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

2017
ANNUAL
REPORT

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Contents

3	Corporate Information
4	Executive Chairman's Statement
5	Principal Activities
5	Financial Highlights
6	Management Discussion and Analysis
16	Biographical Details of Directors and Senior Management
19	Corporate Governance Report
33	Report of the Directors
43	Independent Auditor's Report
47	Consolidated Statement of Profit or Loss and Other Comprehensive Income
48	Consolidated Statement of Financial Position
49	Consolidated Statement of Changes in Equity
50	Consolidated Statement of Cash Flows
52	Notes to the Consolidated Financial Statements
112	Summary of Financial Information
112	Particular of Investment Property

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 *(Chief Financial Officer)*

Independent non-executive Directors

Mr. Lui Tin Nang
Ms. Ma Lee
Mr. Lau Kwok Kee

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. Lau Kwok Kee

Remuneration Committee

Mr. Lui Tin Nang *(Chairman)*
Ms. Lin Min, Mindy
Ms. Ma Lee
Mr. Lau Kwok Kee

Nomination Committee

Mr. Lui Tin Nang *(Chairman)*
Ms. Lin Min, Mindy
Ms. Ma Lee
Mr. Lau Kwok Kee

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

23/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
Room 2103B, 21/F, 148 Electric Road,
North Point,
Hong Kong

Legal Advisers to the Company

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

Auditor

Deloitte Touche Tohmatsu

Principal Bankers

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 am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017.

In 2017, we adhered to the twin-track development strategy of simultaneously advancing the catering and new energy businesses as we sought to diversify the business and income sources through expanding our business coverage and strengthening our competitiveness. This financial year was basically a year of investment in the new energy Business. We have proactively prepared ourselves to take advantage of the robust development of the new energy industry, including recruiting technological professionals, strengthening capabilities of the respective teams and actively prospecting for potential clients, with the hope to quickly broaden the Group's scope of services to production and providing comprehensive integrated new energy services. The Group has also expanded its business to the sale and purchase of new energy related industrial products by way of trading. We believe these efforts are laying a solid foundation for the long-term development of the Group.

In late 2017, ten government departments and commissions including the National Development and Reform Commission and National Energy Administration announced the "Clean Winter Heating Plan for Northern China (2017-2021)" (北方地區冬季清潔取暖規劃（2017-2021）) and compiled the "General Plan of Guaranteed Gas Supply for 'Coal to Gas' Clean Winter Heating in Key Areas of Northern China" (北方重點地區冬季清潔供暖「煤改氣」氣源保障總體方案), which for the first time set the clear goal for clean heating reform in Northern China of a 70% clean heating rate in 2021. The government will also step up efforts in developing infrastructure for natural gas, which we believe can facilitate another period of rapid growth for the new energy industry. Leveraging the national policies that are favourable to our sustainable new energy business, in February 2018, we have completed the acquisition of a company which is engaged in the development and operation of liquefied natural gas ("LNG") stations and relevant facilities, through a non-wholly-owned subsidiary.

Our strategy to decisively restructure and adjust the operational strategy of the catering business in the year has delivered immediate results. We were pleased to see this division achieving a turnaround from last year's loss to break-even this year.

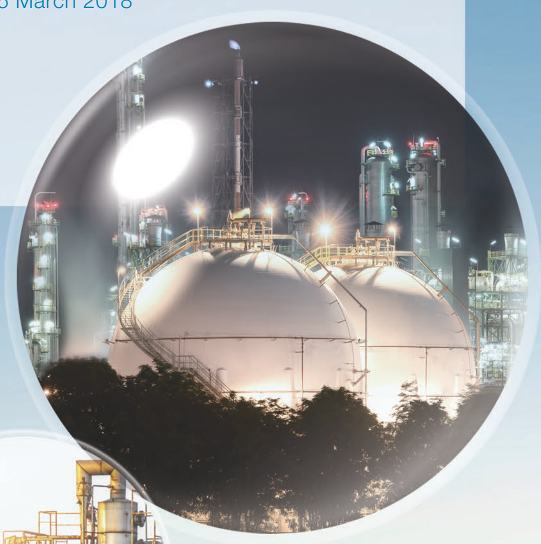
Capitalising on leading technology and professional services, as well as its proactive planning last year, our management team is confident we can lead the Group and tap the enormous business opportunities presented by the favourable national policies mentioned above. Going forward, the Group will continue to be based in Tianjin and strive to enlarge its customer base and market share in that city. In the long term, the Group looks forward to expanding the footprint of its new energy business to cover the other regions in northern China.

At the same time, we will continue to implement the restructuring and adjustment strategy for the catering business, with the purpose to achieve stronger operating efficiency, with the ultimate aim that the catering and new Energy divisions can achieve a balanced development. Hopefully, the balance in the results of the two businesses will be more obvious in 2018.

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

Hu Yishi
Executive Chairman

Hong Kong, 16 March 2018



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 and sale of processed food and seafood in PRC (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 2017 (the "Current Year"), together with the audited comparative figures for the corresponding year ended 31 December 2016 (the "Previous Year") as follows:

	2017 RMB'000	2016 RMB'000	(Decrease)
Revenue	**302,427**	372,291	(18.8%)
Gross profit[a]	**126,044**	170,200	(25.9%)
Profit and total comprehensive income for the year	**50,797**	106,737	(52.4%)
Profit and total comprehensive income attributable to owners of the Company	**42,425**	95,050	(55.4%)
Dividend	**Nil**	Nil	
EBIT	**77,612**	147,090	(47.2%)
EBITDA	**80,093**	150,570	(46.8%)
Earnings per share			
Basic	**RMB0.012**	RMB0.028	(57.1%)
Diluted	**RMB0.012**	RMB0.027	(55.6%)

	As at 31.12.2017 RMB'000	As at 31.12.2016 RMB'000	Increase/ (Decrease)
Total assets	**486,085**	343,168	41.6%
Bank balances and cash	**95,608**	102,848	(7.0%)
Equity attributable to owners of the Company	**269,495**	209,037	28.9%

Key Financial Indicators	**2017**	2016
Current ratio (times)[b]	**2.5**	2.8
Gross profit margin[c]	**41.7%**	45.7%
Net gearing ratio[d]	**1.1%**	1.2%
Net profit margin[e]	**16.8%**	28.7%
Return on average equity[f]	**17.7%**	58.9%

Notes:

(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 continued to expand its business as it pushed its strategy forward on two fronts by stabilizing its Catering business and expanding into the New energy business in a bid to broaden income streams and diversify its business. As for the New energy business, we have actively searched for new business opportunities and explored potential cooperation, with the aim of quickly expanding its business scope from undertaking engineering projects to providing comprehensive services encompassing supply of liquefied and gasified natural gas and provision of technical consultancy services.

Catering business segment made progress in its performance during the year, attributable to the Group's prudent management and operations. The Property investment division also registered a stable performance.

New Energy Business

The Group set the provision of dynamic integrated new energy services as its primary objective during the year under review. After venturing into the new energy market in the PRC, the Group has focused on undertaking new energy engineering projects in Tianjin. Through providing excellent professional services, The Group has established a strong reputation in Tianjin within two years which has greatly boosted the Group's confidence and thus it aims to further enhance its quality and the scope of its business.

During the year under review, we had been committed to providing new energy technology development and consultancy services, including technical services for heating systems, technical services for pre-stage coal-to-natural gas conversion systems, technical services for de-nitrification of coal-fired boilers and for de-plume engineering solutions. Furthermore, the Group has also secured and completed several engineering projects, including sale, installation and debugging of equipment for de-nitrification of coal-fired boilers, sale and installation of bag filter equipment for coal-fired boilers, installation of heat exchange units as well as the pipeline layout and construction of outdoor network projects. Meanwhile, to ensure it can provide the best services to customers, the Group has expanded its business to the sale and purchase of new energy related industrial products by way of trading which will also broaden its revenue streams.

In the fourth quarter, the Group has entered into a memorandum of understanding ("MOU") with two independent third parties. Pursuant to the MOU, it has conditionally agreed to purchase liquefied natural gas ("LNG") stations of Tianjin Jin Re Natural Gas Sales Company Limited ("Tianjin Jin Re Natural Gas"), whose businesses include sale of natural gas; gas pipeline engineering; sale, installation and maintenance of gas transmission equipment; development, consultation, service and transfer of heat supply technology; development of new energy technology; leasing and commercial services industry; installation of electric and mechanical equipment; and centralized urban heat supply service. The deal was officially completed in February 2018. The Group is actively applying for the necessary license and permit which would enable it to start the LNG business immediately. The Group believes that the acquisition would broaden its income sources and advance its business to new heights.

The Group has filed tax concession applications with relevant departments in Tianjin as it believes it has met relevant requirements. Once granted, such concessions would have a positive impact on the Group.

Management Discussion and Analysis

Catering Business

As at 31 December 2017, the Group owned four "Noble House" restaurants in Shanghai, the PRC, one of the restaurants has been outsourced to an independent contractor ("Contractor") for operation. It also operated a trading business of supplemental food products, those products are sold at the Group's restaurants and other retail stores under the "Noble House" brand.

During the year under review, given the Group's aim of optimising operating efficiency of the Catering business, the management reviewed the operations of the segment, restructured and adjusted its business strategies. As a result, the Catering business achieved a turnaround to break-even in the financial year from a loss in 2016. The aforementioned direction is well-demonstrated. It is an uneasy achievement under the industry slowdown.

The litigation in relation to the contractual dispute between the Dong Hai Noble House Food and Beverage Co., Limited ("Dong Hai Noble House"), being the associate of the Group and Shanghai Noble House Food Service Management Co., Limited ("Noble House Management Company"), being a wholly-owned subsidiary of the Company, has been settled. According to the civil judgment announced by The People's Court of Yinzhou District, Ningbo, Zhejiang (the "Court"), the litigation claim of the plaintiff was not supported by reasonable evidence and hence rejected by the Court.

Property Investment

The Group owns two office premises on Beijing Road West, Jing An District, in the heart of Shanghai, which generate long-term and stable rental income.

Others

Apart from the businesses development, the Group has also placed a high priority on environmental, social and corporate governance and its efforts in this area have been recognised. The Group's Environmental, Social and Governance Report 2016 won "Best in ESG – GEM", "Best in Reporting – GEM" and "ESG Report of the Year – GEM" at the BDO ESG Awards 2018.

FINANCIAL REVIEW

Revenue

For the Current Year, revenue of the Group amounted to RMB302.4 million, representing a decrease of 18.8% from RMB372.3 million for the Previous Year. The decrease in revenue was mainly owing to the respective decrease in revenue of RMB61.1 million by the Group's New energy business and RMB8.8 million by the Catering business during the Current Year.

Management Discussion and Analysis

Cost of sales

	2017 RMB'000	2016 RMB'000	Decrease
Catering business	**36,790**	44,817	(17.9%)
New energy business	**139,593**	157,274	(11.2%)
Property investment	**–**	–	–
Group total	**176,383**	202,091	(12.7%)

Cost of sales of the Catering business in the Current Year decreased by 17.9% from RMB44.8 million in the Previous Year to RMB36.8 million, mainly due to effective cost reduction and cost control measures plus the optimized business model of the segment.

Cost of sales of the New energy business decreased by 11.2% to RMB139.6 million from RMB157.3 million in the Previous Year, mainly because of the decrease in respective revenue as compared with last year.

Gross profit margin

	2017 %	2016 %
Catering business	**19.3%**	17.6%
New energy business	**45.6%**	50.5%
Property investment	**100.0%**	100.0%
Group	**41.7%**	45.7%

Gross profit is revenue less cost of sales. The gross profit margin of the Catering business slightly increased from 17.6% to 19.3% for the Current Year. Effective cost reduction and cost control measures and the optimized business model of the segment began to improve the overall gross profit margin of the Catering business.

Gross profit margin of the New energy business segment decreased slightly from 50.5% for the Previous Year to 45.6% because the increase in respective direct cost by selling of industrial products for the Current Year. The Property investment segment had a 100% gross profit margin.

Other gains and losses

Other gains and losses recorded a loss of RMB1.5 million for the Current Year as compared with a gain of RMB4.3 million for the Previous Year, mainly due to an net foreign exchange loss recorded for the Current Year as compared with the net foreign exchange gain recorded in the Previous Year.

Management Discussion and Analysis

Administrative expenses

Administrative expenses increased substantially, by 56.0% from RMB28.6 million for the Previous Year to RMB44.6 million for the Current Year. The increase mainly reflected increase in staff cost of RMB14.2 million mainly due to the share-based payment expenses incurred in connection with the grant of share options during the Current Year. Depreciation of property, plant and equipment expenses decreased by 28.7%, from RMB3.5 million for the Previous Year to RMB2.5 million for the Current Year due to the write off of fixed assets by the Group.

Income tax expense

Income tax expense decreased, by 33.5%, from RMB40.4 million for the Previous Year to RMB26.8 million for the Current Year, mainly because of the decrease in profit from the New energy business.

Non-controlling interests

Non-controlling interests decreased by 28.4% from RMB11.7 million for the Previous Year to RMB8.4 million for the Current Year, mainly due to the decrease in operating profit generated by the Group's non-wholly-owned subsidiaries in Tianjin in the Current Year.

Profit and total comprehensive income attributable to owners of the Company

The profit and total comprehensive income attributable to owners of the Company decreased, by 55.4%, from RMB95.1 million for the Previous Year to RMB42.4 million for the Current Year. The basic and diluted earnings per share for the Current Year was RMB1.2 cents and RMB1.2 cents respectively, as compared to RMB2.8 cents and RMB2.7 cents in the Previous Year.

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

New energy business

The results of the New energy business dropped by 28.5% for the Current Year. It recorded a decrease in revenue of 19.2% from RMB317.6 million for the Previous Year to RMB256.5 million for the Current Year. The revenue from this business segment accounted for 84.8% of the Group's total revenue (Previous Year: 85.3%).

Management Discussion and Analysis

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

District	**2017 Revenue RMB million**	2016 Revenue RMB million
Hangu (漢沽區)	**68.1**	–
Beichen (北辰區)	**6.0**	70.8
Xiqing (西青區)	**123.2**	201.5
Hexi (河西區)	**30.2**	18.0
Hi-Tech Industrial Development area (高新區)	**8.3**	8.1
Hedong (河東區)	**5.5**	19.2
Nankai (南開區)	**12.3**	–
Jinghai (靜海區)	**2.9**	–
	256.5	317.6

The projects completed by the Group in the Current Year included providing the new energy technology development and consultancy services, including technical services for heating systems, technical services for pre-stage coal-to-natural gas conversion systems, technical services for de-nitrification of coal-fired boilers and for de-plume engineering solutions. Furthermore, the Group has also secured and completed several engineering projects, including sale, installation and debugging of equipment for de-nitrification of coal-fired boilers, sale and installation of bag filter equipment for coal-fired boilers, installation of heat exchange units as well as the pipeline layout and construction of outdoor network projects. The segment also recorded a decrease in profit, by 28.5%, from RMB155.2 million for the Previous Year to RMB111.0 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 also recorded a decrease in revenue, 16.2%, from RMB54.4 million for the Previous Year to RMB45.6 million for the Current Year. Operating restaurants contributed RMB44.7 million (Previous Year: RMB45.1 million) to the revenue of the Catering business, nil was from provision of management services (Previous Year: RMB0.7 million), RMB0.5 million from sales of processed food and seafood products (Previous Year: RMB7.5 million) and RMB0.4 million from the Operation Contract (Previous Year: RMB1.1 million).

The decrease in revenue was mainly due to the decrease of sales of processed food and seafood products due to closure of a food processing factory.

The Catering business was however able to turn around from a segmental loss of RMB1.4 million in the Previous Year to a segmental profit to RMB0.8 million in the Current Year, attributable to the effective cost reduction and control measures of the Group and the optimised business model of the segment.

Management Discussion and Analysis

We will continue to rationalise the operation of this segment and swiftly adjust our strategies in response to market demand. Furthermore, the Group will keep continue to optimise the business model and maintain strict control over operating costs in order to optimise the operating efficiency of the Catering business.

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

Restaurants	Revenue (RMB in millions) Year ended 31 December		Gross profit margin Year ended 31 December	
	2017	2016	**2017**	2016
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	**17.7**	16.9	**41.3%**	34.0%
Noble House Pudong Restaurant, Shanghai (上海浦東店)	**14.0**	13.4	**29.2%**	10.1%
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	**13.0**	13.2	**16.6%**	19.3%
Noble House Luwan Restaurant Shanghai (上海盧灣店)(g)	**–**	–	**–**	–
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)(h)	**–**	1.6	**–**	(53.8%)
	44.7	45.1		

Notes:

(g) Noble House Luwan Restaurant, which is operated under an external operation contracting agreement since 1 January 2016. The contractor shall manage the restaurant and bear the operating risks.

(h) 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 2017	 Year ended 31 December 2016	Average spending per customer per meal (RMB) Year ended 31 December 2017	 Year ended 31 December 2016
Noble House Xuhui Restaurant, Shanghai (上海徐匯店)	140	978	**23,605**	26,037	**750**	651
Noble House Pudong Restaurant, Shanghai (上海浦東店)	146	800	**18,163**	19,686	**772**	680
Noble House Restaurant, Radisson Hotel, Shanghai (上海新世界店)	134	1,370	**26,360**	25,975	**495**	508
Noble House Luwan Restaurant,Shanghai (上海盧灣店)	85	781	**–**	–	**–**	–
Noble House Zhangjiang Restaurant, Shanghai (上海張江店)	176	1,552	**–**	15,902	**–**	98

Revenue from the operation of restaurants was RMB44.7 million (Previous Year: RMB45.1 million). The decrease was mainly due to the slack conditions in the high-end catering industry in the PRC and the closure of Zhangjiang Restaurant in the third quarter of 2016. The restaurants recorded an overall decrease in number of customer visits. The average spending per customer was slightly improved in the Xuhui and Pudong Restaurant but still dropped in the Radisson Hotel Restaurant. 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 and is required to manage the restaurant and assume all operational risks, and is 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 two properties on Beijing Road West, JingAn District, Shanghai. The properties were being held for investment purposes and they generated rental income and segmental profit of RMB0.3 million and RMB1.2 million respectively in the Current Year. The investment properties were expected to bring stable long-term rental income to the Group.

Management Discussion and Analysis

PROSPECTS

The Group expects its Catering business to develop steadily in 2018, enabling the management to allocate greater resources into developing the New energy business and expanding its business coverage.

In the work report of the 19th National Congress of the Communist Party of China, the PRC Government has proposed to strengthen the energy conservation and environmental protection industry, clean energy industry, and implement clean production in industry. In the "Clean Winter Heating Plan for Northern China (2017-2021)" (北方地區冬季清潔取暖規劃(2017-2021)), the Government has also set the "2+26" key city development objective with Beijing-Tianjin-Hebei and surrounding areas as the core and advocates the replacement of coal-fired facilities with those using natural gas and electricity. All of these moves demonstrate that the government is increasingly focused on the development of clean energy. Therefore, the Group believes these national policies will create enormous business opportunities and benefit its ongoing development in the new energy industry.

Regarding the New energy business, the Group's strategy is to provide comprehensive integrated new energy services. Subsequent to the acquisition of assets of Tianjin Jin Re Natural Gas in early 2018, the Group's business coverage has quickly expanded to the supply of liquefied and gasified natural gas and provision of all-round services including technological facilities consultation in Tianjin, further reinforcing its industry presence.

In addition, the Group will proactively expand its customer base and market share in Tianjin to enrich its income streams. In the long term, the Group looks forward to extending the footprint of its New energy business to other regions in northern China. Towards this end, the Group will also bolster the capabilities of its teams to improve the scope and quality of its services, while the management will explore suitable opportunities for acquisition and will forge partnerships with industry leaders. In executing its strategy, more resources will be allocated into the New energy business to enlarge income sources and strengthen profitability. The management hopes that this strategic approach will lead the Group to achieve greater success in the future.

Regarding the Catering business, the management will continue to put great efforts to review and adjust its business strategy with the aim to strengthen the profitability of this segment, strengthening the foundation of Catering business. As for Property investment, the Group will continue to evaluate quality investment projects to secure stable rental income, and, ultimately, bring better investment returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, bank balances and cash maintained by the Group were RMB95.6 million, representing a decrease of 7.0% from RMB102.8 million as at 31 December 2016. Trade and other receivables were RMB373.8 million, increasing by 65.7% from RMB225.6 million as at 31 December 2016, which mainly represented the increase in trade receivables due to completion of several projects in Tianjin.

Trade and other payables have increased from RMB65.2 million as at 31 December 2016 to RMB155.7 million, by 138.9%, mainly reflecting the increase in trade payables from the New energy business. The tax liability decreased by 42.2% from RMB37.0 million as at 31 December 2016 to RMB21.4 million, mainly due to the repayment of provision of EIT for Previous Year 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 2017 were RMB473.0 million and RMB191.4 million (31 December 2016: RMB332.6 million and RMB117.3 million) respectively.

Management Discussion and Analysis

The Group has no bank borrowings as at 31 December 2017. The gearing ratio of the Group, measured as total debt to total equity, decreased slightly to 1.1% as at 31 December 2017 (31 December 2016: 1.2%). The Group recorded net assets of RMB294.7 million as at 31 December 2017 compared with RMB225.8 million as at 31 December 2016. The increase was mainly due to the net profit recorded during the Current Year and increase in the share option reserve. During the Current Year, the Group financed its operations with the funds raised from the issuance of new shares as well as its internal resources.

CAPITAL STRUCTURE

During the Current Year, an aggregate of 66,240,000 shares were issued and allotted pursuant to the exercise of share options with exercise price of HK$0.10125 granted on 25 November 2014. Upon the shares issued and allotted by exercising of share options, the Company had an aggregate of 3,499,520,000 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 a 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 2017, the Company has utilised approximately HK$73,122,000 (equivalent to RMB61,123,000) 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") from time to time it has applied the proceeds for general working capital to all Existing business.

In addition, as at 31 December 2017, the Group has utilised 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 utilised 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. Some of the Group's cash and bank deposits were denominated in Hong Kong dollars, while others were 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. The Group managed its foreign exchange risks by performing regular review and monitoring of the foreign exchange exposure. The Group would consider employing foreign exchange hedging arrangements when appropriate and necessary.

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 32 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 December 2017, 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 notes 10 and 35 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 commitments for the Group as at 31 December 2017 and 2016.

PLEDGE OF ASSETS

As at 31 December 2017, the Group did not have any mortgage or charge over its assets.

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 31 December 2017, the Group had approximately 248 staff in the PRC and 14 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 ("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 42, is our executive chairman (the "Executive Chairman") and executive Director. He joined our Group in August 2015 and is responsible for the overall corporate development and strategic planning of the Group. Mr. Hu is the spouse of Ms. Lin Min, Mindy, an executive Director of the Company. Mr. Hu holds directorship positions within the other members of the Group.

Mr. Hu was previously an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475) and a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of both companies are listed on the Stock Exchange.

Mr. Hu 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. Chan Wing Yuen, Hubert ("Mr. Chan"), aged 60, is our chief executive officer (the "CEO") and executive Director. He joined our Group in August 2014 and is responsible for running the Group's business and the implementation of the approved strategies of the Group. He is the compliance officer and the authorised representative of the Company and holds directorship positions within the other members of the Group.

Mr. Chan has been an executive director of Zhong Fa Zhan Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 475), since November 2011. He has been an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) and FIT Hon Teng Limited (stock code: 6088) since June 2014 and November 2016 respectively, the issued shares of both companies are listed on the Stock Exchange. He has also been an independent non-executive director of Shanghai La Chapelle Fashion Co.,Ltd, which is a company listed on both the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157).

Mr. Chan spent over ten years with the Stock Exchange. He also held various positions with companies listed in Hong Kong, including: as an executive director of Softpower International Limited (previously known as China Pipe Group Limited) (stock code: 380), as an executive director and the chief executive officer of EverChina Int'l Holdings Company Limited (previously known as Interchina Holdings Company Limited) (stock code: 202), as an independent non-executive director of China Smarter Energy Group Holdings Limited (previously known as Rising Development Holdings Limited) (stock code: 1004), and as a director and deputy general manager of Guangdong Investment Limited (stock code: 270).

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 currently an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries, and also is a member of the Hong Kong Institute of Directors and the Hong Kong Securities and Investment Institute. In addition, he is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee (中國人民政治協商會議黑龍江省委員會).

Biographical Details of Directors and Senior Management

Ms. Lin Min, Mindy, ("Ms. Lin"), aged 42, is our executive Director. She joined our Group in August 2014 and is the spouse of Mr. Hu, an executive Director and the Executive Chairman of the Company. She is a member of the remuneration committee and the nomination committee and holds directorships position within the other members of the Group.

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. Lin was graduated in the research programme on enterprise management from East China Normal University (華東師範大學) and the enterprise management programme from Shanghai Jingan District College (上海市靜安區業餘大學).

Ms. Kwong Wai Man, Karina ("Ms. Kwong"), aged 48, is our chief financial officer (the "CFO") and executive Director. She joined our Group in August 2014 and is responsible for the overall finance and administration functions and corporate governance enforcement of the Group. She is the process agent and the authorised representative of the Company and holds directorship positions within the other members of the Group.

Ms. Kwong has extensive experience in accounting, financial management and corporate finance. Ms. Kwong worked for sizable organisations in various industries as senior executives in both Canada and Hong Kong. Ms. Kwong was previously an executive director of Zhong Fa Zhan Holdings Limited (stock code: 475), Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), and an executive director and a non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108), the shares of all companies are listed on the Stock Exchange.

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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lui Tin Nang ("Mr. Lui"), aged 60, is our independent non-executive Director. He joined our Group in October 2014 and is the chairman of the audit committee, the remuneration committee and also the nomination committee of the Company.

Mr. Lui has years of experience in accounting, auditing, taxation, corporate finance and business advisory. He is the principal of T.N. Lui & Co., an accounting firm in Hong Kong. He is currently an independent non-executive director of Brilliant Circle Holdings International Limited (stock code: 1008) since March 2009, the shares of which are listed on the Stock Exchange.

Mr. Lui was previously an independent non-executive director of China Bio-Med Regeneration Technology Limited, (now known as China Regenerative Medicine International Limited) (stock code: 8158), the shares of which are listed on the Stock Exchange.

Mr. Lui 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.

Biographical Details of Directors and Senior Management

Ms. Ma Lee ("Ms. Ma"), aged 53, is our independent non-executive Director. She joined our Group in October 2014 and is the member in each of the audit Committee, Remuneration Committee and nomination Committee of the Company.

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.

Ms. Ma was previously an independent non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108) and 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 the both companies are listed on the Stock Exchange.

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. She has been practicing as a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Lau Kwok Kee ("Mr. Lau"), aged 58, is our independent non-executive Director. He joined our Group in June 2017 and is the member in each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lau is a practicing solicitor in Hong Kong and was admitted to practice law as a solicitor in Hong Kong in 1989. He is the principal of K. K. Lau & Co., a solicitor firm in Hong Kong. He is a director of Synergy Fund Management Group Limited since December 2015.

Mr. Lau was previously an independent non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108), the issued shares of which are listed on the Stock Exchange.

Mr. Lau was graduated with a Bachelor's Degree in Science from the University of Hong Kong in 1982 and later obtained a Bachelor's Degree in Laws from the University of London in 1985. He subsequently obtained a Postgraduate Certificate in Laws at the University of Hong Kong in 1987. Mr. Lau had also been awarded with the Diploma in Chinese Law from the University of East Asia Macau in 1990.

COMPANY SECRETARY

Ms. Chan Wai Yee ("Ms. Chan"), aged 44, 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 the independent non-executive Directors were unable to attend the Company's annual general meeting held on 8 June 2017.

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 2017, 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 2017, 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 16 to 18 of this report.

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

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

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

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

The Roles of the Executive Chairman 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 14 Board meetings and 1 general meeting. The Directors attended those meetings in person, by phone or through other electronic means of communication.

Corporate Governance Report

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

Name of Directors	Attendance/Number of meetings: Board meeting	Attendance/Number of meetings: General meeting
Executive Directors		
Mr. Hu Yishi *(Executive Chairman)*	10/10	0/1
Mr. Chan Wing Yuen, Hubert *(CEO)*	10/10	1/1
Ms. Lin Min, Mindy	10/10	0/1
Ms. Kwong Wai Man, Karina *(CFO)*	10/10	1/1
Independent non-executive Directors		
Mr. Lui Tin Nang	13/13	1/1
Ms. Ma Lee	13/13	1/1
Mr. Lau Kwok Kee (appointed on 8 June 2017)	4/4	0/0
Mr. Wang Zhi Zhong (retired on 8 June 2017)	8/8	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 ("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.

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

Two of the independent non-executive Directors has entered into a letter of appointment with the Company on 1 October 2014 and one of the independent non-executive Directors have entered into a letter of appointment with the Company on 8 June 2017, 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. Lau Kwok Kee.

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, 5 meetings were held and the attendance of each member is set out as follows:

Members of the Audit Committee	Number of attendance
Mr. Lui Tin Nang	5/5
Ms. Ma Lee	5/5
Mr. Lau Kwok Kee (appointed on 8 June 2017)	2/2
Mr. Wang Zhi Zhong (retired on 8 June 2017)	3/3

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 2017 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 2017; 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. Lau Kwok Kee. 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, 7 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	6/6
Ms. Lin Min, Mindy	6/6
Ms. Ma Lee	6/6
Mr. Lau Kwok Kee (appointed on 8 June 2017)	3/3
Mr. Wang Zhi Zhong (retired on 8 June 2017)	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 ("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. Lau Kwok Kee. 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	2/2
Ms. Ma Lee	2/2
Mr. Lau Kwok Kee (appointed on 8 June 2017)	0/0
Mr. Wang Zhi Zhong (retired on 8 June 2017)	1/1

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.

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 2017. 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 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 2017. 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 43 to 46.

AUDITOR'S REMUNERATION

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Messrs Deloitte Touche Tohmatsu, for the year ended 31 December 2017 is as follows:

Nature of services	**Amount** RMB'000
Audit services	998
Non-audit services — interim review, tax advisory and others	422

Corporate Governance Report

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 2017, 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 2017, 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 2017, the internal audit team had completed review on internal control for the year, period of reviews covered transactions carried out from 1 January 2017 to 31 December 2017. 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	No change
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

Corporate Governance Report

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	No change

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

The Board is not aware of any significant change in the constitutional documents of the Company during the year ended 31 December 2017. Memorandum and articles of association of the Company is available on both the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

2. The meeting so requisitioned shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company (Memorandum of Association 58).

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

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

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

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

Procedures for Sending Enquiries to the Board

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

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 1 June 2018. 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 2017 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 47 to 111.

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 71.4% (Previous Year: 73.7%) of the turnover of the Group and the largest customer of the Group accounted for about 22.53% (Previous Year: 37.1%) of the total turnover.

The five largest suppliers of the Group accounted for 49.8% (Previous Year: 68.4%) of the Group's total purchases for the Current Year and the largest supplier accounted for 17.5% (Previous Year: 17.7%) of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

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

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 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 2017 amounted to RMB269 million (2016: RMB209.0 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 49.

SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in note 34 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 2017 (2016: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 December 2017 (2016: Nil).

RETIREMENT BENEFIT SCHEMES

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

SUMMARY OF FINANCIAL INFORMATION

A summary of the results of the Group for the past five financial years is set out on page 112 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 *(CFO)*

Independent non-executive Directors:

Mr. Lui Tin Nang
Ms. Ma Lee
Mr. Lau Kwok Kee (appointed on 8 June 2017)
Mr. Wang Zhi Zhong (retired on 8 June 2017)

Pursuant to the article 83(3), Mr. Lau Kwok Kee (who was appointed on 8 June 2017) being 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. Hu Yishi and Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina, all being executive Directors will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

One of the independent non-executive Directors has entered into a letter of appointment with the Company on 8 June 2017, will retire and will offer himself/herself 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 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 16 to 18 of the annual report.

CONFIRMATION OF INDEPENDENCE

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

EMOLUMENTS POLICY

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 12 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme is valid and effective for a period of 10 years commencing on 12 December 2011 and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the Scheme. The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10% of the shares in issue as at the date of approval of the limit. 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). During the year ended 31 December 2017, the Company has granted 343,536,000 share options to the Company's Directors, consultants and employees at the exercise price of HK$0.289 per option share. On 31 December 2017, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 396,016,000 (31 December 2016: 118,720,000), representing 11.3% (31 December 2016: 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 2017 are as follows:

	At 1 January 2017	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 December 2017	Exercise period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Directors								
Mr. Hu Yishi	–	2,880,000	–	–	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	2,880,000	–	–	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	2,880,000	–	–	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Chan Wing Yuen, Hubert	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	11,448,000	–	–	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	11,448,000	–	–	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	11,448,000	–	–	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Lin Min, Mindy	22,400,000	–	(22,400,000)	–	–	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	2,880,000	–	–	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	2,880,000	–	–	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	2,880,000	–	–	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Kwong Wai Man, Karina	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	11,448,000	–	–	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	11,448,000	–	–	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	11,448,000	–	–	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Lui Tin Nang	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	1,144,000	–	–	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28

	At 1 January 2017	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 December 2017	Exercise period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Ms. Ma Lee	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	1,144,000	–	–	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Wang Zhi Zhong**	2,240,000	–	(2,240,000)	–	–	25 November 2014 to 24 November 2021	0.10125*	0.12125*
Mr. Lau Kwok Kee***	–	1,144,000	–	–	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	1,144,000	–	–	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Directors	**73,920,000**	**96,264,000**	**(24,640,000)**	**–**	**145,544,000**			
Employees	44,800,000	–	(41,600,000)	–	3,200,000	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	–	54,208,000	–	–	54,208,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	54,208,000	–	–	54,208,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	54,208,000	–	–	54,208,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Employees	**44,800,000**	**162,624,000**	**(41,600,000)**	**–**	**165,824,000**			
Consultants	–	28,216,000	–	–	28,216,000	9 June 2018 to 9 June 2024	0.289	0.28
	–	28,216,000	–	–	28,216,000	9 June 2019 to 9 June 2024	0.289	0.28
	–	28,216,000	–	–	28,216,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Consultants	**–**	**84,648,000**	**–**	**–**	**84,648,000**			
Total All Categories	**118,720,000**	**343,536,000**	**(66,240,000)**	**–**	**396,016,000**			
Exercisable at the end of the year					**52,480,000**			

* adjusted by share subdivision on 20 May 2016.

** retired as independent non-executive Director on 8 June 2017.

*** appointed as independent non-executive Director on 8June 2017.

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

At 31 December 2017, 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	13.09%
Ms. Lin Min, Mindy	2	Interest of controlled corporation and beneficial owner	489,088,000	13.98%

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 ("Ms. Lin") 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. Ms. Lin is also interested in 22,400,000 shares which beneficially owned by herself.

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

Name of Director	Nature of Interest	Number of underlying shares (Note)
Mr. Hu Yishi	Beneficial owner	8,640,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	56,744,000
Ms. Lin Min, Mindy	Beneficial owner	8,640,000
Ms. Kwong Wai Man, Karina	Beneficial owner	56,744,000
Mr. Lui Tin Nang	Beneficial owner	5,672,000
Ms. Ma Lee	Beneficial owner	5,672,000
Mr. Lau Kwok Kee	Beneficial owner	3,432,000

Note:

The outstanding share options 49,280,000 were granted by the Company to Directors on 25 November 2014 at the exercise price of HK$0.10125 per option share and 96,264,000 were granted by the Company to Directors on 9 June 2017 at the exercise price of HK$0.289 per option share. The details of outstanding share options are shown under the section "Share Option Scheme" of this report.

Saved as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Report of the Directors

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 for the both of the Current Year and Previous Year.

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

As at 31 December 2017, 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 (i)	Beneficial owner	640,000,000	–	18.29%
Mr. Song Zhi Cheng (j)	Interest of controlled corporation	640,000,000	–	18.29%
Smart Lane Global Limited (k)	Beneficial owner	448,000,000	–	12.80%
Uprise Global Investments Limited (l)	Beneficial owner	448,000,000	–	12.80%
Blossom Merit Limited (m)	Beneficial owner	229,632,000	–	6.56%
Mr. Chan Tai Neng (n)	Interest of controlled corporation	229,632,000	–	6.56%

Notes:

i. 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.

j. Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 shares through his interest in Depot Up Limited.

k. 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.

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

m. 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 2017.

n. 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).

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 2017, 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 31 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 had been completed on 28 April 2017. 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 31 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 19 to 32.

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 2016 and 2017 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 2018

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 (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 47 to 111, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

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 and estimates is involved in determining the appropriate level of allowance for doubtful debts. As disclosed in note 21 to the consolidated financial statements, the carrying amount of the Group's trade receivables for the New energy business is RMB351,896,000, in which no allowance for doubtful debts was recognised as at 31 December 2017.	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.

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. 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 HKSAs, 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 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	NOTES	**2017 RMB'000**	2016 RMB'000
Revenue	7	**302,427**	372,291
Cost of sales		**(176,383)**	(202,091)
Gross profit		**126,044**	170,200
Other income	8	**695**	1,094
Other gains and losses	9	**(1,460)**	4,310
Administrative expenses		**(44,631)**	(28,615)
Selling and distributions expenses		**(3,036)**	(5,085)
Gain on disposal of subsidiaries	10	**–**	4,972
Impairment loss reversed in respect of amount due from an associate		**–**	214
Profit before tax	11	**77,612**	147,090
Income tax expense	13	**(26,815)**	(40,353)
Profit and total comprehensive income for the year		**50,797**	106,737
Profit and total comprehensive income attributable to:			
Owners of the Company		**42,425**	95,050
Non-controlling interests		**8,372**	11,687
		50,797	106,737
Earnings per share	15		
Basic		**RMB0.012**	RMB0.028
Diluted		**RMB0.012**	RMB0.027

Consolidated Statement of Financial Position

At 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	16	**2,383**	3,957
Investment properties	17	**9,910**	5,124
Rental deposits		**790**	1,504
Interest in an associate	18	**–**	–
Amount due from an associate	19	**–**	–
		13,083	10,585
Current assets			
Inventories	20	**3,565**	2,896
Trade and other receivables	21	**373,829**	225,593
Amount due from a related party	24	**–**	1,246
Bank balances and cash	22	**95,608**	102,848
		473,002	332,583
Current liabilities			
Trade and other payables	23	**155,667**	65,159
Prepayments from customers		**11,170**	12,390
Amount due to a shareholder	24	**2,739**	2,748
Amount due to a director	24	**422**	–
Tax liabilities		**21,426**	37,040
		191,424	117,337
Net current assets		**281,578**	215,246
Net assets		**294,661**	225,831
Capital and reserves			
Share capital	25	**3,540**	3,470
Reserves		**265,955**	205,567
Equity attributable to owners of the Company		**269,495**	209,037
Non-controlling interests		**25,166**	16,794
Total equity		**294,661**	225,831

The consolidated financial statements on pages 47 to 111 were approved and authorised for issue by the Board of Directors on 16 March 2018 and are signed on its behalf by:

Mr. Hu Yishi	**Mr. Chan Wing Yuen, Hubert**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Share option reserve**	**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 2016	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 10)	–	–	–	–	–	–	1,417	1,417
At 31 December 2016	3,470	–	4,551	200,488	528	209,037	16,794	225,831
Profit and total comprehensive income for the year	–	–	–	42,425	–	42,425	8,372	50,797
Exercise of share options (note 26)	70	8,240	(2,643)	–	–	5,667	–	5,667
Recognition of equity-settled share based payments	–	–	12,366	–	–	12,366	–	12,366
At 31 December 2017	3,540	8,240	14,274	242,913	528	269,495	25,166	294,661

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**77,612**	147,090
Adjustments for:		
Depreciation of property, plant and equipment	**2,481**	3,480
Impairment loss recognised in respect of trade receivables	**4**	1
Impairment loss reversed in respect of trade and other receivables	**(22)**	(755)
(Loss) gain on disposal of property, plant and equipment	**53**	(138)
Impairment loss reversed in respect of amounts due from associates	**–**	(214)
Gain on fair value changes of investment properties	**(802)**	–
Gain on disposal of subsidiaries	**–**	(4,972)
Equity settled share-based expenses	**12,366**	–
Allowance reversed in respect of inventories	**(675)**	(1,279)
Imputed interest income on advances to associates	**–**	(243)
Rental deposit forfeited	**(72)**	–
Interest income	**(143)**	(111)
Operating cash flows before movements in working capital	**90,802**	142,859
Decrease in rental deposits	**786**	975
(Increase) decrease in inventories	**6**	3,920
Increase in trade and other receivables	**(148,218)**	(165,539)
Increase in trade and other payables	**90,508**	23,536
Decrease in prepayment from customers	**(1,220)**	(5,685)
Decrease in amounts due to related parties	**–**	(2,559)
Decrease in amount due to a non-controlling shareholder of a subsidiary	**–**	(700)
Cash generated from (used in) operations	**32,664**	(3,193)
Income tax paid	**(42,429)**	(18,856)
NET CASH USED IN OPERATING ACTIVITIES	**(9,765)**	(22,049)
INVESTING ACTIVITIES		
Purchase of an investment property	**(3,984)**	–
Purchase of property, plant and equipment	**(960)**	(811)
Interest received	**143**	111
Proceeds from disposal of subsidiaries	**–**	1,140
Proceeds from disposal of property, plant and equipment	**–**	288
Decrease (increase) in amount due from a related party	**1,246**	(1,246)
Repayment from an associate	**–**	457
NET CASH USED IN INVESTING ACTIVITIES	**(3,555)**	(61)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
FINANCING ACTIVITIES		
Proceeds from exercise of share options	**5,667**	–
Advance from a director	**422**	–
(Repayment to) advance from a shareholder	**(9)**	8
NET CASH GENERATED FROM FINANCING ACTIVITIES	**6,080**	8
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,240)**	(22,102)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**102,848**	124,950
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**95,608**	102,848

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

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 GEM 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 23/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, 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 34.

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

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

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") and International Financial Reporting Interpretations Committee ("IFRIC") for the first time in the current year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle

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

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

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

Amendments to IAS 7 Disclosure Initiative *(Continued)*

A reconciliation between the opening and closing balances of these items is provided in note 33. Consistent with the transaction provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and amendments to IFRSs issued 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[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
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 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IAS 28	As part of Annual Improvements to IFRS Standards 2014 – 2016 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle[2]

[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 2021.

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 which are relevant to the Company:

- 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 fair value through other comprehensive income ("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;

- 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

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate on initial application of IFRS 9 except for financial assets which are subject to the expected credit loss model upon application of IFRS 9, financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

The directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provisions on trade receivables and bank balances. The directors of the Company do not anticipate the application of IFRS 9 will have a material impact on the opening retained profit at 1 January 2018.

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

IFRS 15 Revenue from Contracts with Customers

In May 2016, 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 anticipate that the application of IFRS 15 in the future may result in more disclosures, however the Directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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/operating cash flows respectively.

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 2017, the Group has non-cancellable operating lease commitments of RMB16,711,000 (2016: RMB24,899,000) as disclosed in note 27. 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 Group currently considers refundable rental deposits paid of RMB1,855,000 and refundable rental deposits received of RMB131,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM 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.

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*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

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. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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

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

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 goods are recognised when goods 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts *(Continued)*

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.

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 properties

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

Borrowing costs

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

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

Government grants

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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 are 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

Cash and cash equivalents

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

Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. They 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, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of loans and receivables (Continued)

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.

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.

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 original effective interest rate.

The carrying amount is reduced by the impairment loss directly for all loans and receivables 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 and other 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.

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 the Group 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 and amount due to a director 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.

On derecognition of a financial asset, 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 26.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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 based on assessment of all relevant non-market vesting conditions. 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.

The fair values of the goods and services received are recognised as expenses, unless the goods or services qualify for recognised as assets.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the 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 2017, the carrying amount of trade receivables is RMB353,835,000 (net of allowance for doubtful debts of RMB26,000) (2016: carrying amount of RMB201,850,000, net of allowance for doubtful debts of RMB22,000).

Income taxes

As at 31 December 2017, no deferred tax asset has been recognised on the tax losses of RMB52,749,000 (2016: RMB51,659,000) 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.

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.

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

	2017 RMB'000	2016 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**453,369**	310,596
Financial liabilities		
Amortised cost	**156,937**	66,107

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, bank balances and cash, trade and other payables, amount due to a shareholder and amount due to a director. 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 no external borrowings and maintained bank balances mainly 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 and USD at the respective reporting dates are as follows:

	2017 RMB'000	2016 RMB'000
Assets		
HKD	**28,199**	45,126
USD	**1,291**	4,481

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 represents management's assessment of the reasonably possible change in foreign exchange rates 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 in post-tax profit for the year in the following magnitude, and vice versa:

	2017 **RMB'000**	2016 RMB'000
HKD	**(1,410)**	(2,256)
USD	**(65)**	(224)

If a 5% strengthening of the HKD and USD against RMB would give rise to an exchange gain and an increase 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. No sensitivity analyses have 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 2017, 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 is exposed to concentration of credit risk as at 31 December 2017 on trade balances arising from the new energy business from one customer amounting to RMB107,028,000 (2016: RMB76,590,000) which accounted for 30% (2016: 38%) of the Group's trade receivables. The customer of the Group is a well-known construction company with over ten years' relevant industrial history in Tianjin, the PRC. The management of the Group considers that the credit risk is limited in this regard.

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

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

Liquidity risk

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

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 31.12.2017 RMB'000
2017					
Trade and other payables	**–**	**153,776**	**–**	**153,776**	**153,776**
Amount due to a shareholder	**2,739**	**–**	**–**	**2,739**	**2,739**
Amount due to a director	**422**	**–**	**–**	**422**	**422**
	3,161	**153,776**	**–**	**156,937**	**156,937**

	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

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 2017 and 2016, the information reported to the operating decision maker, i.e. the executive Directors of the Company ("CODM"), for the purposes of resource allocation and performance assessment based on nature of business activities 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, 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 sales of processed food and seafood.

(ii) **New energy business** – represented the gross revenue from the engineering consultancy, construction work and trading of industrial products 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 investment properties located in Shanghai, the PRC.

Revenue from each type of business for the years ended 31 December 2017 and 2016 are as follow:

	2017 **RMB'000**	2016 RMB'000
Catering business	**45,594**	54,411
New energy business	**256,484**	317,624
Property investment	**349**	256
	302,427	372,291

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information is presented below.

Year ended 31 December 2017

	Catering business RMB'000	New energy business RMB'000	Property investments RMB'000	Total RMB'000
REVENUE				
External sales	**45,594**	**256,484**	**349**	**302,427**
RESULT				
Segment result	**757**	**110,956**	**1,205**	**112,918**
Unallocated corporate expenses				**(33,122)**
Net foreign exchange loss				**(2,184)**
Profit before tax				**77,612**

Year ended 31 December 2016

	Catering business RMB'000	New energy business RMB'000	Property investments RMB'000	Total RMB'000
REVENUE				
External sales	54,411	317,624	256	372,291
RESULT				
Segment result	(1,447)	155,234	252	154,039
Unallocated corporate expenses				(15,865)
Impairment loss reversed in respect of amount due from an associate				214
Gain on disposal of subsidiaries				4,972
Imputed interest income on advances to an associate				243
Net foreign exchange gain				3,487
Profit before tax				147,090

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 December 2017

	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	**4**	**–**	**–**	**–**	**4**
Impairment loss reversed in respect of trade and other receivables	**(22)**	**–**	**–**	**–**	**(22)**
Depreciation of property, plant and equipment	**1,616**	**295**	**–**	**570**	**2,481**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**53**	**53**
Allowance reversed in respect of inventories	**(675)**	**–**	**–**	**–**	**(675)**
Interest income	**(24)**	**(112)**	**(2)**	**(5)**	**(143)**

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)
Allowance reversed in respect of inventories	(1,279)	–	–	–	(1,279)
Interest income	(39)	(70)	(1)	(1)	(111)

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 certain other income, certain gains and losses and 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			
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**302,427**	372,291	**11,735**	9,619
Hong Kong	**–**	–	**1,348**	966
	302,427	372,291	**13,083**	10,585

Information about major customers

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

	2017	2016
	RMB'000	RMB'000
Customer A (New energy business)	**68,125**	–
Customer B (New energy business)	**56,927**	N/A[1]
Customer C (New energy business)	**40,887**	138,000
Customer D (New energy business)	**N/A[1]**	65,919

1. The corresponding revenue does not contribute over 10% of total revenue of the Group.

8. OTHER INCOME

	2017 RMB'000	2016 RMB'000
Government subsidy (note)	370	680
Imputed interest income on advances to an associate	–	243
Interest income	143	111
Rental deposit forfeited	72	–
Others	110	60
	695	1,094

Note: During the year ended 31 December 2017, a PRC subsidiary received approximately RMB370,000 (2016: RMB680,000), 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

	2017 RMB'000	2016 RMB'000
Net foreign exchange (loss) gain	(2,184)	3,487
(Loss) gain on disposal of property, plant and equipment	(53)	138
Impairment loss recognised in respect of trade receivables	(4)	(1)
Impairment loss reversed in respect of trade and other receivables	22	755
Gain on fair value change of investment properties (note 17)	802	–
Others	(43)	(69)
	(1,460)	4,310

10. GAIN ON DISPOSAL OF SUBSIDIARIES

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) ("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 ended 31 December 2016, 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.

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

11. PROFIT BEFORE TAX

	2017 RMB'000	2016 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments (note 12)	**11,268**	4,637
Salaries and other allowances	**17,053**	17,766
Retirement benefit scheme contributions, excluding those of Directors	**2,874**	3,319
Equity-settled share based expense, excluding those of Directors	**8,776**	–
Total staff costs	**39,971**	25,722
Auditors' remuneration	**1,350**	1,261
Depreciation of property, plant and equipment		
– included in cost of sales	**1,092**	1,420
– included in administrative expenses	**1,389**	2,060
	2,481	3,480
Cost of inventories recognise as an expense (include allowance reversed in respect of inventories of RMB675,000 (2016: RMB1,279,000)) (Note)	**127,564**	147,071

Note: The allowance reversed in respect of inventories represents the allowance recognised in prior years reversed upon the consumption of inventories in the Catering business.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Directors

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

2017

Name of directors	Directors' fee RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based expenses RMB'000	Total RMB'000
Executive Directors					
Mr. Chan Wing Yuen, Hubert	173	903	61	1,281	2,418
Mr. Hu Yishi	173	2,257	16	322	2,768
Ms. Lin Min, Mindy	173	2,257	16	322	2,768
Ms. Kwong Wai Man, Karina	173	903	61	1,281	2,418
Independent Non-executive Directors					
Mr. Lui Tin Nang	173	–	–	128	301
Ms. Ma Lee	173	–	–	128	301
Mr. Lau Kwok Kee (appointed on 8 June 2017)	96	–	–	128	224
Mr. Wang Zhi Zhong (retired on 8 June 2017)	70	–	–	–	70
Total	1,204	6,320	154	3,590	11,268

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

Directors *(Continued)*

2016

Name of directors	Directors' fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors				
Mr. Chan Wing Yuen, Hubert	172	556	43	771
Mr. Hu Yishi	172	1,111	15	1,298
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

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 9 June 2017. Details of the share option scheme are set out in note 26 to the Group's consolidated financial statements.

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

Employees

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

	2017	2016
Directors	**4**	4
Employees	**1**	1
	5	5

The remuneration of the four (2016: four) directors of the Company are set out above. The emoluments of the remaining individuals were as follows:

	2017 **RMB'000**	2016 RMB'000
Salaries and other allowances	**1,128**	1,279
Retirement benefit scheme contributions	**56**	80
	1,184	1,359

The emoluments of the five highest paid individuals of the Group were within the following band:

	2017	2016
Less than RMB1,000,000	**–**	2
RMB1,000,001 to RMB1,500,000	**1**	3
RMB1,500,001 to RMB2,500,000	**2**	–
RMB2,500,001 to RMB3,000,000	**2**	–

No emoluments were paid by the Group to any of the directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2017 and 2016. None of the directors waived any emoluments during the years ended 31 December 2017 and 2016.

13. INCOME TAX EXPENSE

	2017 RMB'000	2016 RMB'000
Enterprise income tax in the PRC		
Current tax	**28,614**	40,353
Overprovision in prior year	**(1,799)**	–
	26,815	40,353

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

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No 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.

A subsidiary operating in PRC was fulfilled "Small and Low-profit Enterprises" defined by Enterprise Income Tax Law of People's Republic of China, and was registered with the local tax authority to be eligible to the reduced 20% enterprise income tax rate in period from 2015 - 2017.

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

	2017 RMB'000	2016 RMB'000
Profit before tax	**77,612**	147,090
Tax at EIT rate (25%)	**19,403**	36,773
Tax effect of expenses not deductible for tax purpose (note)	**102**	1,470
Tax effect of income not taxable for tax purpose	**(539)**	(1,048)
Tax effect of tax losses not recognised	**6,245**	2,413
Tax effect of temporary difference not recognised	**269**	(508)
Overprovision in prior year	**(1,799)**	–
Effect of different tax rates of subsidiaries operations in Hong Kong	**2,997**	1,075
Others	**137**	178
Tax charge for the year	**26,815**	40,353

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

13. INCOME TAX EXPENSE *(Continued)*

PRC *(Continued)*

At the end of the reporting period, the Group has unused tax losses of RMB52,749,000 (2016: RMB51,659,000) 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 RMB10,386,000 (2016: RMB10,386,000) will expire in 2018, RMB11,831,000 (2016: HK$11,831,800) will expire in 2019, RMB10,751,000 (2016: RMB10,751,000) will expire in 2020, RMB2,475,000 (2016: RMB2,475,000) will expire in 2021 and RMB3,158,000 will expire in 2022. The remaining unused tax losses can be carried indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB231,844,000 (2016: Nil), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

14. DIVIDENDS

No dividend has been paid or proposed by the Group for the year ended 31 December 2016 and 2017.

15. 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:

	2017 **RMB'000**	2016 RMB'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**42,425**	95,050

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:

	2017 **'000**	2016 '000
Weighted average number of shares used in the calculation of basic earnings per share	**3,451,213**	3,433,280
Effect of dilutive potential ordinary shares:		
– Share options	**74,557**	91,981
Weighted average number of shares used in the calculation of diluted earnings per share	**3,525,770**	3,525,261

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2016	12,057	6,822	5,513	24,392
Additions	617	194	–	811
Eliminated on disposal of subsidiaries (note 10)	(4,744)	(2,714)	(120)	(7,578)
Disposals	–	(378)	(526)	(904)
At 31 December 2016 and 1 January 2017	7,930	3,924	4,867	16,721
Additions	408	552	–	960
Disposals	(1,092)	(91)	–	(1,183)
At 31 December 2017	7,246	4,385	4,867	16,498
DEPRECIATION				
At 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 10)	(2,510)	(2,714)	(80)	(5,304)
Disposals	–	(356)	(398)	(754)
At 31 December 2016 and 1 January 2017	6,320	2,672	3,772	12,764
Provided for the year	1,721	408	352	2,481
Disposals	(1,083)	(47)	–	(1,130)
At 31 December 2017	6,958	3,033	4,124	14,115
CARRYING VALUES				
At 31 December 2017	288	1,352	743	2,383
At 31 December 2016	1,610	1,252	1,095	3,957

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

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

17. INVESTMENT PROPERTIES

	RMB'000
AT FAIR VALUE	
At 1 January 2016 and 31 December 2016	5,124
Addition	3,984
Gain on fair value change	802
At 31 December 2017	9,910

The Group's investment properties are situated in the PRC and held under medium lease.

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

Fair value measurements and valuation processes

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

The fair value of the Group's investment properties as at 31 December 2017 and 31 December 2016 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 properties, the highest and best use of the properties are their current use.

17. INVESTMENT PROPERTIES *(Continued)*

Fair value measurements and valuation processes *(Continued)*

The following table gives information about how the fair value of the investment properties are 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
Commercial properties unit located in PRC	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. Average of RMB6.2 (2016: RMB6.0) per square meter.	A slight increase in the monthly rental used would result in significant increase in fair value measurement of the investment property, and vice versa.
		(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 of 5% (2016: 5%).	A slight increase in discount rate used would result in significant decrease in fair value measurement to the investment property, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Fair value measurements and valuation processes *(Continued)*

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2017 and 31 December 2016 are as follows:

	Level 3 RMB'000	Fair value RMB'000
Commercial properties unit located in the PRC		
At 31 December 2017	9,910	9,910
At 31 December 2016	5,124	5,124

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

18. INTEREST IN AN ASSOCIATE

	2017 & 2016 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 2017 and 2016, 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
			2017	2016	**2017**	2016	
Dong Hai Noble House Food and Beverage Co., Ltd. ("Dong Hai Noble House")	Limited liability	PRC	**40%**	40%	**40%**	40%	Operating restaurant ceased during the year

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.

18. INTEREST IN AN ASSOCIATE *(Continued)*

Dong Hai Noble House

	2017 & 2016 RMB'000
Current assets	525
Non-current assets	2,690
Current liabilities	(21,587)
Net liabilities	(18,372)
Net liabilities attributable to the Group	(7,349)

	Year ended 31.12.2017 RMB'000	Year ended 31.12.2016 RMB'000
Revenue	–	2,105
Loss for the year attributable to owner of the associate	–	(3,278)
Group's share of loss	–	(1,311)

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

	2017 & 2016 RMB'000
Net liabilities	(18,372)
Proportion of the Group's ownership interest in Dong Hai Noble House	40%
The Group's interest in Dong Hai Noble House	(7,349)
Deemed capital contribution	1,705
Unrecognised share of loss	5,644
Carrying amount of the Group's interest in Dong Hai Noble House	–

18. INTEREST IN AN ASSOCIATE *(Continued)*

Dong Hai Noble House *(Continued)*

	Year ended 31.12.2017 RMB'000	Year ended 31.12.2016 RMB'000
The unrecognised share of loss of an associate for the year	–	1,311
Cumulative unrecognised share of loss of an associate	5,644	5,644

19. AMOUNT DUE FROM AN ASSOCIATE

	2017 RMB'000	2016 RMB'000
Dong Hai Noble House – non-trade (non-current) (note (a))	7,370	7,370
Less: Impairment loss recognised (note (b))	(7,370)	(7,370)
	–	–

Notes:

(a) As at 31 December 2017 and 2016, 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 was computed at 5.89% during the year ended 31 December 2016 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) In prior years, 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, full impairment loss was made in respect of the outstanding balances. During the year ended 31 December 2016, partial repayment of RMB214,000 from an associate was received and therefore a reversal of impairment loss of RMB214,000 was recognised in profit or loss. No repayment of advance to an associate was made during the year ended 31 December 2017 and no reversal is made for the current year as it is considered not recoverable in the foreseeable future.

20. INVENTORIES

	2017 RMB'000	2016 RMB'000
Food and beverages	3,076	2,259
Consumables	489	637
	3,565	2,896

21. 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 is stated in according to the contract term.

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:

	2017 RMB'000	2016 RMB'000
Trade receivables for Catering business:		
0 – 30 days	**482**	362
31 – 60 days	**264**	253
61 – 90 days	**12**	23
91 – 120 days	**14**	184
121 – 150 days	**6**	46
151 – 180 days	**35**	151
Over 180 days	**1,152**	631
Less: allowance for doubtful debts for trade receivables	**(26)**	(22)
	1,939	1,628
Trade receivables for New energy business:		
Within settlement period	**195,885**	179,528
Past due	**156,011**	20,694
	351,896	200,222
Total trade receivables	**353,835**	201,850
Other receivables and deposits:		
Prepayments to suppliers	**14,825**	18,454
Prepayments for operating expenses	**1,243**	648
Other receivables and deposits	**3,995**	4,732
Less: allowance for doubtful debts for other receivables	**(69)**	(91)
	19,994	23,743
	373,829	225,593

21. 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 RMB1,181,000 (2016: RMB990,000) for Catering business and RMB156,011,000 (2016: RMB20,694,000) for New energy business respectively as of 31 December 2017, 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 outstanding overdue 180 days for New energy business RMB64,466,000 had been fully recovered as at 28 February 2018. 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

	2017	2016
	RMB'000	RMB'000
91 – 120 days	**14**	184
121 – 150 days	**6**	46
151 – 180 days	**35**	151
Over 180 days	**1,126**	609
	1,181	990

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

	2017	2016
	RMB'000	RMB'000
0 – 30 days	**11,154**	13,726
31 – 60 days	**63,406**	–
61 – 90 days	**15,000**	3,968
121 – 150 days	**1,985**	–
151 – 180 days	**–**	3,000
Over 180 days	**64,466**	–
	156,011	20,694

21. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts on trade receivables

	2017 RMB'000	2016 RMB'000
At beginning of the year	**22**	1,067
Impairment losses recognised	**4**	1
Disposal of subsidiaries	**–**	(292)
Reversal of impairment loss recognised	**–**	(754)
At end of the year	**26**	22

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB26,000 (2016: RMB22,000) of which the debtors were in financial difficulties.

Movement in the allowance for doubtful debts on other receivables

	2017 RMB'000	2016 RMB'000
At beginning of the year	**91**	92
Reversal of impairment loss recognised	**(22)**	(1)
At end of the year	**69**	91

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate carrying amount of RMB69,000 (2016: RMB91,000) which was not settled before the due date and considered as uncollectable.

22. 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:

	2017	2016
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:

	2017 RMB'000	2016 RMB'000
HKD	**28,199**	45,126
USD	**1,291**	4,481

23. 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.

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

	2017 RMB'000	2016 RMB'000
Trade payables:		
0 – 30 days (note)	**103,026**	31,691
31 – 60 days	**14,536**	560
61 – 90 days	**1,763**	875
91 – 180 days	**3,997**	29
Over 180 days	**19,829**	9,086
	143,151	42,241
Other payables:		
Accruals	**1,891**	1,800
Other payables	**4,916**	6,032
Employee benefits payable	**1,446**	1,732
Other taxes payable	**4,263**	13,354
	12,516	22,918
	155,667	65,159

Note: Included in the amount represents trade payables of RMB88,763,000 (2016: RMB26,598,000) from the New energy business, which are not yet due at period end and are within the settlement period according to the contract terms.

24. AMOUNTS DUE FROM/TO A RELATED PARTY/A SHAREHOLDER/ A DIRECTOR

	2017	2016
	RMB'000	RMB'000
Amount due from a related party		
–上海龐迪商貿有限公司 (note)	**–**	1,246

	2017	2016
	RMB'000	RMB'000
Amount due to a shareholder	**2,739**	2,748
Amount due to a director	**422**	–

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

The amount due from a related party was denominated in RMB, unsecured, non-interest bearing and fully settled during the year ended 31 December 2017.

The amount due to a director is 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.

25. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
At 1 January 2016		
– ordinary shares of HK$0.01 each	8,000,000	80,000
Effect of share subdivision (note 1)	56,000,000	–
At 31 December 2016 and 31 December 2017		
– ordinary shares of HK$0.00125 each	64,000,000	80,000
Issued and fully paid:		
At 1 January 2016	429,160	4,292
Effect of share subdivision (note 1)	3,004,120	–
At 31 December 2016 and 1 January 2017	3,433,280	4,292
Exercise of share options (note 26)	66,240	83
At 31 December 2017		
– Ordinary shares of HK$0.00125 each	3,499,520	4,375

	2017 RMB'000	2016 RMB'000
Shown on the consolidated statement of financial position	**3,540**	3,470

Notes:

1. 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.

2. During the year ended 31 December 2017, an aggregate of 66,240,000 new shares were issued and allotted upon the exercise of share options with exercise price of HK$0.10125 granted on 25 November 2014. The gross proceeds from the exercise of share options are approximately HK$6,706,800 (equivalent to RMB5,667,000).

26. 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, consultants 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. The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10% of the shares in issue as at the date of approval of the limit.

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 9 June 2017, the Company has granted 343,536,000 share options to the Company's Directors, consultants and employees at the exercise price of HK$0.289 per option share. On 31 December 2017, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was adjusted to 396,016,000 (31 December 2016: 118,720,000), representing 11.3% (31 December 2016: 3.5%) of the shares of the Company in issue at that date.

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

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 C (note 1)	9/6/2017	9/6/2018-9/6/2024	HK$0.289	HK$0.1262
Option D (note 2)	9/6/2017	9/6/2019-9/6/2024	HK$0.289	HK$0.1273
Option E (note 3)	9/6/2017	9/6/2020-9/6/2024	HK$0.289	HK$0.1287
Option to consultants				
Option F (note 1)	9/6/2017	9/6/2018-9/6/2024	HK$0.289	HK$0.1320
Option G (note 2)	9/6/2017	9/6/2019-9/6/2024	HK$0.289	HK$0.1320
Option H (note 3)	9/6/2017	9/6/2020-9/6/2024	HK$0.289	HK$0.1320
Option to employees				
Option B	25/11/2014	25/11/2014-24/11/2021	HK$0.10125*	HK$0.0455*
Option I (note 1)	9/6/2017	9/6/2018-9/6/2024	HK$0.289	HK$0.1117
Option J (note 2)	9/6/2017	9/6/2019-9/6/2024	HK$0.289	HK$0.1170
Option K (note 3)	9/6/2017	9/6/2020-9/6/2024	HK$0.289	HK$0.1219

Notes:

1. Option shares will be vested upon the first anniversary of the date of granted, being 9 June 2018, which shall be exercisable immediately until expiry of the period from 9 June 2018 to 9 June 2024 (both dates inclusive).
2. Option shares will be vested upon the second anniversary of the date of granted, being 9 June 2019, which shall be exercisable immediately until expiry of the period from 9 June 2019 to 9 June 2024 (both dates inclusive).
3. Option shares will be vested upon the third anniversary of the date of granted, being 9 June 2020, which shall be exercisable immediately until expiry of the period from 9 June 2020 to 9 June 2024 (both dates inclusive).

The following table discloses movement of the Company's share options during the years ended 31 December 2017 and 2016:

Option type	1.1.2016 '000	Granted '000	Adjusted during the year' '000	Exercised '000	Forfeited '000	Outstanding at 31.12.2016 and 1.1.2017 '000	Granted '000	Exercised '000	Forfeited '000	Outstanding at 31.12.2017 '000
Option A	9,240	–	64,680	–	–	73,920	–	(24,640)	–	49,280
Option B	5,600	–	39,200	–	–	44,800	–	(41,600)	–	3,200
Option C	–	–	–	–	–	–	32,088	–	–	32,088
Option D	–	–	–	–	–	–	32,088	–	–	32,088
Option E	–	–	–	–	–	–	32,088	–	–	32,088
Option F	–	–	–	–	–	–	28,216	–	–	28,216
Option G	–	–	–	–	–	–	28,216	–	–	28,216
Option H	–	–	–	–	–	–	28,216	–	–	28,216
Option I	–	–	–	–	–	–	54,208	–	–	54,208
Option J	–	–	–	–	–	–	54,208	–	–	54,208
Option K	–	–	–	–	–	–	54,208	–	–	54,208
	14,840	–	103,880	–	–	118,720	343,536	(66,240)	–	396,016
Exercisable at the end of the year 2017										52,480,000
Weighted average exercise price (HK$)	0.81	–	0.70875	–	–	0.10125	0.289	0.10125	–	0.26412

In respective of the share options exercised during the year, the weighted average share price immediately before the date of exercise is HK$0.2392 (2016: nil).

* Adjusted by Share Subdivision on 20 May 2016.

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

The estimated fair values of the options granted on 9 June 2017 at the date of grant was approximately HK$42,444,000 (equivalent to RMB36,838,000). These fair values were calculated using the binomial option pricing model.

The inputs into the model were as follows:

Share price	HK$0.280
Exercise price	HK$0.289
Expected life	7 years
Expected volatility	46.38%
Dividend yield	0%
Risk-free interest rate	1.04%

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

The Group recognised an expense of HK$14,443,000 (equivalent to RMB12,366,000) in relation to share options granted by the Company for the year ended 31 December 2017 (31 December 2016: nil).

27. OPERATING LEASE COMMITMENTS

The Group as lessee

	2017 **RMB'000**	2016 RMB'000
Minimum lease payments paid under operating lease commitment in respect of premise for the year	**13,601**	12,815

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:

	2017 **RMB'000**	2016 RMB'000
Within one year	**12,223**	13,449
In the second to fifth year inclusive	**4,488**	11,450
	16,711	24,899

The leases are generally negotiated for a lease term from 2 to 10 years (2016: 2 to 10 years).

27. 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:

	2017	2016
	RMB'000	RMB'000
Within one year	**523**	288
In the second to fifth year inclusive	**250**	72
	773	360

28. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2016: 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 2017 in respect of the retirement of its employees.

29. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	2017 RMB'000	2016 RMB'000
Non-current assets		
Investments in subsidiaries	**316**	316
Current assets		
Prepayment	**268**	287
Amount due from a director	**–**	955
Amounts due from subsidiaries	**107,328**	104,972
	107,596	106,214
Current liabilities		
Other payables	**1,271**	1,035
Net current assets	**106,325**	105,179
Net assets	**106,641**	105,495
Capital and reserves		
Share capital (note 25)	**3,540**	3,470
Reserves (note 30)	**103,101**	102,025
Total equity	**106,641**	105,495

The amounts due from a director 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 2018 and are signed on its behalf by:

Mr. Hu Yishi
DIRECTOR

Mr. Chan Wing Yuen, Hubert
DIRECTOR

30. RESERVES OF THE COMPANY

	Share premium RMB'000	Special reserve RMB'000 (note)	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 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 and 1 January 2017	–	316	4,551	97,158	102,025
Loss and total comprehensive expense for the year	–	–	–	(16,887)	(16,887)
Exercise of share options (note 26)	8,240	–	(2,643)	–	5,597
Recognition of equity-settled share based payments	–	–	12,366	–	12,366
At 31 December 2017	8,240	316	14,274	80,271	103,101

Note: Special reserve represents the difference between the equity of subsidiary recognised and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Reorganisation in 2011.

31. RELATED PARTY DISCLOSURES

(I) Transactions

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

Name of related party	Nature of transaction	2017 RMB'000	2016 RMB'000
Dong Hai Noble House	Sales of processed food	–	38
	Handling fee income on VIP cards	–	9
臻露酒業(上海)有限公司 (note 1)	Purchase of inventory	–	235
上海龐迪商貿有限公司 (note 2)	Purchase of inventory	419	248

Notes:

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

2. 上海龐迪商貿有限公司 is a company controlled by the director of the Company's subsidiary.

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 had been completed on 28 April 2017.

(II) Balances

Details of balances with related parties are set out in the consolidated statement of financial position and in notes 19 and 24, respectively.

(III) Compensation of key management personnel

The directors of the Company and the five highest paid employees are identified as key management members of the Group, their compensation during the year is set out in note 12. The remuneration of the directors and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

32. LITIGATION

On 26 July 2016, 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 seeked 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, the litigation in relation to the contractual dispute between the Dong Hai Noble House and Noble House Management Company has been settled. According to the civil judgment announced by The People's Court of Yinzhou District, Ningbo, Zhejiang, the litigation claim of the plaintiff was not supported by the reasonable evidence and hence rejected by the Court. No provision is considered necessary for the Claim.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at 1 January 2017 RMB'000	Financing cash flow RMB'000	**As at 31 December 2017 RMB'000**
Amount due to a shareholder (Note 24)	2,748	(9)	**2,739**
Amount due to a director (Note 24)	–	422	**422**
	2,748	413	**3,161**

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

A. General information of subsidiaries

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

Name of subsidiary	Place and date of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Company		Share capital/ registered and paid-up capital	Principal activities
			2017	2016	**2017**	2016		
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
萃譽控股有限公司 Brilliant Noble Holdings Limited	Samoa 1 August 2014	Samoa	**100%**	100%	**100%**	100%	US$1	Investment holding
超寶有限公司 Treasure Beyond Limited	Republic of Seychelles 5 May 2016	Republic of Seychelles	**100%**	100%	**100%**	100%	US$1	Investment holding
御域有限公司 Noble Basin Limited	Republic of Seychelles 8 June 2016	Republic of Seychelles	**100%**	100%	**100%**	100%	US$1	Investment holding
富能有限公司 Rich Mighty Limited	Republic of Seychelles 24 June 2016	Republic of Seychelles	**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
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
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
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
上海富愷商務諮詢有限公司 (Note 1)	PRC 13 July 2017	PRC	**100%**	-	**100%**	-	US$150,000	Investment Holding

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

A. General information of subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group 2017	Equity interest attributable to the Group 2016	Proportion of voting power held by the Company 2017	Proportion of voting power held by the Company 2016	Share capital/ registered and paid-up capital	Principal activities
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 technologic and construction business
華夏北方科技發展(天津)有限公司 Hua Xia Northern Technology Development (Tjianjin) Limited	PRC 30 November 2016	PRC	**89.9%**	89.9%	**89.9%**	89.9%	–	New energy development, research on its related technologic and construction 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
冠悅管理有限公司 Crown Joy Management Limited (formerly known as Easy 2 Finance Limited)	Hong Kong 18 August 2014	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding
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
銳力投資有限公司 Sharp Power Investments Limited	Republic of Seychelles 22 January 2015	Republic of Seychelles	**100%**	100%	**100%**	100%	US$1	Investment holding
銳力管理有限公司 Sharp Power Management 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	Investment holding
順盈管理有限公司 Easy Gain Management Limited	Hong Kong 16 May 2016	Hong Kong	**100%**	100%	**100%**	100%	HK$1	Investment holding

Note:

1. There subsidiaries were newly set up/established in 2017.

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

34. 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 establishment 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	
		2017	2016	**2017 RMB'000**	2016 RMB'000	**2017 RMB'000**	2016 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%	**(233)**	1,802	**6,776**	7,009
華夏北方科技發展(天津)有限公司 Hua Xia Northern Technology Development (Tjianjin) Limited	PRC	**10.1%**	10.1%	**8,605**	9,785	**18,390**	9,785
Individually immaterial subsidiary with non-controlling interest				**–**	100	**–**	–
				8,372	11,687	**25,166**	16,794

34. 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

	2017 **RMB'000**	2016 RMB'000
Current assets	**73,340**	85,846
Non-current assets	**36**	327
Current liabilities	**(5,621)**	(16,087)
Total equity	**67,755**	70,086
Equity attributable to owners of the Company	**60,979**	63,077
Non-controlling interests	**6,776**	7,009

	2017 **RMB'000**	2016 RMB'000
Revenue	**–**	32,038
Expenses	**(2,331)**	(14,026)
(Loss) profit for the year	**(2,331)**	18,012
(Loss) profit and total comprehensive (expense) income attributable to owners of the Company	**(2,098)**	16,210
(Loss) profit and total comprehensive (expense) income attributable to the non-controlling interests	**(233)**	1,802
(Loss) profit and total comprehensive (expense) income for the year	**(2,331)**	18,012
Net cash inflow (outflow) from operating activities	**18,954**	(9,777)
Net cash inflow (outflow) from investing activities	**29,700**	(33,327)
Net cash inflow from financing activities	**–**	–
Net cash inflow (outflow)	**48,654**	(43,104)

34. 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

	2017 RMB'000	2016 RMB'000
Current assets	**343,824**	201,350
Non-current assets	**175**	–
Current liabilities	**(161,910)**	(104,465)
Total equity	**182,089**	96,885
Equity attributable to owners of the Company	**163,699**	87,100
Non-controlling interests	**18,390**	9,785

	2017 RMB'000	2016 RMB'000
Revenue	**256,484**	285,586
Expenses	**(171,280)**	(188,701)
Profit for the year	**85,204**	96,885
Profit and total comprehensive income attributable to owners of the Company	**76,599**	87,100
Profit and total comprehensive income attributable to the non-controlling interests	**8,605**	9,785
Profit and total comprehensive income for the year	**85,204**	96,885
Net cash (outflow) inflow from operating activities	**(10,672)**	9,468
Net cash outflow from investing activities	**(175)**	–
Net cash (outflow) inflow from financing activities	**(29,700)**	33,300
Net cash (outflow) inflow	**(40,547)**	42,768

35. EVENTS AFTER THE REPORTING PERIOD

On 5 January 2018, a non-wholly owned subsidiary of the Company 華夏北方科技發展(天津)有限公司 (Hua Xia Northern Technology Development (Tianjin) Limited*) (the "Purchaser") has entered into the sale and purchase agreement (the "Acquisition Agreement") with Mr. Zhang Hu and Mr. Li Shu Qi (the "Vendors"), both are independent third parties, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 91% of the registered capital of 天津津熱天然氣銷售有限公司 (Tianjin Jin Re Natural Gas Sales Company Limited*) (the "Target Company") at the aggregate consideration of RMB78,400,000 (equivalent to approximately HK$94,394,000). The Target Company is permitted to engage in sale of natural gas; gas pipeline engineering; sale, installation and maintenance of gas transmission equipment; development, consultation, service and transfer of heat supply technology; development of new energy technology; leasing and commercial services industry; installation of electric and mechanical equipment; and centralized urban heat supply service. It holds two LNG stations in Tianjin, the PRC.

On 7 February 2018, the acquisition has been completed after fulfilment of the conditions precedent as set out in the Acquisition Agreement. Following completion of the Acquisition Agreement, the Company indirectly holds 81.8% of the equity interest of the Target Company and the Target Company became a non-wholly owned subsidiary of the Group. Details are refer to the Company's announcement dated 5 January 2018.

* English name is for identification purpose only.

Summary of Financial Information

	For the year ended 31 December				
	2013	2014	2015	2016	**2017**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	99,477	74,810	162,508	372,291	**302,427**
Profit (loss) before taxation	(27,902)	(34,050)	32,479	147,090	**77,612**
Taxation	(201)	–	(11,147)	(40,353)	**(26,815)**
Profit (loss) for the year	(28,103)	(34,050)	21,332	106,737	**50,797**

	For the year ended 31 December				
	2013	2014	2015	2016	**2017**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Total assets	63,080	72,551	211,369	343,168	**486,085**
Total liabilities	(41,550)	(47,905)	(93,692)	(117,337)	**(191,424)**
Net assets	21,530	24,646	117,677	225,831	**294,661**

A summary of the Group's result for the five financial years and the assets and liabilities of the Group as at 31 December 2017, 2016, 2015, 2014 and 2013 as extracted from the published audited financial statements for the year ended 31 December 2017, 2016, 2015, 2014 and 2013, 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%
Unit 1604, Jing An China Tower, 1701 Beijing West Road, Shanghai, the PRC	Commercial	Medium-term lease	100%