets			
Inventories	22	**2,896**	5,971
Trade and other receivables	23	**225,593**	63,795
Amount due from a related party	26	**1,246**	–
Bank balances and cash	24	**102,848**	124,950
		332,583	194,716
Current liabilities			
Trade and other payables	25	**65,159**	52,410
Prepayment from customers		**12,390**	19,598
Amount due to a shareholder	26	**2,748**	2,740
Amounts due to related parties	26	**–**	2,559
Amount due to a non-controlling shareholder of a subsidiary	26	**–**	700
Tax liabilities		**37,040**	15,685
		117,337	93,692
Net current assets		**215,246**	101,024
Net assets		**225,831**	117,677
Capital and reserves			
Share capital	27	**3,470**	3,470
Reserves		**205,567**	110,517
Equity attributable to owners of the Company		**209,037**	113,987
Non-controlling interests		**16,794**	3,690
Total equity		**225,831**	117,677

The consolidated financial statements on pages 44 to 107 were approved and authorised for issue by the Board of Directors on 16 March 2017 and are signed on its behalf by:

Mr. Hu Yishi
DIRECTOR

Mr. Chan Wing Yuen, Hubert
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	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 2015	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 28)	104	12,137	(3,797)	–	–	8,444	–	8,444
Issue of new shares (note 28)	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 interests 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
Profit and total comprehensive income for the year	–	–	–	95,050	–	95,050	11,687	106,737
Disposal of subsidiaries (note 11)	–	–	–	–	–	–	1,417	1,417
At 31 December 2016	3,470	–	4,551	200,488	528	209,037	16,794	225,831

Note: Pursuant to the Board resolution dated 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 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 2016

	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**147,090**	32,479
Adjustments for:		
Depreciation of property, plant and equipment	**3,480**	3,749
Impairment loss recognised in respect of trade receivables	**1**	134
Reversal of impairment loss of trade and other receivables	**(755)**	(751)
(Gain) loss on disposal of property, plant and equipment	**(138)**	836
Impairment loss (reversed) recognised in respect of amounts due from associates	**(214)**	163
Gain on liquidation of a subsidiary	**–**	(933)
Gain on disposal of subsidiaries	**(4,972)**	–
Impairment loss (reversed) recognised in respect of inventories	**(1,279)**	2,115
Imputed interest income on advances to associates	**(243)**	(463)
Interest income	**(111)**	(31)
Operating cash flows before movements in working capital	**142,859**	37,298
Decrease (increase) in rental deposits	**975**	(411)
Decrease in inventories	**3,920**	3,174
Increase in trade and other receivables	**(165,539)**	(54,218)
Increase in amount due from a related party	**(1,246)**	–
Increase in trade and other payables	**23,536**	37,173
Decrease in prepayment from customers	**(5,685)**	(810)
Increase in amount due to a shareholder	**8**	–
(Decrease) increase in amounts due to related parties	**(2,559)**	59
(Decrease) increase in amount due to a non-controlling shareholder of a subsidiary	**(700)**	700
Cash (used in) from operations	**(4,431)**	22,965
Income tax paid	**(18,856)**	457
NET CASH (USED IN) FROM BY OPERATING ACTIVITIES	**(23,287)**	23,422
INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries	**1,140**	–
Proceeds from disposal of property, plant and equipment	**288**	270
Repayment from an associate	**457**	300
Interest received	**111**	31
Purchase of property, plant and equipment	**(811)**	(1,356)
Purchase of investment property	**–**	(2,624)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,185**	(3,379)

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
FINANCING ACTIVITIES		
Proceeds from issue of new shares	–	59,984
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)
NET CASH GENERATED BY FINANCING ACTIVITIES	–	67,700
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(22,102)**	87,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**124,950**	37,207
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**102,848**	124,950

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. GENERAL

Northern New Energy Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its 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 principal activities of the subsidiaries of the Group are operation of restaurants and sales of processed food and seafood in the PRC and Hong Kong, new energy development business, research and development on its relevant technologies and construction engineering and property investment.

Details of the subsidiaries are set out in note 35.

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

During the year ended 31 December 2016, for enhancing the relevance of the presentation of the consolidated financial statements, the Directors of the Company have changed its presentation of the consolidated statement of profit or loss and other comprehensive income in accordance with IAS 1 "Presentation of Financial Statements" and the corresponding comparative amounts shown in the consolidated statement of profit or loss and other comprehensive income and related notes have been restated to conform with the current year's presentations.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

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

IFRS 14	Regulatory Deferred Accounts
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the new and 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 AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contract[1]
Amendments to IFRS 15	Classifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014 – 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IFRS 39 Financial Instruments 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 financial impact on amounts reported in respect of the Group's financial assets (e.g. the impairment on receivables) based on exported credit loss model and financial liabilities. Currently, the directors of the Company is in the midst of assessing the financial impact of the application of IFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 15 *Revenue from Contracts with Customers*

In May 2015, 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.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors of the Company has performed a review of the existing contractual arrangement with its customers and the directors of the Company do not expect the adoption of IFRS 15 would result in significant impact on the revenue recognition of its sales activities and the financial statement.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB24,899,000 as disclosed in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

2. APPLICATION OF NEW AND AMENDMENTS TO 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.

Except as described above, the Directors of the Company do not expect the application of the new and amendments to IFRSs in issue but not yet effective in the current year will have material impact on the Group's financial performance and positions and/or on the disclosures set out in the consolidated financial statements or future financial statements of the Group.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

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.

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales tax, goods and services taxes, value added taxes, return, and discounts and after eliminating sales within the group.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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 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. 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.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as 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, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies

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

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

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

Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

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

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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.

Impairment of tangible assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

Inventories

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate, amount due from a non-controlling shareholder 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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instrument

Debt 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.

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.

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 at amortised cost

Financial liabilities representing trade and other payables, amount due to a shareholder, amounts due to related parties and amount due to a non-controlling shareholder of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 28.

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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 2016, no deferred tax asset has been recognised on the tax losses of RMB51,659,000 (2015: RMB49,572,000) 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 receivables of New Energy Business

In determining the recoverability of trade receivables for the New Energy business, the management considers any changes in the creditability of its customers and asseses the recoverability amount of each individual receivables at the end of the reporting period based on objective evidence such as the aging analysis, contract term, credit history including default or delay in payments and settlement records.

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 2016, the carrying amount of trade receivables for the New Energy business is RMB200,222,000 (net of allowance for doubtful debts of nil) (2015: carrying amount of RMB51,187,000, net of allowance for doubtful debts of nil).

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 retained profits (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

	2016 **RMB'000**	2015 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**310,596**	183,152
Financial liabilities		
Amortised cost	**66,107**	56,275

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from an associate, amount due from a related party, amount due from a non-controlling shareholder, bank balances and cash, trade and other payables, 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:

	2016 **RMB'000**	2015 RMB'000
Assets		
HKD	**45,126**	60,666
USD	**4,481**	3,205

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 for the year in the following magnitude, and vice versa:

	2016	2015
	RMB'000	RMB'000
HKD	**(2,256)**	(3,033)
USD	**(224)**	(160)

If a 5% strengthening of the HKD and USD against RMB would give rise to an exchange gain and an increase/decrease in post-tax profit 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 2016, 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 relation to the amount due from an associate amounting to RMB7,370,000 (2015: RMB7,584,000) before deducting impairment loss allowance. For the year ended 31 December 2016, 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. An impairment loss of RMB Nil (2015: RMB163,000) 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 2016 on trade balances arising from the new energy business from one customer amounting to RMB76,590,000 (2015: RMB34,188,000) which accounted for 38% (2015: 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 reputation.

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.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

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.

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 31.12.2016 RMB'000
2016					
Trade and other payables	–	63,359	–	63,359	63,359
Amount due to a shareholder	2,748	–	–	2,748	2,748
	2,748	63,359	–	66,107	66,107

	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

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

For the years ended 31 December 2016 and 2015, the information reported to the executive Directors, for the purposes of resource allocation and performance assessment are as follows:

(i) **Catering business** – represented the gross revenue from the restaurants under the Group's own brand name "Noble House" located in Shanghai and Beijing, the PRC, 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. During the year ended 31 December 2016, the Group disposed of Noblehouse Food Trading Co., Limited (名軒食品貿易有限公司), a wholly owned subsidiary of the Company, which engaged in the trading of processed foods in Hong Kong and Shanghai. Details are set out in note 11 to the consolidated financial statements.

(ii) **New energy business** – represented the gross revenue from the engineering consultancy solutions and construction work related to New energy business in Tianjin, the PRC through the signing of supply agreements with professional engineering and construction companies engaged in new energy related business and main contractors engaging is engineering and construction works related to New energy business respectively.

(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 2016 and 2015 are as follow:

	2016 **RMB'000**	2015 RMB'000
Catering business	**54,411**	76,458
New energy business	**317,624**	85,990
Property investment	**256**	60
	372,291	162,508

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information is presented below.

Year ended 31 December 2016

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Total RMB'000
REVENUE				
External sales	**54,411**	**317,624**	**256**	**372,291**
RESULT				
Segment result	**(2,726)**	**155,234**	**252**	**152,760**
Unallocated corporate expenses				**(15,865)**
Impairment loss reversed in respect of amount due from an associate				**214**
Gain on disposal of subsidiaries				**4,972**
Impairment loss reversed in respect of inventories				**1,279**
Imputed interest income on advances to an associate				**243**
Net foreign exchange gain				**3,487**
Profit before tax				**147,090**

Year ended 31 December 2015

	Catering business RMB'000	New energy business RMB'000	Property investment RMB'000	Total RMB'000
REVENUE				
External sales	76,458	85,990	60	162,508
RESULT				
Segment result	(11,992)	45,213	2	33,223
Unallocated corporate expenses				(8,646)
Impairment loss recognised in respect of amounts due from associates				(163)
Recovery of allowance on amount due from a former associate				3,976
Gain on liquidation of a subsidiary				933
Impairment loss recognised in respect of inventories				(2,115)
Imputed interest income on advances to an associate				463
Net foreign exchange gain				4,808
Profit before tax				32,479

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 December 2016

	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 in respect of trade receivables	**1**	**–**	**–**	**–**	**1**
Impairment loss reversed in respect of trade and other receivables	**(755)**	**–**	**–**	**–**	**(755)**
Depreciation of property, plant and equipment	**2,492**	**374**	**–**	**614**	**3,480**
Gain on disposal of property, plant and equipment	**(138)**	**–**	**–**	**–**	**(138)**
Impairment loss reversed in respect of inventories	**(1,279)**	**–**	**–**	**–**	**(1,279)**
Interest income	**(39)**	**(70)**	**(1)**	**(1)**	**(111)**
Impairment loss reversed in respect of amount due from an associate	**(214)**	**–**	**–**	**–**	**(214)**

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 in respect of trade receivables	134	–	–	–	134
Impairment loss reversed in respect of 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 in respect of inventories	2,115	–	–	–	2,115
Interest income	(17)	(12)	(1)	(1)	(31)

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 represents the profit 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		Non-current assets	
	Year ended 31 December			
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**372,291**	162,508	**9,619**	15,026
Hong Kong	**–**	–	**966**	1,627
	372,291	162,508	**10,585**	16,653

Information about major customers

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

	2016	2015
	RMB'000	RMB'000
Customer A (New energy business)	**138,000**	56,980
Customer B (New energy business)	**65,919**	–

8. OTHER INCOME

	2016 RMB'000	2015 RMB'000
Government subsidy (note)	**680**	750
Imputed interest income on advances to an associate	**243**	463
Interest income	**111**	31
Others	**60**	2
	1,094	1,246

Note:

During the year ended 31 December 2016, a PRC subsidiary received approximately RMB680,000 (2015: RMB750,000), 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

	2016 RMB'000	2015 RMB'000
Net foreign exchange gain	**3,487**	4,808
Recovery of allowance on amount due from a former associate	**–**	3,976
Gain (loss) on disposal of property, plant and equipment	**138**	(836)
Impairment loss recognised in respect of trade receivables	**(1)**	(134)
Reversal of impairment loss of trade and other receivables	**755**	751
Others	**(69)**	–
	4,310	8,565

10. GAIN ON LIQUIDATION OF A SUBSIDIARY

During the year ended 31 December 2015, 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. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of Noblehouse Food Trading Co., Limited (名軒食品貿易有限公司) ("Noble House Food Trading"), a wholly owned subsidiary of the Company, which engaged in the trading of processed foods in Hong Kong and Shanghai, to an independent third party, at a cash consideration of HK$500,000 (equivalent to RMB421,000). The disposal was completed on 31 March 2016, and resulted in a gain on disposal of RMB603,000, on which date the Group lost control of Noble House Food Trading.

During the year, the Group disposed of Beijing Noble House Food and Beverage Co., Ltd (北京名軒樓餐飲有限公司) ("Beijing Noble House"), non-wholly owned subsidiary of the Company, which engaged in the operation of a restaurant in Beijing, to an independent third party, at a cash consideration of RMB800,000. The disposal was completed on 30 June 2016, and resulted in a gain on disposal of RMB4,369,000, on which date the Group lost control of Beijing Noble House.

11. GAIN ON DISPOSAL OF SUBSIDIARIES *(Continued)*

The net assets of the disposed subsidiaries at the dates of disposal were as follows:

	RMB'000
Consideration received:	
Total consideration received	1,221
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	2,274
Inventories	434
Trade and other receivables	4,495
Bank balances and cash	81
Trade and other payables	(10,787)
Prepayment from customers	(1,523)
Tax liabilities	(142)
Net liabilities disposed	(5,168)
Less: non-controlling interest portion	1,417
	(3,751)
Gain on disposal of subsidiaries	4,972

12. PROFIT BEFORE TAX

	2016 RMB'000	2015 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments (note 13)	**4,637**	3,721
Salaries and other allowances	**47,248**	20,909
Retirement benefit scheme contributions, excluding those of Directors	**3,319**	4,345
Total staff costs	**55,204**	28,975
Auditors' remuneration	**1,261**	892
Depreciation of property, plant and equipment	**3,480**	3,749
Cost of inventories recognise as an expense	**148,350**	71,644

13. 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:

2016

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. Hu Yishi**	**172**	**1,111**	**15**	**1,298**
Mr. Chan Wing Yuen, Hubert	**172**	**556**	**43**	**771**
Ms. Lin Min, Mindy	**172**	**1,111**	**15**	**1,298**
Ms. Kwong Wai Man, Karina	**172**	**556**	**43**	**771**
Independent Non-executive Directors				
Mr. Lui Tin Nang	**172**	**–**	**–**	**172**
Ms. Ma Lee	**172**	**–**	**–**	**172**
Mr. Wang Zhi Zhong	**155**	**–**	**–**	**155**
Total	**1,187**	**3,334**	**116**	**4,637**

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. Hu Yishi**	57	370	6	433
Mr. Chan Wing Yuen, Hubert	162	522	41	725
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

* Resigned on 4 December 2015.

** Appointed on 27 August 2015.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS *(Continued)*

Directors *(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.

Certain Directors were granted share options in respect of their services to the Group under the share option scheme of the Company on 25 November 2014. Details of the share option scheme are set out in note 28 to the Group's consolidated financial statements.

Mr. Hu Yishi was 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:

	2016	2015
Directors	**4**	4
Employees	**1**	1
	5	5

The remuneration of the four (2015: four) directors of the Company are set out above. The emoluments of the remaining individuals were as follows:

	2016 **RMB'000**	2015 RMB'000
Salaries and other allowances	**1,279**	1,062
Retirement benefit scheme contributions	**80**	66
	1,359	1,128

The emolument were within the following band:

	2016	2015
RMB1,000,001 to RMB1,500,000	**3**	2
Less than RMB1,000,000	**2**	3

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 2016 and 2015. None of the directors waived any emoluments during the years ended 31 December 2016 and 2015.

14. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000
Enterprise income tax in the PRC		
Current tax	**40,353**	11,147

Hong Kong

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

PRC

PRC subsidiaries located in Beijing, Shanghai and Tianjin are 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 before tax per the consolidated statement of profit and other comprehensive income as follows:

	2016 RMB'000	2015 RMB'000
Profit before tax	**147,090**	32,479
Tax at EIT rate (25%)	**36,773**	8,120
Tax effect of expenses not deductible for tax purpose (note)	**1,470**	2,672
Tax effect of income not taxable for tax purpose	**(1,048)**	(2,663)
Tax effect of tax losses not recognised	**2,413**	2,134
Tax effect of temporary difference not recognised	**(508)**	243
Effect of different tax rates of subsidiaries operations in Hong Kong	**1,075**	809
Others	**178**	(168)
Tax charge for the year	**40,353**	11,147

Note:

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

At the end of the reporting period, the Group has unused tax losses of RMB51,659,000 (2015: RMB40,580,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB2,068,000 (2015: RMB2,068,000) will expire in 2017; RMB10,386,000 (2015: RMB10,386,000) will expire in 2018; RMB11,831,800 (2015: RMB11,831,000) will expire in 2019, RMB10,751,000 (2015: HK$14,143,000) will expire in 2020 and RMB2,475,000 (2015: RMB nil) will expire in 2021. The remaining unused tax losses can be carried indefinitely.

14. INCOME TAX EXPENSE *(Continued)*

PRC *(Continued)*

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 2016 (2015: 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.

15. DIVIDENDS

No dividend has been paid or proposed by the Group for the years ended 31 December 2015 and 2016.

16. EARNINGS PER SHARE

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

	2016 **RMB'000**	2015 RMB'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**95,050**	18,369

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

	2016 **'000**	2015 '000
Weighted average number of shares used in the calculation of basic earnings per share	**3,433,280**	3,100,658
Shares deemed to be issued in respect of:		
– Share options	**91,981**	96,656
Weighted average number of shares used in the calculation of diluted earnings per share	**3,525,261**	3,197,314

17. 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 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 and 1 January 2016	12,057	6,822	5,513	24,392
Additions	617	194	–	811
Eliminated on disposal of subsidiaries (note 11)	(4,744)	(2,714)	(120)	(7,578)
Disposals	–	(378)	(526)	(904)
At 31 December 2016	7,930	3,924	4,867	16,721
DEPRECIATION				
At 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 and 1 January 2016	6,457	5,155	3,730	15,342
Provided for the year	2,373	587	520	3,480
Eliminated on disposal of subsidiaries (note 11)	(2,510)	(2,714)	(80)	(5,304)
Disposals	–	(356)	(398)	(754)
At 31 December 2016	6,320	2,672	3,772	12,764
CARRYING VALUES				
At 31 December 2016	1,610	1,252	1,095	3,957
At 31 December 2015	5,600	1,667	1,783	9,050

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%

18. INVESTMENT PROPERTY

	RMB'000
AT FAIR VALUE	
At 1 January 2015	–
Addition	5,124
At 31 December 2015 and 31 December 2016	5,124

The Group's investment property is situated in the PRC and held under medium 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.

The Group's property interest held under operating leases to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as an investment property.

Fair value measurements and valuation processes

In determining the fair value of investment property, 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 2016 and 31 December 2015 has been arrived at on the basis of a valuation carried out on that date by Messrs Avista Valuation Advisory Limited, 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 its current use.

18. 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 2016 valuation, average monthly rental of RMB6.0 (2015: 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 2016 valuation, discount rate approximate to 5% (2015: 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 2016 and 31 December 2015 are as follows:

	Level 3	Fair value as at 31.12.2016 and 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.

19. GOODWILL

	RMB'000
COST	
At 1 January 2015 and 31 December 2015	1,429
Eliminated on disposal of subsidiaries	(1,429)
At 31 December 2016	–
IMPAIRMENT	
At 1 January 2015 and 31 December 2015	1,429
Eliminated on disposal of subsidiaries	(1,429)
At 31 December 2016	–
CARRYING VALUE	
At 31 December 2015 and 2016	–

In 2013, the Group recognised an impairment loss of RMB1,429,000 in relation to goodwill due to the continued poor financial performance of the subsidiaries which engaged in the trading of processed foods and seafood in Shanghai. During the year, the subsidiaries were disposed of to an independent third party. Details are set out in note 11 to the consolidated financial statements.

20. INTEREST IN AN ASSOCIATE

	2016 & 2015 RMB'000
Cost of unlisted investment in an associate	400
Deemed capital contribution (note)	1,705
Share of post-acquisition losses	(2,105)
	–

As at 31 December 2016 and 2015, 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**
			2016	2015	**2016**	2015	
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.

20. INTEREST IN AN ASSOCIATE *(Continued)*

Dong Hai Noble House

	2016 RMB'000	2015 RMB'000
Total assets	**3,215**	6,824
Total liabilities	**(21,587)**	(21,919)
Net liabilities	**(18,372)**	(15,095)
Net liabilities attributable to the Group	**(7,349)**	(6,038)

	Year ended 31.12.2016 RMB'000	Year ended 31.12.2015 RMB'000
Revenue	**2,105**	8,082
Loss for the year attributable to owner of the associate	**(3,278)**	(4,571)
Group's share of loss	**(1,311)**	(1,828)

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

	2016 RMB'000	2015 RMB'000
Net liabilities	**(18,372)**	(15,095)
Proportion of the Group's ownership interest in Dong Hai Noble House	**40%**	40%
Group's interest in Dong Hai Noble House	**(7,349)**	(6,038)
Deemed capital contribution	**1,705**	1,705
Unrecognised share of loss	**5,644**	4,333
Carrying amount of the Group's interest in Dong Hai Noble House	**–**	–

20. INTEREST IN AN ASSOCIATE *(Continued)*

Dong Hai Noble House *(Continued)*

	Year ended 31.12.2016 RMB'000	Year ended 31.12.2015 RMB'000
The unrecognised share of loss of an associate for the year	**1,311**	1,828
Cumulative unrecognised share of loss of an associate	**5,644**	4,333

21. AMOUNT DUE FROM AN ASSOCIATE

	2016 RMB'000	2015 RMB'000
Dong Hai Noble House – non-trade (non-current) (note (a))	**7,370**	7,584
Less: Impairment loss recognised (note (b))	**(7,370)**	(7,584)
	–	–

Notes:

(a) As at 31 December 2016 and 2015, 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% (2015: 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 2016 and 2015, 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. During the year ended 31 December 2016, partial repayment of RMB214,000 (2015: nil) received from an associate and therefore a reversal of impairment loss of RMB214,000 is recognised in the profit or loss (2015: an impairment loss of RMB163,000 was recognised in profit or loss).

22. INVENTORIES

	2016 RMB'000	2015 RMB'000
Food and beverages	**2,259**	5,949
Consumables	**637**	22
	2,896	5,971

23. 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 the contract term is generally within one year after the completion of energy-related system design, consultancy, engineering and construction work.

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:

	2016	2015
	RMB'000	RMB'000
Trade receivables for Catering business:		
0 – 30 days	**362**	3,087
31 – 60 days	**253**	635
61 – 90 days	**23**	405
91 – 120 days	**184**	284
121 – 150 days	**46**	69
151 – 180 days	**151**	83
Over 180 days	**631**	2,138
Less: allowance for doubtful debts for trade receivables	**(22)**	(1,067)
	1,628	5,634
Trade receivables for New energy business:		
Within settlement period	**179,528**	51,187
Past due	**20,694**	–
	200,222	51,187
Total trade receivables	**201,850**	56,821
Other receivables and deposits:		
Prepayments to suppliers	**18,454**	2,638
Prepayments for operating expenses	**648**	526
Other receivables and deposits	**4,732**	2,521
Others	**–**	1,381
Less: allowance for doubtful debts for other receivables	**(91)**	(92)
	23,743	6,974
	225,593	63,795

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23. TRADE AND OTHER RECEIVABLES *(Continued)*

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

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB990,000 as of 31 December 2016 (2015: RMB1,507,000), 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 for Catering business which are past due but not impaired

	2016 **RMB'000**	2015 RMB'000
91 – 120 days	**184**	284
121 – 150 days	**46**	69
151 – 180 days	**151**	83
Over 180 days	**609**	1,071
	990	1,507

Ageing of trade receivables for New energy business which are past due but not impaired

	2016 **RMB'000**	2015 RMB'000
0 – 30 days	**13,726**	–
61 – 90 days	**3,968**	–
151 – 180 days	**3,000**	–
	20,694	–

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts on trade receivables

	2016 RMB'000	2015 RMB'000
At beginning of the year	**1,067**	1,625
Impairment losses recognised	**1**	134
Disposal of subsidiaries	**(292)**	–
Reversal of impairment loss recognised	**(754)**	(692)
At end of the year	**22**	1,067

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB22,000 (2015: RMB1,067,000) of which the debtors were in financial difficulties.

Movement in the allowance for doubtful debts on other receivables

	2016 RMB'000	2015 RMB'000
At beginning of the year	**92**	151
Reversal of impairment loss recognised	**(1)**	(59)
At end of the year	**91**	92

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate carrying amount of RMB91,000 (2015: RMB92,000) which was not settled before the due date and considered as uncollectible.

24. 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:

	2016	2015
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:

	2016 RMB'000	2015 RMB'000
HKD	**45,126**	60,666
USD	**4,481**	3,205

25. 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 is stated in according to contract terms, generally within one year after the completion of construction and energy related work.

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

	2016 RMB'000	2015 RMB'000
Trade payables:		
0 – 30 days (note)	**31,691**	37,397
31 – 60 days	**560**	1,808
61 – 90 days	**875**	725
91 – 180 days	**29**	679
Over 180 days	**9,086**	1,336
	42,241	41,945
Other payables:		
Accruals	**1,800**	2,134
Other payables	**6,032**	7,116
Payable for acquisition of property, plant and equipment	**–**	700
Employee benefits payable	**1,732**	435
Other taxes payable	**13,354**	80
	22,918	10,465
	65,159	52,410

Note:

Included in the amount represents trade payables of RMB26,598,000 (2015: RMB23,184,000) 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 works related to New energy business.

26. AMOUNTS DUE FROM/TO RELATED PARTIES/A SHAREHOLDER/ A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

	2016 RMB'000	2015 RMB'000
Amount due from a related party		
– 上海龐迪商貿有限公司 (note 1)	**1,246**	–
Amount due to a shareholder	**2,748**	2,740
Amounts due to related parties		
– 順盈貿易(上海)有限公司 (note 2)	**–**	2,500
– 臻露酒業(上海)有限公司 (note 2)	**–**	59
	–	2,559
Amount due to a non-controlling shareholder of a subsidiary	**–**	700

Notes:

1. The related company is beneficially owned by the director of the Company's subsidiary.

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

The amounts due from (to) related parties and a non-controlling shareholder of a subsidiary are denominated in RMB, unsecured, non-interest bearing and repayable on demand.

The amount due to a shareholder is denominated in HKD, unsecured, non-interest bearing and repayable on demand.

27. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
At 1 January 2015 and 31 December 2015		
– ordinary shares of HK$0.01 each	8,000,000	80,000
Effect of share subdivision (note 3)	56,000,000	–
At 31 December 2016		
– ordinary shares of HK$0.00125 each	64,000,000	80,000
Issued and fully paid:		
At 1 January 2015		
– Ordinary shares of HK$0.01 each	336,000	3,360
– Exercise of share options (note 1)	13,160	132
– Issue of new shares (note 2)	80,000	800
At 31 December 2015 and 1 January 2016	429,160	4,292
Effect of share subdivision (note 3)	3,004,120	–
At 31 December 2016		
– Ordinary shares of HK$0.00125 each	3,433,280	4,292

	2016 RMB'000	2015 RMB'000
Shown on the consolidated statement of financial position	**3,470**	3,470

Notes:

1. 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).

2. 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.

3. On 15 March 2016, the Directors of the Company proposed to implement a 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 (the "Share Subdivision").

   Before the Share Subdivision, the authorised share capital of the Company is HK$80,000,000 divided into 8,000,000,000 shares of HK$0.01 each. After the Share Subdivision become effective, the authorised share capital of the Company will be HK$80,000,000 divided into 64,000,000,000 subdivided shares of HK$0.00125 each, of which 3,433,280,000 subdivided shares being issued and fully paid.

   The Share Subdivision was approved by the shareholders of the Company in the annual general meeting with an ordinary resolution on 19 May 2016.

28. 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.

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. On 25 November 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 (i.e. 224,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016). On 20 May 2016, the exercise price of the outstanding Options was adjusted from HK$0.81 per Share to HK$0.10125 per Subdivided Share. On 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 118,720,000 (31 December 2015: 118,720,000), representing 3.5% (31 December 2015: 3.5%) 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$0.10125	HK$0.0501
Option to consultants				
Option B	25/11/2014	25/11/2014 – 24/11/2021	HK$0.10125	HK$0.0501
Option to employees				
Option C	25/11/2014	25/11/2014 – 24/11/2021	HK$0.10125	HK$0.0501

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

28. SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

The following table discloses movement of the Company's share options during the years ended 31 December 2016 and 2015:

Option type	1.1.2015	Granted	Exercised	Forfeited	Outstanding at 31.12.2015 and 1.1.2016	Granted	Adjusted during the year*	Exercised	Forfeited	Outstanding at 31.12.2016
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Option A	9,240	–	–	–	9,240	–	64,680	–	–	73,920
Option B	8,400	–	(8,400)	–	–	–	–	–	–	–
Option C	10,360	–	(4,760)	–	5,600	–	39,200	–	–	44,800
	28,000	–	(13,160)	–	14,840	–	103,880	–	–	118,720
Exercisable at the end of the year 2016										118,720
Weighted average exercise price										HK$0.10125

In respective of the share options exercised during the year ended 31 December 2015, the weighted average share price immediately before the date of exercise was HK$1.51.

* As a result of the Share Subdivision, based on the relevant terms of the Scheme, the exercise price and number of shares falling to be issued upon exercise of the share options were adjusted from HK$0.81 per share to HK$0.10125 per subdivided share and 14,840,000 shares to 118,720,000 subdivided shares, where such adjustments were effective from the date on which the Share Subdivision became effective.

29. OPERATING LEASE COMMITMENTS

The Group as lessee

	2016 RMB'000	2015 RMB'000
Minimum lease payments paid under operating lease commitment in respect of premise for the year	**12,815**	16,343

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:

	2016 RMB'000	2015 RMB'000
Within one year	**13,449**	13,179
In the second to fifth year inclusive	**11,450**	25,660
	24,899	38,839

The leases are generally negotiated for a lease term from 2 to 10 years (2015: 2 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:

	2016 **RMB'000**	2015 RMB'000
Within one year	**288**	264
In the second to fifth year inclusive	**72**	132
	360	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 (2015: HK$30,000). 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 2016 in respect of the retirement of its employees.

31. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	2016 RMB'000	2015 RMB'000
Non-current assets		
Investments in subsidiaries	**316**	316
Current assets		
Prepayment	**287**	251
Amount due from a shareholder	**955**	955
Amounts due from subsidiaries	**104,972**	108,703
	106,214	109,909
Current liabilities		
Other payables	**1,035**	586
Net current assets	**105,179**	109,323
Net assets	**105,495**	109,639
Capital and reserves		
Share capital (note 27)	**3,470**	3,470
Reserves (note 32)	**102,025**	106,169
Total equity	**105,495**	109,639

The amounts due from a shareholder and 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 16 March 2017 and are signed on its behalf by:

Mr. Hu Yishi
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 profits RMB'000	Total RMB'000
At 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 28)	12,137	–	(3,797)	–	8,340
Issue of new shares (note 27)	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 and 1 January 2016	–	316	4,551	101,302	106,169
Loss and total comprehensive expense for the year	–	–	–	(4,144)	(4,144)
At 31 December 2016	–	316	4,551	97,158	102,025

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 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 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	2016 RMB'000	2015 RMB'000
Dong Hai Noble House	Sales of processed food	38	134
	Handling fee income on VIP cards	9	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	235	946
上海龐迪商貿有限公司 (note 3)	Purchase of inventory	248	–

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 substantial shareholder of the Company.

3. 上海龐迪商貿有限公司 is a company beneficiary owned by the director of the Company's subsidiaries.

On 18 November 2016, 上海盈愷投資管理有限公司 (Shanghai Ying Kai Investment Management Limited, a wholly-owned subsidiary of the Company ("上海盈愷") and 順盈貿易(上海)有限公司 (Sun Profit Trading (Shanghai) Limited (the "Vendor"), a company indirectly wholly-owned by Mr. Hu Yishi, the executive director and a substantial shareholder of the Company, entered into a sale and purchase agreement pursuant to which 上海盈愷 agreed to purchase of, and the Vendor agreed to sell, the property at the aggregate consideration of RMB3,850,000 (equivalent to HK$4,414,000) (the "Acquisition"). 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 not been completed up to the date of this report.

On 2 April 2015, the Company and 順盈貿易(上海)有限公司 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. The acquisition of the property had been completed on 24 September 2015.

33. RELATED PARTY DISCLOSURES *(Continued)*

(II) Balances

Details of balances with related parties are set out in the consolidated statement of financial position and in notes 21 and 26, 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 13. 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. LITIGATION

On 26 July 2016, 上海名軒餐飲管理有限公司 (Shanghai Noble House Food Service Management Co., Ltd.) ("Noble House Management Company"), a wholly-owned subsidiary of the Company, was served a document of summon (the "Summon") issued by 寧波市鄞州區人民法院 (the "Court") to attend a hearing on 25 August 2016 in relation to a contractual dispute. Pursuant to the Statement of Claim, the plaintiff, Dong Hai Noble House, being the associate of the Group, alleged a breach of contract by Noble House Management Company.

The plaintiff alleged that a management agreement was signed with Noble House Management Company in which Noble House Management Company is entrusted to all operation rights of the plaintiff's clubhouse, and all operating loss should be borne by Noble House Management Company. In the Summon, it is further alleged that from January 2012 to September 2015, the operation loss is RMB14.66 million, and that Noble House Management Company failed to compensate such loss to Dong Hai Noble House. Dong Hai Noble House requested Noble House Management Company to compensate such loss with interest calculated from 8 July 2016 until the date of actual payment at the rate equivalent to interest charged by bank on loans. The Group has seeking legal advice from its PRC legal adviser on this litigation and the Company considers that the Claim does not have any material adverse effect on the operation or financial position of the Group, no provision is considered necessary for the Claim. Details of the Summon is set out in the announcement of the Company dated 29 July 2016.

Up to the date of this report, there is no latest progress of the Claim.

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 2016	Equity interest attributable to the Group 2015	Proportion of voting power held by the Company 2016	Proportion of voting power held by the Company 2015	Share capital/ registered and paid-up capital	Principal activities
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 (note 1)	Hong Kong 18 April 2012	Hong Kong	**–**	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 (note 1)	PRC 28 January 2003	PRC	**–**	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
上海尊軒實業有限公司 Shanghai Zun Xuan Enterprise Limited	PRC 31 October 2014	PRC	**100%**	100%	**100%**	100%	RMB100,000	Food trading

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

A. General information of subsidiaries

Name of subsidiary	Place and date of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group 2016	Equity interest attributable to the Group 2015	Proportion of voting power held by the Company 2016	Proportion of voting power held by the Company 2015	Share capital/ registered and paid-up capital	Principal activities
上海名軒食品貿易有限公司 Shanghai Noble House Food Service Management Co., Ltd. (note 1)	PRC 11 July 2011	PRC	**–**	100%	**–**	100%	RMB500,000	Food trading
上海盈愷投資管理有限公司 Shanghai Ying Kai Investment Management Limited	PRC 6 July 2015	PRC	**100%**	100%	**100%**	100%	RMB9,077,028	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	PRC 8 September 2015	PRC	**90%**	90%	**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	Hong Kong 8 July 2015	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding
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	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	Republic of Seychelles 3 February 2015	Republic of Seychelles	**100%**	100%	**100%**	100%	US$1	Investment holding
寶順發展有限公司 Treasure Trend Development Limited	Hong Kong 23 January 2015	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding
鋭力投資有限公司 Sharp Power Investments Limited	Republic of Seychelles 22 January 2015	Republic of Seychelles	**100%**	100%	**100%**	100%	US$1	Investment holding

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

A. General information of subsidiaries

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
			2016	2015	**2016**	2015		
銳力管理有限公司 Sharp Power Management Limited (formerly known as 億鑽珠寶控股有限公司 Noble Jewelry Holdings Limited)	Hong Kong 18 April 2012	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding
北方新能源發展有限公司 Northern New Energy Development Limited	Hong Kong 22 June 2015	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding
冠保集團有限公司 Crown Ace Holdings Limited	Hong Kong 13 July 2015	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Not yet commence business
超寶有限公司 Treasure Beyond Limited (note 2)	Republic of Seychelles 5 May 2016	Republic of Seychelles	**100%**	–	**100%**	–	US$1	Not yet commence business
御域有限公司 Noble Basin Limited (note 2)	Republic of Seychelles 8 June 2016	Republic of Seychelles	**100%**	–	**100%**	–	US$1	Not yet commence business
富能有限公司 Rich Mighty Limited (note 2)	Republic of Seychelles 24 June 2016	Republic of Seychelles	**100%**	–	**100%**	–	US$1	Not yet commence business
順盈管理有限公司 Easy Gain Management Limited (note 2)	Hong Kong 16 May 2016	Hong Kong	**100%**	–	**100%**	–	HK$1	Not yet commence business
華夏北方科技發展(天津)有限公司 Hua Xia Northern Technology Development (Tjianjin) Limited (note 2)	PRC 30 November 2016	PRC	**89.9%**	–	**89.9%**	–	–	New energy development, research on its related technology and construction business

Notes:

1. The subsidiaries were disposed of in 2016.

2. These subsidiaries were newly set up/established in 2016.

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	
		2016	2015	**2016 RMB'000**	2015 RMB'000	**2016 RMB'000**	2015 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%**	10%	**1,802**	3,407	**7,009**	5,207
華夏北方科技發展(天津)有限公司 Hua Xia Northern Technology Development (Tjianjin) Limited	PRC	**10.1%**	–	**9,785**	–	**9,785**	–
Individually immaterial subsidiary with non-controlling interest				**100**	(444)	**–**	(1,517)
				11,687	2,963	**16,794**	3,690

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

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

Summarised financial information in respect of the Group's subsidiaries that have 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

	2016 RMB'000	2015 RMB'000
Current assets	**85,846**	97,994
Non-current assets	**327**	792
Current liabilities	**(16,087)**	(46,712)
Equity attributable to owners of the Company	**70,086**	52,074
Non-controlling interests	**7,009**	5,207
Revenue	**32,038**	85,645
Expenses	**(14,026)**	(51,570)
Profit for the year	**18,012**	34,075
Profit and total comprehensive income attributable to owners of the Company	**16,210**	30,668
Profit and total comprehensive income attributable to the non-controlling interests	**1,802**	3,407
Profit and total comprehensive income for the year	**18,012**	34,075
Net cash (outflow) inflow from operating activities	**(9,777)**	29,569
Net cash outflow from investing activities	**(33,327)**	(761)
Net cash inflow from financing activities	**–**	18,000
Net cash (outflow) inflow	**(43,104)**	46,808

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

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

華夏北方科技發展(天津)有限公司

	2016 RMB'000	2015 RMB'000
Current assets	**201,350**	N/A
Non-current assets	**–**	N/A
Current liabilities	**(104,465)**	N/A
Equity attributable to owners of the Company	**96,885**	N/A
Non-controlling interests	**9,785**	N/A

	2016 RMB'000	2015 RMB'000
Revenue	**285,586**	N/A
Expenses	**(188,701)**	N/A
Profit for the year	**96,885**	N/A
Profit and total comprehensive income attributable to owners of the Company	**87,100**	N/A
Profit and total comprehensive income attributable to the non-controlling interests	**9,785**	N/A
Profit and total comprehensive income for the year	**96,885**	N/A
Net cash inflow from operating activities	**7,299**	N/A
Net cash outflow from investing activities	**–**	N/A
Net cash inflow from financing activities	**33,300**	N/A
Net cash inflow	**42,768**	N/A

Summary of Financial Information

	For the year ended 31 December				
	2012	2013	2014	2015	**2016**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	124,702	99,477	74,810	162,508	**372,291**
Profit (loss) before taxation	8,482	(27,902)	(34,050)	32,479	**147,090**
Taxation	(3,643)	(201)	–	(11,147)	**(40,353)**
Profit (loss) for the year	4,839	(28,103)	(34,050)	21,332	**106,737**

	For the year ended 31 December				
	2012	2013	2014	2015	**2016**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Total assets	88,271	63,080	72,551	211,369	**343,168**
Total liabilities	(38,638)	(41,550)	(47,905)	(93,692)	**(117,337)**
Net assets	49,633	21,530	24,646	117,677	**225,831**

A summary of the Group's result for the five financial years and the assets and liabilities of the Group as at 31 December 2016, 2015, 2014, 2013 and 2012 as extracted from the published audited financial statements for the year ended 31 December 2016, 2015, 2014, 2013 and 2012, 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%