發展清潔能源
促進人與自然和諧共處

CNEC

中国核建

China Nuclear Energy Technology Corporation Limited

Formerly known as
"China Nuclear Industry 23
International Corporation Limited"

Stock Code : 611

ANNUAL REPORT
2015

Contents

Integrity
Professionalism
Astuteness
Pioneer
Respect
Innovate

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ai Yilun *(Chairman)*
Mr. Chan Shu Kit *(Vice-Chairman)*
Ms. Jian Qing
Mr. Chung Chi Shing
Mr. Gao Yongping
Mr. Fu Zhigang *(Chief Executive Officer)*
Mr. Tang Chuanqing
Mr. Tang Jianhua

Independent Non-executive Directors

Mr. Chan Ka Ling, Edmond
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping

AUDIT COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping

REMUNERATION COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Ai Yilun
Mr. Chan Shu Kit
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping

NOMINATION COMMITTEE

Mr. Ai Yilun *(Chairman)*
Ms. Jian Qing
Mr. Chan Ka Ling, Edmond
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping

COMPANY SECRETARY

Mr. Ng Siu Cheung

PRINCIPAL BANKERS

Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Hong Kong Branch)

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG PRINCIPAL OFFICE

Room 2801, 28/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

STOCK CODE

611

WEBSITE

www.cnetcl.com

Chairman's Statement

On behalf of the Board of Directors, I am pleased to announce the results of the Group for the year ended 31 December 2015.

In 2015, the Group expanded the market of the alternative energy as the core business and implemented the positive business growth strategy by closely following the policy direction and the market development trends and achieved gratifying gains through the joint efforts of the management and all staff.

In 2015, the Group successfully turned around and became profitable. As at 31 December 2015, the Group recorded a total revenue of approximately HK$1,676 million, representing an increase of approximately 4.2 times over the same period of last year. Profit attributable to owners of the Company was approximately HK$3.6 million (loss of the previous reporting period was approximately HK$40.9 million).

PHOTOVOLTAIC EPC BUSINESS GAINED RAPID GROWTH WHILE SELF-BUILT PHOTOVOLTAIC POWER PLANTS MADE A BREAKTHROUGH

In March 2015, the National Energy Administration issued a "Notice on Implementation Plan of PV Power Generation Construction". In 2015, the construction scale of the new PV power plants nationwide amounted to 17.5GW with investment exceeding RMB100 billion. By taking this opportunity, the Group issued convertible bonds with the principal amount of HK$350 million on 26 May 2015 to provide working capital for the photovoltaic EPC business. Through the financial support and riding on our excellent design capability in the photovoltaic field and the brand advantage of CNEGC's construction, our market share of photovoltaic EPC business increased rapidly. We won an aggregate of 36 projects with a total amount of RMB3,010.06 million in the whole year. The projects were located in more than 10 provinces and autonomous regions throughout the country and our clients included GCL, China Power Investment Corporation, CGN, CNNC, CECEP, China Guodian Corporation, State Grid, Datang Power and other well-known international companies. Our engineering performance was highly appraised by customers and we have accumulated high brand reputation in the industry. In 2015, the photovoltaic EPC business recorded a revenue of approximately HK$1,503.7 million, representing an increase of approximately 16.4 times over the same period of last year.

Meanwhile, the Group kept improving the industrial structure and made a breakthrough in autonomously investment and development of photovoltaic power plants. In August 2015, a joint venture company was established to invest in the construction of distributed photovoltaic power plant in Qiqihar Sewage Treatment Plant with a capacity of 3MW. On 30 December 2015, the project was connected to grid for power generation. In December 2015, the construction of the first phase project of Jiangsu Taizhou 20MW agricultural photovoltaic power station which was solely developed by the Group through investing US$12 million was started, which is expected to put into operation in March 2016. The prospective return is considerable.

EXPANDED FINANCING CHANNELS AND ESTABLISHED THE FINANCIAL PLATFORM TO ACHIEVE SYNERGIES OF FINANCING AND PRODUCTION

In order to constantly expand and optimize the financing channels, the Group established the financial leasing company in August 2015 in Qianhai, Shenzhen. After three months of preparations, the Group raised RMB60 million funds for the first phase project of Jiangsu Taizhou 20MW agriculture photovoltaic power station in December to achieve the establishment, operation, and made profits during the year. At present, the bank in the PRC has intended to provide banking facilities for the business projects; meanwhile we were actively working with the peers in the industry to start the asset turnover business in a timely manner.

CONTINUOUS POSITIVE RETURN FROM FINANCIAL INVESTMENT

China Nuclear Industry Maintenance Co., Ltd., where the Group held interests, has obtained the investment from China Nuclear Engineering Corporation Limited in 2015. Through such investment, China Nuclear Industry Maintenance Co., Ltd.'s registered capital and total investment have increased, which will enlarge its production scale, integrate the inner resource, enhance the core competition and continuously bring positive returns to the Group.

OUTLOOK

The Company has been renamed as "China Nuclear Energy Technology Corporation Limited" since 14 July 2015, which marked that the Company has stepped into the strategic transmission of "becoming the international advanced clean energy investment corporation and service provider". The Group will insist on the operating thought of capital lead and production and financing combination and exert its own advantage through relying on the development direction of the "13th Five-Year" Plan. It will improve the project execution through precise management to become a leader of the solar EPC industry, further strengthen the cooperation with the governmental departments and excellent enterprises in the industry, deepen the attendance in the PV power generation and photothermal power generation markets, and boost the investment and operation of solar energy farms. Based on the core values of "responsibility, preciseness, excellence and win-win", the Company will fully utilize the capital market and the resource of financial service platform to realize the production and financing combination and business association, grasp the historic opportunity of the national strategy of "One Belt, One Road", and positively explore the chance of investment in the nuclear electricity field and nuclear energy, so as to build the clean energy investment system of nuclear and renewable energy and push forward the application of green energy and the construction of safe, clean, efficient and low-carbon modern energy system.

Ai Yilun
Chairman

Hong Kong, 7 March 2016

Management Discussion and Analysis

BUSINESS REVIEW

At the end of 2015, the Group has formed the diversified business architecture of hotel catering, photovoltaics EPC, photovoltaics power generation and financial services, and held controlling interests and equity interests in a professional company specialized in the maintenance of nuclear power stations and nuclear projects in the PRC.

In March 2015, the National Energy Administration adjusted the construction scale of the new PV power plants nationwide from 15GW to 17.8GW. On 15 December 2015, the National Energy Administration published the "Invitation Letter for Opinions on Solar Energy Development According to the 13th Five-Year Plan" (關於徵求太陽能利用「十三五」發展規劃意見的函). According to the plan, installed capacity of solar power generation will reach 160GW and the annual power generation capacity will reach 170 billion kWh by the end of 2020. Annual total investment amount will be approximately RMB200 billion. It is expected that the photovoltaics industry will still develop rapidly in the next few years.

Through the introduction of excellent experience in the management of nuclear power construction project and the rich working capital, the photovoltaics EPC business of the Group had its market competitiveness enhanced significantly. In 2015, the actual photovoltaics EPC contracts newly executed and to be executed were 968.66MW. There were 14 new construction projects and 6 interconnection projects, all having a quality acceptability of 100%. In 2015, the Group was identified as "New High-tech Enterprise" (高新技術企業), awarded as "Nanjing High-end R&D Institution" (南京市高端研發機構), and approved to establish "Nanjing Engineering and Technological Research Center for Integration Technology Application of Photovoltaic Power System" (南京市光伏發電系統集成技術應用工程技術研究中心). In the next few years, the Group will continue to strengthen the market development and strive to become a leader in the industry. At the same time, the Group will rely on the development of photovoltaics EPC to expand biomass energy, pollution control and other engineering fields.

During the reporting period, the construction of the first phase project of Jiangsu Taizhou 20MW agricultural photovoltaics power station which was solely developed by the Group was started, which is expected to be completed for power generation in 31 March 2016 with the total installed capacity of 20MW together with the second phase. The sewage treatment plant was used to complete the 3MW distributed power project through joint venture. The Group organized the solar-thermal technical study team, and declared the national first batch of demonstration project on solar-thermal power generation. In the field of new energy, the original single engineering construction was developed into the integration of "development, investment, construction and operation".

Relying on the internal photovoltaics power station investment plan, the finance lease business of the Group was started. Business development mainly faced the "clean energy" field benefiting from national macro policy and with a large number of high-quality assets, and the "energy conservation and environmental protection" field with a larger market space. At the same time, it helped the Group's EPC projects to get more business opportunities.

The participation in China Nuclear Industry Maintenance Co., Ltd. developed well, and its operation revenue amounted to HK$491 million, representing an increase of HK$106 million or 28%. During the reporting period, the share of its net results amounted to HK$7.6 million, representing an increase of 28%.

The turnover of hotel catering business decreased continuously, and the catering business still recorded a loss. The Group will implement a relatively strict cost control on its hotel catering business.

Financial Review

The Group's consolidated revenue for the year ended 31 December 2015 amounted to HK$1,676,330,000 representing an increase of HK$1,353,807,000 compared to the consolidated revenue of HK$322,523,000 recorded for the year ended 31 December 2014. Consolidated profit attributable to owners of the Company for the current year was HK$3,559,000 (consolidated loss for the year ended 31 December 2014: HK$40,931,000). Basic earnings per share amounted to HK cent 0.32 (for the year ended 31 December 2014: basic loss per share HK cent 3.72).

The significant improvement as compared to the net loss for the year ended 31 December 2014, among other things, was mainly due to the positive impact contributed from projects revenue, which was benefited from extensive market development and new business growth plan in the EPC and consultancy segment. Therefore, the relevant business of the Group recorded a net profit for the year ended 31 December 2015. Net profit for the year amounted to HK$9,998,000, excluding the gain on deemed disposal of an associate of HK$2,712,000 and the imputed interest on convertible bonds of HK$22,996,000, the Group would have recorded a profit of HK$30,282,000 from its core business for the year ended 31 December 2015.

The Board considers that the Group remains in a healthy and solid financial condition and is continuing to pursue in various investment opportunities.

In the year of 2015, food prices remained rally as domestic market was directly affected by foreign imported inflation. However, gross profit margin of the restaurant segment of the Group maintained at 66% for the current year, because our management regularly kept an eye on price changes, thus constantly monitored gross profit of food, and adopted sustainable and effective purchasing measures, so as to improve food quality and gross profit margin.

Liquidity and Financial Resources

As at 31 December 2015, the Group had cash and cash equivalents of approximately HK$310,851,000 (31 December 2014: HK$252,882,000), in total, most of which were unsecured bank deposits, with their original maturities within three months. In addition, the Group had no mortgage loans (31 December 2014: Nil). The net assets were approximately HK$474,941,000 (31 December 2014: HK$397,474,000). The ratio of debt (included convertible bonds and loans included in other payables and accruals) to total equity was 0.76 (31 December 2014: 0.08).

On 26 May 2015, the Company issued an aggregated principal amount of HK$350,000,000 3% convertible bonds, which are due on 25 May 2016. The Company received net proceeds of HK$346,114,000 after deducting the commissions and expenses of the offering. As at 31 December 2015, HK$55,000,000 of the convertible bonds were converted into 31,428,572 new ordinary shares at a conversion price of HK$1.75 per share.

As at 31 December 2015, included in other payables of (i) RMB9,550,000 (approximately HK$11,507,000) represent the non-interest bearing shareholders' loan from an non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company; and (ii) RMB50,000,000 (approximately HK$60,245,000) represent an interest bearing loan from a fellow subsidiary of the Company which is unsecured and due on 13 May 2016. The interest rate of the loan is at Renminbi fixed basic rate plus 10% per annum.

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

Contingent Liabilities

As at 31 December 2015, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 December 2015, the Group had 419 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of the Company has committed to achieving high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The Board is of the view that throughout the year ended 31 December 2015, the Company has complied with the code provisions as set out in the CG Code.

A. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Code of Conduct and the Model Code throughout the year ended 31 December 2015.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

B. BOARD OF DIRECTORS

The composition of board of directors of the Company during the year and up to the date of this annual report is set out below:

Executive Directors:

Mr. Ai Yilun *(Chairman)*
Mr. Chan Shu Kit *(Vice-Chairman)*
Ms. Jian Qing
Mr. Chung Chi Shing
Mr. Gao Yongping
Mr. Fu Zhigang *(Chief Executive Officer)*
Mr. Tang Chuanqing
Mr. Tang Jianhua (appointed on 14 July 2015)
Mr. Han Naishan (resigned on 9 March 2015)
Mr. Xu Zhaoyang (appointed on 9 March 2015 and resigned on 14 July 2015)

Independent Non-executive Directors:

Mr. Chan Ka Ling, Edmond
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping (appointed on 14 July 2015)
Mr. Chen Ying (resigned on 14 July 2015)

The biographical information of the current directors are disclosed under the section headed "Biographical Details of the Directors" on pages 22 to 25 of the annual report for the year ended 31 December 2015.

(1) Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by different persons. During the year ended 31 December 2015, Mr. Ai Yilun acted as Chairman and Mr. Fu Zhigang acted as Chief Executive Officer of the Company. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

(2) Independent Non-executive Directors

During the year ended 31 December 2015, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Director in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

(3) Directors' Re-election

Code Provision A.4.1 of the CG Code stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code stipulates that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the directors of the Company is appointed for a specific term of not more than 3 years. In accordance with Bye-law no. 84(1) of the Company's Bye-laws, all directors shall retire from office at each annual general meeting and they shall be eligible for re-election. It is set forth in the Bye-law no. 83(2) that any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting.

(4) Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

(5) Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate and the directors are encouraged to attend relevant training courses at the Company's expenses.

For Mr. Xu Zhaoyang, Mr. Tang Jianhua and Mr. Tian Aping who were appointed as directors of the Company on 9 March 2015 and 14 July 2015 respectively, they had attended a training on "Responsibilities of Directors of Listed Companies" conducted by lawyer.

Apart from the induction for the newly appointed directors, the directors of the Company also participate in appropriate continuous professional development to refresh their knowledge and skill during the year ended 31 December 2015, a summary of which is as follows:

Name of Director	Type of Training	Subject
Ai Yilun	B	1, 2
Chan Shu Kit	B	1, 2
Jian Qing	B	1, 2
Chung Chi Shing	A, B	1, 2
Gao Yongping	B	1, 2
Fu Zhigang	A, B	1, 2
Tang Chuanqing	B	1, 2
Tang Jianhua	B	1, 2
Chan Ka Ling, Edmond	A, B	1, 2
Li Baolin	B	1, 2
Wang Jimin	B	1, 2
Tian Aiping	B	1, 2

Note:

A: Attending seminars, briefings, conferences or forums
B: Reading journals and updates

1: Corporate governance, legal and regulatory updates
2: Business and operations of the Company

C. BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors. The members of the Board committees during the year and up to the date of this annual report are set out below:

Audit Committee:

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping (appointed on 14 July 2015)
Mr. Chen Ying (resigned on14 July 2015)

Remuneration Committee:

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Ai Yilun
Mr. Chan Shu Kit
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping (appointed on 14 July 2015)
Mr. Chen Ying (resigned on 14 July 2015)

Nomination Committee:

Mr. Ai Yilun *(Chairman)*
Ms. Jian Qing
Mr. Chan Ka Ling, Edmond
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping (appointed on 14 July 2015)
Mr. Chen Ying (resigned on 14 July 2015)

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

(1) Audit Committee

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2015, the Audit Committee held five meetings for the purposes of discussing audit arrangements, approving change of auditor and reviewing the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor and the other matters in accordance with the Audit Committee's written terms of reference.

The Audit Committee also met the external auditor twice without the presence of the Executive Directors.

(2) Remuneration Committee

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2015, the Remuneration Committee held two meetings to review and make recommendation to the Board on the remuneration packages of the directors and other related matters in accordance with the Remuneration Committee's written terms of reference.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000	4
HK$1,000,000–HK$1,500,000	1

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 10 and 11 to the consolidated financial statements respectively as set out on pages 67 to 69 of this annual report.

(3) Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year ended 31 December 2015, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

(4) Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each director at the Board and Board Committee meetings and the general meeting of the Company held during the year ended 31 December 2015 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Independent Non-Executive Directors Meeting	General Meeting
Ai Yilun	29/33	2/2	2/2	N/A	N/A	4/4
Chan Shu Kit	32/33	N/A	2/2	N/A	N/A	4/4
Jian Qing	33/33	2/2	N/A	N/A	N/A	4/4
Chung Chi Shing	33/33	N/A	N/A	N/A	N/A	4/4
Gao Yongping	26/33	N/A	N/A	N/A	N/A	2/4
Fu Zhigang	33/33	N/A	N/A	N/A	N/A	4/4
Tang Chuanqing	29/33	N/A	N/A	N/A	N/A	3/4
Tang Jianhua	12/13	N/A	N/A	N/A	N/A	1/1
Chan Ka Ling, Edmond	29/33	2/2	2/2	5/5	5/5	3/4
Li Baolin	23/33	2/2	1/1	4/5	5/5	0/4
Wang Jimin	28/33	2/2	1/1	5/5	5/5	3/4
Tian Aiping	12/15	N/A	N/A	1/1	3/3	1/1
Xu Zhaoyang *(resigned)*	11/12	N/A	N/A	N/A	N/A	0/3
Chen Ying *(resigned)*	12/18	2/2	1/2	3/4	2/2	1/3
Han Naishan *(resigned)*	6/6	N/A	N/A	N/A	N/A	N/A

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of Executive Directors during the year ended 31 December 2015.

E. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 28 to 29.

F. AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 amounted to HK$1,000,000 and HK$250,000 respectively.

G. INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

H. SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

(1) Convening a Special General Meeting by Shareholders

Pursuant to the Bye-law no. 58 of the Company's Bye-laws, shareholders holding at the date of the 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 may at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require the convening of a special 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 months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting in accordance with Section 74(3) of the Bermuda Companies Act 1981.

(2) Putting Forward Proposals at General Meeting

Pursuant to Section 79 of the Bermuda Companies Act 1981, shareholders representing not less than one-twentieth of the total voting rights of all shareholders; or not less than 100 shareholders may make requisition in writing to the Company:

(a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) to circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(3) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

(4) Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 2801, 28/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (For the attention of the Chief Executive Officer/Company Secretary)
Fax:	(852) 3983 0999
Tel:	(852) 3983 0923
Email:	info@cnetcl.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

During the year ended 31 December 2015, there was no significant change in the Company's constitutional documents, and these documents are available on the websites of the Company and of the Stock Exchange.

Directors' Report

The directors present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries and associates are set out in notes 21 and 22 to the consolidated financial statements respectively. There were no significant changes in the nature of the Group's principal activities during the year.

CHANGE OF COMPANY NAME

With effect from 14 July 2015, the name of the Company was changed from China Nuclear Industry 23 International Corporation Limited to China Nuclear Energy Technology Corporation Limited.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 December 2015 and the financial position of the Company and the Group as at that date are set out in the consolidated financial statements on pages 30 to 97.

The Board did not recommend payment of a final dividend for the year ended 31 December 2015 (for the year ended 31 December 2014: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 98. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 are provided in the section headed "Business Review" of Management Discussion and Analysis.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Group during the year ended 31 December 2015 are set out in notes 16 and 17 to the consolidated financial statement, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2015 are set out in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in note 34 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended).

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales for the year ended 31 December 2015 attributable to the Group's major customers are as follows:

	Percentage of the total sales accounted for
Sales	
— the largest customer	22%
— five largest customers combined	58%

The percentages of purchases for the year ended 31 December 2015 attributable to the Group's major suppliers are as follows:

	Percentage of the total purchases accounted for
Purchases	
— the largest supplier	66%
— five largest suppliers combined	78%

As mentioned in section headed "Continuing Connected Transactions" of the Directors' Report, 新疆新華聖樹光伏發電有限公司 (transliterated as Xinjiang Xinhua Shengshu Solar Photovoltaic Company Limited) ("Xinhua Shengshu"), is a connected person of the Company within the meaning of the Listing Rules. Xinhua Shengshu was one of the five largest customers of the Group. Save as disclosed above, none of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were as follows:

Executive Directors:

Mr. Ai Yilun *(Chairman)*
Mr. Chan Shu Kit *(Vice-Chairman)*
Ms. Jian Qing
Mr. Chung Chi Shing
Mr. Gao Yongping
Mr. Fu Zhigang *(Chief Executive Officer)*
Mr. Tang Chuanqing
Mr. Tang Jianhua (appointed on 14 July 2015)
Mr. Han Naishan (resigned on 9 March 2015)
Mr. Xu Zhaoyang (appointed on 9 March 2015 and resigned on 14 July 2015)

Independent Non-executive Directors:

Mr. Chan Ka Ling, Edmond
Mr. Li Baolin
Mr. Wang Jimin
Mr. Tian Aiping (appointed on 14 July 2015)
Mr. Chen Ying (resigned on 14 July 2015)

In accordance with Bye-laws 83(2) and 84(1) of the Company's Bye-laws, Mr. Ai Yilun, Mr. Chan Shu Kit, Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Gao Yongping, Mr. Fu Zhigang, Mr. Tang Chuanqing, Mr. Tang Jianhua, Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Tian Aiping, all of the directors of the Company, would retire at the forthcoming 2016 Annual General Meeting and that all the retiring directors, being eligible, would offer themselves for re-election at the forthcoming 2016 Annual General Meeting.

The Company has received annual confirmations of independence from each of Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Tian Aiping, the Independent Non-executive Directors as at 31 December 2015.

DIRECTORS' SERVICE CONTRACTS

Mr. Ai Yilun, being the Chairman and an Executive Director of the Company, has a letter of appointment with the Company for a term of three years to 26 December 2016 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Chan Shu Kit, being the Vice-Chairman and an Executive Director of the Company, has a service contract with the Company for a term of three years to 31 March 2019 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Ms. Jian Qing, being an Executive Director of the Company, has a service contract with the Company for a term of three years to 18 October 2018 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Chung Chi Shing, being an Executive Director of the Company, has a service contract with the Company for a term of three years to 30 November 2016 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Gao Yongping, being an Executive Director of the Company, has a letter of appointment with the Company for a term of three years to 26 December 2016 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Fu Zhigang, being an Executive Director and the Chief Executive Officer of the Company, has a letter of appointment with the Company for a term of three years to 9 July 2017 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Tang Chuanqing, being an Executive Director of the Company, has a letter of appointment with the Company for a term of three years to 9 July 2017 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr.Tang Jianhua, being an Executive Director of the Company, has a letter of appointment with the Company for a term of three years to 13 July 2018 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Chan Ka Ling, Edmond, being an Independent Non-executive Director of the Company, has a letter of appointment with the Company for a term of three years to 31 March 2019 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Each of Mr. Li Baolin and Mr. Wang Jimin, being the Independent Non-executive Directors of the Company, has a letter of appointment with the Company for a term of three years to 27 February 2017 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Tian Aiping, being an Independent Non-executive Director of the Company, has a letter of appointment with the Company for a term of three years to 13 July 2018 and is subject to retirement and is eligible to re-election at each annual general meeting of the Company pursuant to the Bye-laws of the Company.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 38 to the consolidated financial statements, no Director and no entity connected with any Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Long positions in shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Chan Shu Kit	Interest of controlled corporation *(Note)*	114,240,000	10.08%

Note: These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.

Save as disclosed above, as at 31 December 2015, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, the persons (other than the directors of the Company, whose interests have been disclosed in the above section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures") had interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company:

Name	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) *(note 1)*	Interest of controlled corporations	400,000,000	35.30%
ZOC Investment Co., Ltd. *(note 1)*	Interest of controlled corporation	400,000,000	35.30%
China He Investment (Hong Kong) Company Limited *(note 1)*	Beneficial owner	400,000,000	35.30%
Hoylake Holdings Limited *(note 2)*	Beneficial owner	114,240,000	10.08%
Zhao Xu Guang *(note 3)*	Interest of controlled corporations	84,676,000	7.47%
Prosper Alliance Investments Limited *(note 3)*	Beneficial owner	60,000,000	5.30%
Cheung Mui *(note 4)*	Interest of controlled corporation	60,000,000	5.30%
Grand Honest Limited *(note 4)*	Beneficial owner	60,000,000	5.30%

Notes:

1. ZOC Investment Co., Ltd. ("**ZOC Investment**") is deemed to be interested in 400,000,000 shares of the Company held by its wholly-owned subsidiary China He Investment (Hong Kong) Company Limited. 中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) is deemed to be interested in these 400,000,000 shares by virtue of its holding 100% interests in ZOC Investment.

2. Hoylake Holdings Limited is wholly-owned by Chan Shu Kit, a director of the Company.

3. Zhao Xu Guang is deemed to be interested in 84,676,000 shares of the Company of which 60,000,000 shares and 24,676,000 shares were held by Prosper Alliance Investments Limited and Rui Tong Investments Limited respectively. Prosper Alliance Investments Limited and Rui Tong Investments Limited are wholly-owned by Mr. Zhao.

4. Grand Honest Limited is wholly-owned by Cheung Mui and she is deemed to be interested in its holding of 60,000,000 shares of the Company.

* *for identification purpose only*

Save as disclosed above, as at 31 December 2015, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

BIOGRAPHICAL DETAILS OF THE DIRECTORS

Name	Age	Position held	Business experience
Mr. Ai Yilun	46	Chairman and Executive Director	Mr. Ai joined the Company on 27 December 2013. He has obtained a doctorate degree in World Economics from Jilin University in the People's Republic of China (the "**PRC**"). He is currently the general manager of ZOC Investment Co., Ltd. ("**ZOC Investment**"), a controlling shareholder of the Company. Mr. Ai had previously held different positions including the chairman and general manager of 北京中經科環質量認證有限公司 (transliterated as Beijing Zhongjing Kehuan Quality Certification Co., Ltd.), the secretary of the Board of Directors of 北京中核投資有限公司 (transliterated as Beijing Zhong He Investment Co., Ltd.), the vice general manager of ZOC Investment and the general manager of 中核新能源投資有限公司 (transliterated as Zhong He New Energy Investment Co., Ltd.).
Mr. Chan Shu Kit	67	Vice-Chairman and Executive Director	Mr. Chan is a co-founder of the Group and has over 40 years of experience in the catering business. He is responsible for the overall corporate strategy of the Group's catering and hotel businesses and acts as director to some of the subsidiary companies.
Ms. Jian Qing	44	Executive Director	Ms. Jian joined the Company on 19 October 2009 and has been involved in the identifying suitable investments opportunities for the Company via her business network. Ms. Jian graduated from Jilin University in the PRC with a bachelor's degree in Economics. She also holds a master's degree in Business Administration from the Lawrence Technology University in the United States. She has more than 18 years of experience in different areas of securities and financial management, which was gained from working at a number of securities companies in the PRC.
Mr. Chung Chi Shing	50	Executive Director	Mr. Chung joined the Company on 1 December 2010. He has more than 22 years of working experience and is currently a non-executive director of Value Convergence Holdings Limited (stock code: 821) and a general manager of several subsidiaries of GCL New Energy Holdings Limited (formerly known as "Same Time Holdings Limited") (stock code: 451). He was also an executive director and chief executive officer of Central China Enterprises Limited (stock code: 351) from 2000 to 2004, a director of a trading company of chemical products from 2005 to 2006, a director of Vega Science & Technology (HK) Co., Limited (printed circuit board drilling machine manufacturer) from 2007 to 2012, and an executive director of GCL New Energy Holdings Limited from 2011 to 2014.

Name	Age	Position held	Business experience
Mr. Gao Yongping	50	Executive Director	Mr. Gao joined the Company on 27 December 2013. He was graduated from Jilin University of Finance and Economics in the PRC with a bachelor's degree in Economics. Mr. Gao has more than 18 years of working experience in finance. He is currently the general manager of ZOC Trans Union Investment Fund Management (Beijing) Co., Ltd. and the Manager of the Fund Management Department and Assistant to the general manager of ZOC Investment Co., Ltd., a controlling shareholder of the Company. He had previously held different positions including the director of Foreign Exchange Administration at the State Administration of Foreign Exchange, Shenyang Branch; the general manager of the International Business Department and general manager of the Corporate Banking Department at China Merchants Bank, Shenyang Branch and the bank president of China Merchants Bank, Xingshun Branch. Mr. Gao also obtained the qualification of a senior economist from China Merchants Bank in 2000.
Mr. Fu Zhigang	45	Executive Director and Chief Executive Officer	Mr. Fu joined the Company on 27 December 2013. He obtained a bachelor's degree in Economics from Central University of Finance and Economics in the PRC. He is also qualified as an accountant conferred by the Ministry of Finance of the PRC. He is currently the vice financial controller and the director of Finance Department at ZOC Investment Co., Ltd. Mr. Fu was previously the company supervisor at 三門核電有限公司 (transliterated as Sanmen Nuclear Power Co., Ltd.) and 中核遼寧核電有限公司 (transliterated as CNNC Liaoning Nuclear Power Co., Ltd.), the chairman of supervisory board at 山東核電設備製造有限公司 (transliterated as Shandong Nuclear Power Equipment Manufacturing Co., Ltd.), the accounting manager at 北京明天浩海科技(集團) (transliterated as Beijing Tomorrow Haohai Technology Group) and the director of Financial Centre at 大連實德集團塑膠北京分公司 (transliterated as Dalian Shide Group Plastic Beijing Branch).
Mr. Tang Chuanqing	46	Executive Director	Mr. Tang joined the Company on 10 July 2014. He obtained a bachelor's degree in Business Administration from the Nanjing University of Finance and Economics in the PRC. He is also qualified as a certified public accountant conferred by the Jiangsu Institute of Certified Public Accountants of the PRC, as a registered tax agent conferred by the Ministry of Personnel of the PRC and the State Administration of Taxation of the PRC and as a senior accountant conferred by the Jiangsu Municipal Human Resources and Social Security Bureau. He is currently the chief accountant of ZOC Investment Co., Ltd., a controlling shareholder of the Company. Mr. Tang was previously the financial controller of Zhong He New Energy Investment Co., Ltd., and the director assistant of the Finance Management Department of China Nuclear Industry Huaxing Construction Co., Ltd.

Name	Age	Position held	Business experience
Mr. Tang Jianhua	45	Executive Director	Mr. Tang graduated from Nanjing University of Science and Technology (南京理工大學) with a bachelor's degree in Industrial Automation Instrumentation (工業自動化儀表) in 1995. He is also qualified as class one registered architects conferred by State Construction Administrative Department and a Project Management professional conferred by Project Management Institute. He is currently the general manager of 南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited) and president of CNI (Nanjing) Energy Development Company Limited. Mr. Tang joined 中核華譽工程有限責任公司 (transliterated as China Nuclear Huayu Project Co., Ltd) ("**China Nuclear Huayu**") in 2004 and served as party secretary of China Nuclear Huayu from March 2014 to October 2014 and executive vice general manager of China Nuclear Huayu from February 2012 to October 2014. From August 1995 to January 2004, Mr. Tang worked in 儀化安檢公司 (transliterated as Yihua Security Inspection Co., Ltd) and his last position held was manager.
Mr. Chan Ka Ling, Edmond	57	Independent Non-executive Director	Mr. Chan is a partner of Chan and Chan, Certified Public Accountants. He is a Certified Public Accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). He is also a director of Kreston CAC CPA Limited. Mr. Chan is an independent non-executive director of Loco Hong Kong Holdings Limited (stock code: 8162).
Mr. Li Baolin	51	Independent Non-executive Director	Mr. Li joined the Company on 28 February 2014. He obtained a doctorate degree in Economics from Jilin University in the PRC. He is currently the chairman of China Gaoxin Investment Group Corp. ("**China Gaoxin**"). Mr. Li was a director and the general manager of China Gaoxin before his appointment as the chairman of the same company. Mr. Li has been working with China Gaoxin since 1995 and had successively held different positions in China Gaoxin including a director of the office of the general manager, assistant to the general manager and deputy general manager.
Mr. Wang Jimin	51	Independent Non-executive Director	Mr. Wang joined the Company on 28 February 2014. He obtained a master's degree in Economics from Central University of Finance and Economics in the PRC. He has been a partner of an accountant firm, Asia Pacific (Group) CPAs, in Shenzhen, the PRC, specializing in corporate listings, capital operation and mergers and acquisitions, since 2002. Prior to this, Mr. Wang was a manager of Finance and Accounting Division of Guangdong International Trust and Investment Corporation, Shenzhen Branch from May 1996 to October 2002. He was also a project manager and assistant manager in 深圳蛇口信德會計師事務所 (transliterated as Shenzhen Shekou XinDe Certified Public Accountants) from October 1993 to May 1996 and worked with 吉林省信託投資公司 (transliterated as Jilin Province Trust and Investment Company) from December 1991 to October 1993.

Name	Age	Position held	Business experience
Mr. Tian Aiping	64	Independent Non-executive Director	Mr. Tian joined the Company on 14 July 2015. He completed 第一期稽查特派員專業（會計與財務管理）人選培訓班 (transliterated as Inspector Training Programme in Accounting and Financial Management) in Tsinghua University's School of Economics and Management in 1998 and graduated from 包頭鋼鐵學院 (transliterated as Baotou School of Steel and Iron) (now known as Inner Mongolia University of Science & Technology) in the PRC in 1986. He is also qualified as a senior economist conferred by the Ministry of Metallurgical Industry of the PRC in 1996 and the supervisor of the key State-owned Large Enterprises conferred by the State-owned Assets Supervision and Administration Commission ("**SASAC**") in 2005. He is currently the general secretary of the Stainless Steel Council of China Special Steel Enterprises Association. Mr. Tian was previously the vice supervisor and the secretary of Party Branch of the SASAC of the State Council Office No.47. Prior to that, Mr. Tian held different positions including vice supervisor of 國務院稽查特派員總署第6辦事處 (transliterated as State Council Compliance Inspectors' General Office No. 6), Vice Commissioner and was later promoted to Commissioner of the Metallurgical Industry Department of Taiyuan Iron & Steel (Group) Co., Ltd. Mr. Tian completed his retirement procedure with SASAC in 2011.

CONTINUING CONNECTED TRANSACTIONS

Reference were made to the announcements of the Company dated 2 January 2015, 13 February 2015, 13 March 2015 and 13 November 2015 and circulars of the Company dated 2 April 2015 and 2 December 2015 in relation to, amongst other things:

1. Provision of technical consultancy and project management services in relation to the Huadong Solar Projects to 中國核工業二三建設有限公司華東分公司 (transliterated as China Nuclear Industry 23 Construction Company Limited Huadong Branch).

2. Provision of engineering, procurement and construction services in respect of the Licheng Solar Project to 黎城協鑫光伏電力有限公司 (transliterated as Licheng GCL Solar Power Co., Ltd.).

3. Provision of engineering design service in respect of the Baoying Solar Project to 寶應鑫源光伏發電有限公司 (transliterated as Baoying Xinyuan Solar Power Co., Ltd.).

4. Provision of engineering design service in respect of the Yushen Solar Project to 榆林市榆神工業區東投能源有限公司 (transliterated as Yulin City Yushen Industrial District Dongtou Power Co., Ltd.).

5. Provision of procurement, construction, installation and related services in respect of the Moyu Phase I Solar Project to 新疆新華聖樹光伏發電有限公司 (transliterated as Xinjiang Xinhua Shengshu Solar Photovoltaic Company Limited):

   – installation work relating to solar cell component frames;

   – construction work such as foundation, cable, tower, electrical equipment, underground facilities, roads, fence, earthwork, greening illumination, video surveillance, ventilation system, prevention of fire, flood, security, operation control system, communications, building construction and decoration;

   – provision of services such as testing of equipment, third party system compatibility testing and modification; and

– the installation and operation of equipment in relation to environmental and water protection.

6. Provision of procurement, construction, installation and related services in respect of the Moyu Phase II Solar Project to Xinhua Shengshu:

   – installation work relating to solar cell component frames;

   – construction work such as cable, tower, electrical equipment, underground facilities, roads, fence, earthwork, greening illumination, video surveillance, prevention of fire, flood, security, operation control system, communications, building construction and decoration;

   – provision of services such as testing of equipment, third party system compatibility testing and modification; and

   – the installation and operation of equipment in relation to environmental and water protection.

7. Provision of engineering design, procurement, construction, installation and related services in respect of the Qiqihar Solar Project to 中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited):

   – installation work relating to solar cell component frames;

   – construction work such as cable, tower, electrical equipment, underground facilities, roads, fence, earthwork, greening illumination, video surveillance, prevention of fire, flood, security, operation control system, communications, building construction and decoration;

   – provision of services such as testing of equipment, third party system compatibility testing and modification; and

   – the installation and operation of equipment in relation to environmental and water protection.

The transactions mentioned above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the continuing connected transactions were set out in the Announcements and Circulars of the Company.

The aggregate annual values of the continuing connected transactions have not exceeded the maximum aggregate annual values disclosed in the Announcements and Circulars made by the Company in respect of each of the continuing connected transactions.

The Company's Independent Non-executive Directors have reviewed the continuing connected transactions as mentioned above and have confirmed that:

(1) the terms of the relevant agreement governing each of the continuing connected transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole;

(2) the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group; and

(3) the continuing connected transactions have been entered into on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain factual finding procedures in respect of the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board of Directors and confirmed that for the year ended 31 December 2015 the Continuing Connected Transactions (i) have received approval of the Board of Directors of the Company; (ii) are in accordance with the pricing policies of the Company, where applicable; (iii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iv) have not exceeded the respective cap amounts for the year ended 31 December 2015 as set out above in respect of each of the Continuing Connected Transactions. A copy of the auditor's letter has been provided to The Stock Exchange of Hong Kong Limited.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Directors' Report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

At the annual general meeting of the Company held on 8 May 2015, HLB Hodgson Impey Cheng Limited retired as the auditor of the Company and BDO Limited was appointed as the new auditor of the Company.

The consolidated financial statements have been audited by BDO Limited who would retire as auditor of the Company at the conclusion of the 2016 annual general meeting to be held on 20 May 2016 and will offer itself for re-appointment.

ON BEHALF OF THE BOARD

Ai Yilun
Chairman

Hong Kong, 7 March 2016

Independent Auditor's Report

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TO THE SHAREHOLDERS OF
CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Nuclear Energy Technology Corporation Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 30 to 97, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Yau Shuk Yuen, Amy
Practising Certificate Number: P06095

Hong Kong, 7 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	7	**1,676,330**	322,523
Other revenue and gains	7	**5,665**	4,081
Cost of inventories used		**(1,309,402)**	(105,380)
Construction costs		**(134,698)**	(47,603)
Staff costs		**(76,336)**	(95,430)
Rental expenses		**(43,223)**	(46,060)
Utility expenses		**(11,773)**	(16,882)
Depreciation	16	**(8,166)**	(6,828)
Other operating expenses		**(63,306)**	(72,827)
Fair value gains on derivative financial instruments, net		**—**	1,471
Finance costs	8	**(23,364)**	(7,025)
Gain on deemed disposal of an associate	22	**2,712**	—
Share of results of associates, net	22	**7,655**	5,958
Profit/(Loss) before taxation	9	**22,094**	(64,002)
Income tax (expense)/credit	12	**(12,096)**	6,807
Profit/(Loss) for the year		**9,998**	(57,195)
Other comprehensive income/(loss) for the year, net of tax			
Item that will not be reclassified to profit or loss			
Loss on property revaluation		**(58)**	(55)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising during the year		**(11,838)**	(533)
Reclassification adjustments relating to foreign operations disposed of during the year		**645**	—
Share of other comprehensive loss of associates		**(2,245)**	(1,885)
Total comprehensive loss for the year		**(3,498)**	(59,668)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**3,559**	(40,931)
Non-controlling interests		**6,439**	(16,264)
		9,998	(57,195)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(9,278)**	(43,143)
Non-controlling interests		**5,780**	(16,525)
		(3,498)	(59,668)
Earnings/(Loss) per share – basic and diluted (HK cent per share)	15	**0.32**	(3.72)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**87,900**	20,846
Investment property	17	**38,000**	38,000
Prepaid land lease payments	18	**7,887**	6,695
Available-for-sale investment	19	**500**	500
Interest in associates	22	**82,192**	68,162
Deferred tax assets, net	32	**4,516**	3,755
		220,995	137,958
Current assets			
Inventories	23	**52,383**	8,260
Trade and bills receivables	24	**1,085,109**	53,797
Prepayments, deposits and other receivables	25	**172,246**	21,753
Amounts due from customers for contract work	26	**262,476**	55,765
Tax prepayment		**996**	1,395
Cash and cash equivalents	27	**310,851**	252,882
		1,884,061	393,852
Less: Current liabilities			
Trade payables	28	**1,146,594**	70,105
Other payables and accruals	29	**191,775**	58,537
Provision for long service payments	30	**3,484**	3,402
Tax payable		**—**	1,162
Convertible bonds	31	**286,842**	—
		1,628,695	133,206
Net current assets		**255,366**	260,646
Total assets less current liabilities		**476,361**	398,604

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Less: Non-current liabilities			
Receipt in advance		**1,070**	1,130
Deferred tax liabilities, net	32	**350**	—
		1,420	1,130
Net assets		**474,941**	397,474
Capital and reserves			
Share capital	33	**113,309**	110,166
Reserves	34	**361,056**	297,358
Equity attributable to owners of the Company		**474,365**	407,524
Non-controlling interests		**576**	(10,050)
Total equity		**474,941**	397,474

Approved by the Board of Directors on 7 March 2016 and signed on its behalf by:

Mr. Chan Shu Kit
Director

Mr. Fu Zhigang
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Issued share capital HK$'000	Share premium HK$'000	Building revaluation reserve HK$'000	Exchange reserve HK$'000	Statutory reserve HK$'000	Convertible reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	110,166	1,314,363	822	281	2,686	—	(977,651)	450,667	6,475	457,142
Loss for the year	—	—	—	—	—	—	(40,931)	(40,931)	(16,264)	(57,195)
Other comprehensive loss for the year:										
Deficit arising from revaluation of buildings	—	—	(55)	—	—	—	—	(55)	—	(55)
Exchange differences on translation of foreign operations										
— Exchange differences arising during the year	—	—	—	(272)	—	—	—	(272)	(261)	(533)
Share of other comprehensive loss of an associate	—	—	—	(1,885)	—	—	—	(1,885)	—	(1,885)
Total comprehensive loss for the year	—	—	(55)	(2,157)	—	—	(40,931)	(43,143)	(16,525)	(59,668)
At 31 December 2014 and 1 January 2015	110,166	1,314,363	767	(1,876)	2,686	—	(1,018,582)	407,524	(10,050)	397,474
Profit for the year	—	—	—	—	—	—	3,559	3,559	6,439	9,998
Other comprehensive loss for the year:										
Deficit arising from revaluation of buildings	—	—	(58)	—	—	—	—	(58)	—	(58)
Exchange differences on translation of foreign operations										
— Exchange differences arising during the year	—	—	—	(11,179)	—	—	—	(11,179)	(659)	(11,838)
— Adjustments relating to deemed disposal of an associate	—	—	—	645	—	—	—	645	—	645
Share of other comprehensive loss of an associate	—	—	—	(2,245)	—	—	—	(2,245)	—	(2,245)
Total comprehensive loss for the year	—	—	(58)	(12,779)	—	—	3,559	(9,278)	5,780	(3,498)
Acquire interest in non controlling interest	—	—	—	17	—	—	(6,165)	(6,148)	4,846	(1,302)
Issue of convertible bonds	—	—	—	—	—	33,075	—	33,075	—	33,075
Issue of share capital upon conversion of convertible bonds	3,143	51,857	—	—	—	(5,808)	—	49,192	—	49,192
At 31 December 2015	113,309	1,366,220	709	(14,638)	2,686	27,267	(1,021,188)	474,365	576	474,941

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit/(Loss) before taxation		**22,094**	(64,002)
Adjustments for:			
Fair value gains on derivative financial instruments, net		**—**	(1,471)
Finance costs	8	**23,364**	7,025
Interest income	7	**(1,695)**	(491)
Depreciation	16	**8,166**	6,828
Recognition of prepaid land lease payments	18	**101**	101
Share of results of associates		**(7,655)**	(5,958)
Loss on written off of property, plant and equipment	9	**44**	1,184
Gain on disposal of property, plant and equipment	9	**—**	(6)
Loss on early redemption of convertible bonds		**—**	5,737
Gain on deemed disposal of an associate		**(2,712)**	—
Operating cash flow before working capital changes		**41,707**	(51,053)
(Increase)/decrease in inventories		**(44,169)**	51,222
(Increase)/decrease in trade and bills receivables		**(1,033,316)**	169,215
(Increase)/decrease in prepayments, deposits and other receivables		**(134,893)**	123,633
Increase in amounts due from customers for contract work		**(206,711)**	(48,989)
Increase/(decrease) in trade payables		**1,076,489**	(123,598)
Increase/(decrease) in other payables and accruals		**91,678**	(365)
(Decrease)/increase in receipt in advance		**(60)**	480
Increase in provision for long service payments		**82**	1,474
Cash (used in)/generated from operations		**(209,193)**	122,019
Profits tax paid		**(13,270)**	(2,922)
Net cash (outflows)/inflows from operating activities		**(222,463)**	119,097
Cash flows from investing activities			
Purchase of items of property, plant and equipment		**(77,243)**	(4,153)
Proceeds from disposal of property, plant and equipment		**—**	6
Interest received		**1,695**	491
Prepaid land lease payments		**(1,293)**	—
Investment in subsidiaries		**(2,637)**	—
Investment in an associate		**(5,904)**	—
Dividend received from an associate		**641**	12,869
Loan to immediate controlling shareholder		**(15,600)**	—
Net cash (outflows)/inflows from investing activities		**(100,341)**	9,213

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from financing activities			
Interest paid		**(368)**	—
Redemptions of convertible bonds		**—**	(72,000)
Repayment to an non-controlling interest shareholder		**(18,685)**	—
Borrowing from related companies	29	**60,245**	—
Proceeds from issuance of convertible bonds	31	**346,113**	—
Net cash inflows/(outflows) from financing activities		**387,305**	(72,000)
Net increase in cash and cash equivalents		**64,501**	56,310
Cash and cash equivalents at the beginning of the year		**252,882**	198,456
Effect of foreign exchange rate changes		**(6,532)**	(1,884)
Cash and cash equivalents at the end of the year		**310,851**	252,882
Analysis of balances of cash and cash equivalents			
Cash and bank balances	27	**283,833**	137,282
Time deposits	27	**27,018**	115,600
		310,851	252,882

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. CORPORATE INFORMATION

With effect from 14 July 2015, China Nuclear Industry 23 International Corporation Limited has changed its name to China Nuclear Energy Technology Corporation Limited (the "**Company**") and the Certificate of Secondary Name regarding adoption of the new Chinese secondary name of "中國核能科技集團有限公司" was issued by the Registrar of Companies of Bermuda on 16 July 2015. The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The ultimate holding company is 中國核工業建設集團公司 (transliterated as "**China Nuclear Engineering Group Co.**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group and the Company.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with HKAS 16. The agricultural produce of bearer plants remains within the scope of HKAS 41.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps 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 each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements and the directors so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

(c) New Companies Ordinance provisions relating to the disclosure of financial statements

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the "**Group**") and all amounts are rounded to the nearest thousand ("**HK$'000**") except otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "**Group**"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Business combinations and basis of consolidation (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquire over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Goodwill (Continued)

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

The building component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the building revaluation reserve to retained earnings.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	2%
Furniture and fixtures	6–20%
Air-conditioning plant	15–20%
Electrical appliances	10–33%
Office equipment	20%
Motor vehicles	20%

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (Continued)

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(g) Kitchen utensils, linen and uniforms

No depreciation is provided on the initial purchase of kitchen utensils, linen and uniforms which are capitalised at cost. The cost of subsequent replacement of these items is recognised as an expense in profit or loss in the financial period in which such expenditure is incurred.

(h) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment / investment property under cost model;
- interests in leasehold land held for own use under operating leases; and
- investments in subsidiaries, associates and joint ventures (except for those classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 4(j))

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(d)), 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 or cash generating unit.

(j) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

For Loans and receivables or Held-to-maturity investments

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(iv) Convertible loan notes

Convertible loan notes contain liability and equity components

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share capital). Where the option remains unexercised at the expiry dates, the balance stated in convertible loan notes equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

Convertible loan notes contain liability component and conversion option derivative

Convertible loan notes issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the notes are converted, the carrying amount of the liability portion together with the fair value of the conversion derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the notes are redeemed, and difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity/ conversion option components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity/ the conversion option derivative is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

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

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial positions, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when services are provided;

(c) from the rental income, on a time proportion basis over the lease term; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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 of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the 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 receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(p) Foreign currency

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currency (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

(q) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Pension Scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "**PRC**") are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, 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 ongoing 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.

(a) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

(b) Estimated useful lives and impairment of property, plant and equipment

In accordance with HKAS 16 "Property, Plant and Equipment", the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(c) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(d) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Revalued buildings – Property, plant and equipment (note 16);
- Investment property (note 17); and
- Available-for-sale investment (note 19)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(e) Fair value of investment property and buildings

Investment property and buildings are carried in the consolidated statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and buildings, the corresponding adjustments to the gain or loss recognised in the consolidated statement of other comprehensive income and building revaluation reserve. For year ended 31 December 2015, deficit arising from revaluation of buildings of approximately HK$58,000 (2014: HK$55,000) was recognised in the profit or loss. No fair value change on investment property was recognised for the year ended 31 December 2015 (2014: Nil). Further details are contained in notes 16 and 17 to the financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(f) Construction contracts

As explained in note 4(k), revenue recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 26 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was approximately HK$3,030,000 (2014: HK$2,096,000). The amount of unrecognised tax losses at 31 December 2015 was approximately HK$154,916,000 (2014: HK$147,426,000). Further details are contained in note 32 to the consolidated financial statements.

6. SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

The Group has seven (2014: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- the restaurant segment comprises the Group's restaurant operations;
- the property segment comprises the Group's property investments;
- the hotel segment comprises the Group's hotel operations;
- the financing segment comprises the Group's financing operations;
- the solar power generation segment comprises the Group's solar power generation operations;
- the Engineering, Procurement and Construction ("**EPC**") and consultancy segment comprises the Group's design and consulting services, engineering, procurement and construction operations; and
- the all other segments comprise the Group's corporate income and expense items.

For the year ended 31 December 2014, the Group has classified EPC and consultancy under "New Energy" segment.

Solar power generation segment and the financing segment are identified separately for the year ended 31 December 2015 to reflect the business development of these segments.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' results that are used by the chief operating decision-maker for assessment of segment performance.

6. SEGMENT REPORTING (CONTINUED)

Except for the Group's revenue from external customers of approximately HK$1,503,742,000 and HK$Nil (2014: HK$84,055,000 and HK$2,446,000), which was derived from the Group's operations in the PRC and overseas respectively, all of the Group's revenue from external customers is derived from the Group's operations in Hong Kong (place of domicile). Except for the interest in associates amounted to approximately HK$82,192,000 as at 31 December 2015 (2014: HK$68,162,000), property, plant and equipment amounted to approximately HK$69,344,000 as at 31 December 2015 (2014: HK$5,062,000) and prepaid land lease payments amounted to approximately HK$1,293,000 as at 31 December 2015 (2014: HK$Nil) are located in the PRC, all other non-current assets are located in Hong Kong.

Included in revenue arising from EPC and consultancy services (new energy operations) of approximately HK$300,512,000 and HK$232,572,000 (2014: HK$59,275,000 and HK$22,572,000) arose from the Group's first and second largest customers. No other single customers contributed 10% or more to the Group's revenue for both the years ended 31 December 2015 and 2014.

	Restaurant HK$'000	Property HK$'000	Hotel HK$'000	Financing HK$'000	Solar Power Generation HK$'000	EPC and Consultancy HK$'000	All other Segments HK$'000	Total HK$'000
Year ended 31 December 2015								
Segment revenue:								
Sales to external customers	152,286	—	20,302	—	—	1,503,742	—	1,676,330
Intersegment sales	—	24,853	—	950	—	2,494	7,288	35,585
Other revenue and gains	1,664	—	1,745	—	—	520	41	3,970
Intersegment other revenue and gains	—	—	—	—	—	—	—	—
Reportable segment revenue	153,950	24,853	22,047	950	—	1,506,756	7,329	1,715,885
Reconciliation:								
Elimination of intersegment sales								(35,585)
Elimination of intersegment other revenue and gains								—
Consolidated revenue								1,680,300
Segment results	(15,584)	(5,043)	5,615	235	—	65,844	(17,671)	33,396
Reconciliation:								
Gain on deemed disposal of an associate								2,712
Interest income								1,695
Finance costs								(23,364)
Share of results of associates, net								7,655
Profit before taxation								22,094
Income tax expense								(12,096)
Profit for the year								9,998

6. SEGMENT REPORTING (CONTINUED)

	Restaurant HK$'000	Property HK$'000	Hotel HK$'000	Financing HK$'000	Solar Power Generation HK$'000	EPC and Consultancy HK$'000	All other Segments HK$'000	Total HK$'000
At 31 December 2015								
Segment assets	36,454	53,999	5,808	71,646	93,823	1,626,408	130,210	2,018,348
Reconciliation:								
Unallocated assets								86,708
Total assets								2,105,056
Segment liabilities	14,305	79	3,765	67	63	1,322,055	2,589	1,342,923
Reconciliation:								
Unallocated liabilities								287,192
Total liabilities								1,630,115
Other segment information								
Depreciation	5,446	331	571	—	—	1,050	768	8,166
Recognition of prepaid land lease payments	—	101	—	—	—	—	—	101
Additions to property, plant and equipment	8,211	188	17	180	68,043	482	122	77,243
Written off of property, plant and equipment	—	—	—	—	—	44	—	44

Included in the unallocated assets, there are interest in associates amounted to approximately HK$82,192,000. Details of the investment in associates were set out in note 22. Included in the unallocated liabilities, there are convertible bonds amounted to approximately HK$286,842,000 (2014: HK$Nil).

6. SEGMENT REPORTING (CONTINUED)

	Restaurant HK$'000	Property HK$'000	Hotel HK$'000	New energy HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 December 2014						
Segment revenue:						
Sales to external customers	208,732	—	27,290	86,501	—	322,523
Intersegment sales	—	23,711	—	—	9,699	33,410
Other revenue and gains	1,378	—	1,457	481	196	3,512
Intersegment other revenue and gains	—	—	—	—	—	—
Reportable segment revenue	210,110	23,711	28,747	86,982	9,895	359,445
Reconciliation:						
Elimination of intersegment sales						(33,410)
Elimination of intersegment other revenue and gains						—
Consolidated revenue						326,035
Segment results	(15,663)	(753)	7,636	(34,236)	(16,222)	(59,238)
Reconciliation:						
Interest income and unallocated gains						569
Finance costs						(7,025)
Fair value gains on derivative financial instruments, net						1,471
Loss on early redemption of convertible bonds						(5,737)
Share of result of an associate, net						5,958
Loss before taxation						(64,002)
Income tax credit						6,807
Loss for the year						(57,195)

6. SEGMENT REPORTING (CONTINUED)

	Restaurant HK$'000	Property HK$'000	Hotel HK$'000	New energy HK$'000	All other segments HK$'000	Total HK$'000
At 31 December 2014						
Segment assets	36,372	53,861	5,717	255,169	106,879	457,998
Reconciliation:						
Unallocated assets						73,812
Total assets						531,810
Segment liabilities	16,218	52	5,171	107,015	4,718	133,174
Reconciliation:						
Unallocated liabilities						1,162
Total liabilities						134,336
Other segment information						
Depreciation	3,661	303	643	1,793	428	6,828
Recognition of prepaid land lease payments	—	101	—	—	—	101
Additions to property, plant and equipment	926	1,155	724	1,067	281	4,153
Written off of property, plant and equipment	1,148	—	—	32	4	1,184
Gain on disposal of property, plant and equipment	—	—	—	—	6	6

Included in the unallocated assets, there are interest in an associate amounted to approximately HK$68,162,000. Details of the investment in an associate were set out in note 22. Included in the unallocated liabilities, there are tax payable amounted to approximately HK$1,162,000.

7. REVENUE, OTHER REVENUE AND GAINS

Revenue includes the net invoiced value of goods sold, after allowances for returns and trade discounts, revenue received and receivable from engineering, procurement and construction works and hotel operations.

An analysis of the Group's revenue, other revenue and gains is as follows:

	2015 HK$'000	2014 HK$'000
Revenue:		
Sales of goods	**1,081,178**	6,423
Construction contract revenue	**373,402**	75,118
Service income	**49,162**	4,960
Receipts from restaurant operations	**152,286**	208,732
Hotel operations	**20,302**	27,290
	1,676,330	322,523
Other revenue and gains:		
Bank interest income	**1,695**	491
Exchange gain, net	**—**	445
Others	**3,970**	3,145
	5,665	4,081

8. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Imputed interest on convertible bonds (note 31)	**22,996**	7,025
Interest on other borrowings	**368**	—
	23,364	7,025

9. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before income tax expense is arrived at after charging/(crediting):

	2015 HK$'000	2014 HK$'000
Minimum lease payments under operating leases:		
Land and buildings	**43,223**	46,060
Office equipment*	**1,011**	168
	44,234	46,228
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**72,213**	88,777
Provision for long service payments, net	**260**	3,528
Pension scheme contributions	**3,863**	3,125
Total staff costs	**76,336**	95,430
Recognition of prepaid land lease payments*	**101**	101
Written off of property, plant and equipment*	**44**	1,184
Auditor's remuneration*	**1,250**	1,024
Gain on disposal of property, plant and equipment	**—**	(6)
Loss on early redemption of convertible bonds*	**—**	5,737

* *Items included in other operating expenses*

10. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	2015	2014
	HK$'000	HK$'000
Fees	**601**	601
Other emoluments:		
Salaries, allowances and benefits in kind	**3,350**	3,804
Pension scheme contributions	**42**	46
	3,993	4,451

a. Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	HK$'000	HK$'000
Mr. Chan Ka Ling, Edmond	**150**	150
Mr. Li Baolin (appointed on 28 February 2014)	**150**	125
Mr. Wang Jimin (appointed on 28 February 2014)	**150**	125
Mr. Chen Ying (resigned on 14 July 2015)	**81**	72
Mr. Chang Nan (resigned on 10 July 2014)	**—**	79
Dr. Dai Jinping (resigned on 28 February 2014)	**—**	25
Mr. Yu Lei (resigned on 28 February 2014)	**—**	25
Mr. Tian Ai Ping (appointed on 14 July 2015)	**70**	—
	601	601

There were no other emoluments payable to the independent non-executive directors during the year ended 31 December 2015 (2014: Nil).

10. DIRECTORS' EMOLUMENTS (CONTINUED)

b. Executive directors

	The Group			
	Fees	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Total remuneration**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Year ended 31 December 2015				
Executive directors:				
Mr. Ai Yilun *(chairman)*	—	—	—	—
Mr. Chan Shu Kit *(vice-chairman)*	—	**1,008**	—	**1,008**
Mr. Han Naishan (resigned on 9 March 2015)	—	—	—	—
Mr. Gao Yongping	—	—	—	—
Mr. Fu Zhigang *(chief executive officer)*	—	**662**	**6**	**668**
Ms. Jian Qing	—	**720**	**18**	**738**
Mr. Chung Chi Shing	—	**960**	**18**	**978**
Mr. Tang Chuanqing	—	—	—	—
Mr. Xu Zhaoyang (appointed on 9 March 2015 and resigned on 14 July 2015)	—	—	—	—
Mr. Tang Jianhua (appointed on 14 July 2015)	—	—	—	—
	—	**3,350**	**42**	**3,392**

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2014				
Executive directors:				
Mr. Ai Yilun *(chairman)*	—	—	—	—
Mr. Chan Shu Kit *(vice-chairman)*	—	1,008	3	1,011
Mr. Han Naishan	—	—	—	—
Mr. Gao Yongping	—	—	—	—
Mr. Fu Zhigang *(chief executive officer)*	—	285	—	285
Ms. Jian Qing	—	842	17	859
Mr. Chung Chi Shing	—	1,163	17	1,180
Mr. Tang Chuanqing (appointed on 10 July 2014)	—	—	—	—
Mr. Song Limin (resigned on 10 July 2014)	—	506	9	515
	—	3,804	46	3,850

There was no arrangement under which a director and the chief executive officer waived or agreed to waive any remuneration during the year ended 31 December 2015 (2014: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, three (2014: four) were directors of the Company whose emoluments are included in the disclosures in Note 10 above. The emoluments of the remaining two (2014: one) individuals were within the following bands.

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**1**	1
HK$1,000,000 to HK$1,500,000	**1**	0
	2	1

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals or directors as an inducement to join or upon joining the Group or as compensation for loss of office.

12. TAXATION

The amount of taxation in the consolidated statement of comprehensive income represents:

	2015	2014
	HK$'000	HK$'000
Current tax for the year		
Hong Kong	**242**	1,277
Other than Hong Kong	**12,210**	—
Under/(Over) provision in respect of previous years		
Hong Kong	**55**	(137)
Other than Hong Kong	**—**	(7,752)
Deferred tax (note 32)	**(411)**	(195)
Tax charge/(credit) for the year	**12,096**	(6,807)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. PRC subsidiaries are subject to PRC Corporate Income Tax of 15% and 25% (2014: 25%).

12. TAXATION (CONTINUED)

The income tax expense for the year can be reconciled to the profit/(loss) before income tax expense in the consolidated statement of comprehensive income as follows:

	2015	2014
	HK$'000	HK$'000
Profit/(Loss) before income tax expense	**22,094**	(64,002)
Tax calculated at the statutory tax rate applicable to profits in the respective countries	**9,589**	(13,237)
Tax effect of share of profit of associates	**(1,263)**	(983)
Tax effect of expenses not deductible for tax purposes	**3,904**	14,340
Tax effect of revenue not taxable for tax purposes	**(269)**	(728)
Tax effect of tax losses not recognised	**7,345**	2,804
Utilisation of tax losses previously not recognised	**(7,265)**	(80)
Temporary differences not recognised	**—**	(1,034)
Under/(over) provision in respect of prior years	**55**	(7,889)
Income tax expense/(credit)	**12,096**	(6,807)

In addition to the amount charged to the profit or loss, deferred tax relating to the revaluation of the Group's leasehold buildings during the year has been charged to other comprehensive income.

13. OTHER COMPREHENSIVE INCOME/(LOSS)

Tax effects relating to each component of other comprehensive income/(loss)

	2015			2014		
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
	Before-tax amount	**Tax expenses/ (benefits)**	**Net-of-tax amount**	Before-tax amount	Tax expenses/ (benefits)	Net-of-tax amount
Items that will not be reclassified to profit or loss:						
Loss on revaluation of properties	**(58)**	**10**	**(48)**	(55)	9	(46)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	**(11,838)**	**—**	**(11,838)**	(533)	—	(533)
Reclassification adjustments relating to foreign operations disposed of during the year	**645**	**—**	**645**	—	—	—
Share of other comprehensive loss of associates	**(2,245)**	**—**	**(2,245)**	(1,885)	—	(1,885)
	(13,496)	**10**	**(13,486)**	(2,473)	9	(2,464)

14. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2015 (2014: Nil).

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	2015 HK$'000	2014 HK$'000
Profit/(Loss) for the year attributable to owners of the Company for the purpose of the basic and diluted earnings/(loss) per share calculation	**3,559**	(40,931)

	Number of Shares 2015 '000	 2014 '000
Number of shares		
Issued Share Capital at 1 January	**1,101,666**	1,101,666
Issue of Share Capital upon conversion of convertible bonds	**31,429**	—
Issued Share Capital at 31 December	**1,133,095**	1,101,666
Weighted average number of ordinary shares in issue during the year for the purpose of basic and diluted earnings/(loss) per share calculation	**1,117,924**	1,101,666

The diluted earnings/(loss) per share for the year ended 31 December 2015 and 2014 are the same as basic earnings/(loss) per share presented as there was no dilutive effect from the assumed exercise of conversion of the Company's outstanding convertible bonds on the profit/(loss) attributable to owners of the Company.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Furniture and fixtures HK$'000	Air-conditioning plant HK$'000	Electrical appliances HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Kitchen utensils, linen and uniforms HK$'000	Construction in Progress HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2014	3,763	49,788	6,933	12,365	751	3,020	2,003	—	78,623
Additions	—	1,570	445	1,133	29	976	—	—	4,153
Written off/disposal	—	(9,120)	(2,779)	(1,026)	(6)	(134)	(778)	—	(13,843)
Exchange alignments	—	(8)	—	(12)	—	(11)	—	—	(31)
Deficit on revaluation	(127)	—	—	—	—	—	—	—	(127)
At 31 December 2014 and 1 January 2015	3,636	42,230	4,599	12,460	774	3,851	1,225	—	68,775
Additions	—	6,262	1,276	1,490	172	385	—	67,658	77,243
Written off/disposal	—	(935)	—	(114)	—	—	—	—	(1,049)
Exchange alignments	—	(19)	—	(142)	—	(85)	—	(1,760)	(2,006)
Deficit on revaluation	(129)	—	—	—	—	—	—	—	(129)
At 31 December 2015	3,507	47,538	5,875	13,694	946	4,151	1,225	65,898	142,834
Accumulated depreciation and impairments:									
At 1 January 2014	—	37,699	5,468	9,055	582	1,036	—	—	53,840
Charge for the year	72	4,259	552	1,124	67	754	—	—	6,828
Written off/disposal	—	(8,910)	(2,619)	(994)	(2)	(134)	—	—	(12,659)
Exchange alignments	—	(4)	—	(2)	—	(2)	—	—	(8)
Deficit on revaluation	(72)	—	—	—	—	—	—	—	(72)
At 31 December 2014 and 1 January 2015	—	33,044	3,401	9,183	647	1,654	—	—	47,929
Charge for the year	71	5,352	649	1,351	64	679	—	—	8,166
Written off/disposal	—	(935)	—	(70)	—	—	—	—	(1,005)
Exchange alignments	—	(11)	—	(44)	—	(30)	—	—	(85)
Deficit on revaluation	(71)	—	—	—	—	—	—	—	(71)
At 31 December 2015	—	37,450	4,050	10,420	711	2,303	—	—	54,934
Net book value:									
At 31 December 2015	3,507	10,088	1,825	3,274	235	1,848	1,225	65,898	87,900
At 31 December 2014	3,636	9,186	1,198	3,277	127	2,197	1,225	—	20,846

Depreciation charged for the year with amounts of approximately HK$8,166,000 and HK$ Nil (2014: HK$6,828,000 and HK$ Nil) were included in "depreciation" and "construction costs" in the consolidated statement of profit or loss and other comprehensive income respectively.

The fair value of the Group's buildings at 31 December 2015 was arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent professional surveyor and property valuer not connected with the Group. Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The valuation of buildings was determined by reference to comparable sales transactions as available in the relevant market with adjustments to reflect the conditions and locations of the related properties. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year.

The recurring fair value measurement of the Group's buildings are categorised as Level 2 of fair value hierarchy. There were no transfers into or out of Level 2 during the year ended 31 December 2015. Details of fair value measurement were set out in note 39.

During the year, deficit arising from revaluation of buildings of approximately HK$58,000 (2014: HK$55,000) was recognised in the building revaluation reserve.

17. INVESTMENT PROPERTY

	2015 **HK$'000**	2014 HK$'000
At fair value		
Completed investment property		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**38,000**	38,000

Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment property.

Property and buildings revaluation as at 31 December 2015 and 2014 were carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group, based on the highest and best use approach. The valuer has recent relevant experience in the valuation of similar properties in the relevant locations.

The valuation reports for the investment property and buildings as at 31 December 2015 are signed by a director of Asset Appraisal Limited, who is a member of The Hong Kong Institute of Surveyors. The valuations were performed in accordance with "The HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors.

The carrying amount of investment property shown above comprises:

	2015 **HK$'000**	2014 HK$'000
Property in Hong Kong:		
Medium-term leases	**38,000**	38,000

The fair value of investment property and buildings located in Hong Kong are determined using comparison method by reference to recent selling prices of comparable properties on a price per square foot basis which are adjusted to reflect the conditions and locations of the related properties.

The recurring fair value measurement of the Group's investment property is categorised as Level 2 of fair value hierarchy.

There was no transfer into or out of Level 2 during the years ended 31 December 2015 and 2014.

18. PREPAID LAND LEASE PAYMENTS

	2015 HK$'000	2014 HK$'000
Carrying amount at the beginning of the year	**6,796**	6,897
Addition	**1,293**	—
Amortised for the year	**(101)**	(101)
Carrying amount at the end of the year	**7,988**	6,796
Current portion included in prepayments	**(101)**	(101)
Non-current portion	**7,887**	6,695

The prepaid land lease payments are situated in Hong Kong and are held under the following lease terms:

	2015 HK$'000	2014 HK$'000
Long term leases	**6,573**	4,879
Medium term leases	**1,314**	1,816
	7,887	6,695

19. AVAILABLE-FOR-SALE INVESTMENT

	2015 HK$'000	2014 HK$'000
Unlisted equity investment, at cost	**500**	500

As at 31 December 2015, the unlisted equity investment with a carrying amount of HK$500,000 (2014: HK$500,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

20. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2015 HK$'000	2014 HK$'000
Non-current asset			
Investments in subsidiaries		**824,948**	478,883
Current asset			
Cash and bank balances		**197**	202
Less: Current liabilities			
Other payables and accruals		**11**	11
Convertible bonds		**286,842**	—
		286,853	11
Net current (liabilities)/assets		**(286,656)**	191
Total assets less current liabilities		**538,292**	479,074
Less: Non-current liability			
Amounts due to subsidiaries		**73,564**	69,964
Net asset		**464,728**	409,110
Capital and reserves			
Share capital		**113,309**	110,166
Reserves	34	**351,419**	298,944
Total equity		**464,728**	409,110

On behalf of the directors

Mr. Chan Shu Kit
Director

Mr. Fu Zhigang
Director

21. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
First Charm Development Limited	Hong Kong	HK$100*	—	100%	Property Investment
Golden Target (Hong Kong) Limited	Hong Kong	HK$1*	—	100%	Hotel operations
Grandward Limited	Hong Kong	HK$100* HK$2#	—	100%	Property holding
Hurray Enterprises Limited	British Virgin Islands	US$1*	100%	—	Investment holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100*	—	100%	Restaurant operations
Newfame Development Limited	Hong Kong	HK$1*	—	100%	Property holding
Real Bright Asia Limited	Hong Kong	HK$100*	—	60%	Restaurant operations
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK$17,763,202*	100%	—	Investment holding
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	—	100%	Restaurant operations
Tack Hsin Restaurant (Mongkok) Limited	Hong Kong	HK$100* HK$680,000#	—	100%	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	—	100%	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK$10,000* (Note1)	—	100%	Restaurant operations
Guoxin Energy Limited	Hong Kong	HK$1,000* (Note2)	—	80.90%	Investment holding
Vastpro Developments Limited	Hong Kong	HK$2*	—	100%	Property holding
CNI (Nanjing) Energy Development Company Limited	PRC (Note3)	RMB250,000,000*	—	96.18%	EPC and consultancy operations
南京中核能源工程有限公司	PRC (Note3)	RMB100,000,000*	—	96.18%	EPC and consultancy operations

@ *Unless otherwise stated, the place of operations is the place of incorporation.*

* *Ordinary shares*

Non-voting deferred shares

Note 1: On 21 December 2015, the shares of Top Excel Investment Limited increased from 51% to 100%. In this step-acquisition, the Group recognises directly in equity the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

Note 2: On 24 July 2015, the shares of Guoxin Energy Limited increased from 51% to 80.9%. In this step-acquisition, the Group recognises directly in equity the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

Note 3: Both PRC subsidiaries are corporations with limited liability.

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The directors of the Company made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that has non-controlling interest individually that is material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

22. INTEREST IN ASSOCIATES

	2015 **HK$'000**	2014 HK$'000
Share of net assets	**82,192**	68,162

Details of the material associates are as follows.

Name		**Place of incorporation, operation and principal activity**	**Percentage of equity attributable to the Group**
中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd. (formerly known as 深圳中核二三核電檢修有限公司)	Note (i)	Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services.	18.55%
中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited)	Note (ii)	Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC	47.13%

Note (i) On 13 January 2015, shareholders of China Nuclear Industry Maintenance Co., Ltd. ("**CNI Maintenance Co.**"), an associate of the Company, entered into a capital injection agreement with a new subscriber. Upon completion of the share subscription, the Group's equity interest in CNI Maintenance Co. has been diluted from 26.5% to 18.55% accordingly.

Although the Group's ownership interest in CNI Maintenance Co. is less than 20%, the Group has significant influence over CNI Maintenance Co. through its power to participate in CNI Maintenance Co.'s financial and operating decisions by appointing directors representing the Company in the board of directors' meetings of CNI Maintenance Co.

The primary business of CNI Maintenance Co. is undertaking construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services. This is in alignment with the Group's EPC and consultancy segment.

Note (ii) The primary business of Zhong He Qiqihar Solar Power Generation Company Limited is solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC. This is in alignment with the Group's solar power generation segment.

22. INTEREST IN ASSOCIATES (CONTINUED)

Summarised financial information

	China Nuclear Industry Maintenance Co., Ltd		Zhong He Qiqihar Solar Power Generation Company Limited	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
As at 31 December				
Current assets	**278,373**	115,534	**1,978**	—
Non-current assets	**88,222**	77,228	**28,759**	—
Current liabilities	**(42,949)**	(23,155)	**(18,208)**	—
Non-current liabilities	**—**	—	**—**	—
Period ended 31 December				
Revenue	**491,138**	385,200	**—**	—
Profit from continuing operations	**41,269**	22,484	**—**	—
Other comprehensive loss	**(6,632)**	(7,155)	**—**	—
Total comprehensive income	**34,637**	15,329	**—**	—
Dividends received from associate	**641**	12,869	**—**	—
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associates	**323,646**	169,607	**12,529**	—
Group's effective interest	**18.55%**	26.50%	**47.13%**	—
Group's share of net assets of the associates	**60,036**	44,946	**5,905**	—
Goodwill	**16,251**	23,216	**—**	—
Carrying amount in the consolidated financial statement	**76,287**	68,162	**5,905**	—

23. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Raw materials	**4,960**	6,982
Finished goods	**47,423**	1,278
	52,383	8,260

24. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of 30–180 days with its customers for EPC and consultancy services depending on the customers' creditworthiness and the length of business relationship with the customers. Customers in restaurant and hotel operations are mainly settled by cash and credit card, except for certain well-established customers where the credit terms are negotiated on customer by customer basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company. Trade receivables are non-interest bearing.

	2015	2014
	HK$'000	HK$'000
Trade receivables	**1,083,299**	46,359
Bills receivables	**1,810**	7,438
	1,085,109	53,797

An ageing analysis of the trade and bills receivables at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	HK$'000
0–90 days	**1,067,535**	38,445
91–180 days	**360**	9,833
181–365 days	**17,214**	5,519
	1,085,109	53,797

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 **HK$'000**	2014 HK$'000
Neither past due nor impaired	**1,085,109**	53,797

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

Bills receivables are due within six months from date of billing.

Included in trade and bills receivables was an amount of approximately HK$193,137,000 (2014: HK$45,634,000) which represents amounts due from related parties of the Company arising from EPC and consultancy operations.

As at 31 December 2015, retention held by customers for contract work amounted to approximately HK$4,646,000 (2014: HK$2,174,000).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 **HK$'000**	2014 HK$'000
Prepayments	**111,874**	1,080
Deposits	**18,188**	16,662
Other receivables	**42,184**	4,011
	172,246	21,753

Included in other receivables of HK$15,600,000 represents the loan to China He Investment (Hong Kong) Company Limited, the immediate controlling shareholder of the Company.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

26. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015 HK$'000	2014 HK$'000
Contract cost incurred plus recognised profits	**410,843**	66,452
Less: progress billing	**(148,367)**	(10,687)
	262,476	55,765

27. CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**283,833**	137,282
Time deposits	**27,018**	115,600
	310,851	252,882

At 31 December 2015, cash and cash equivalents and time deposits with banks in the PRC amounted to approximately HK$280,419,000 (2014: HK$131,777,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

28. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
0–90 days	**936,241**	41,804
91–180 days	**210,353**	28,301
	1,146,594	70,105

The trade payables are non-interest bearing and are normally settled on 30-day term.

29. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Deferred credit on operating lease	—	4,542
Receipts in advance	61,665	2,144
Other payables	129,286	31,898
Accruals	824	19,953
	191,775	58,537

As at 31 December 2014, included in other payables of RMB24,500,000 (approximately HK$30,819,000) represent the non-interest bearing shareholders' loan from two non-controlling interest shareholders of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company. As at 31 December 2015, included in other payables of (i) RMB9,550,000 (approximately HK$11,507,000) represent the non-interest bearing shareholders' loan from an non-controlling interest shareholder of Guoxin Energy Limited; and (ii) RMB50,000,000 (approximately HK$60,245,000) represent an interest bearing loan from a fellow subsidiary of the Company which is unsecured and due on 13 May 2016. The interest rate of the loan is at Renminbi fixed basic rate plus 10% per annum.

30. PROVISION FOR LONG SERVICE PAYMENTS

	2015 HK$'000	2014 HK$'000
At beginning of the year	3,402	1,928
Increase for the year	2,059	3,528
Amounts utilised during the year	(1,977)	(2,054)
At the end of the year	3,484	3,402

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

31. CONVERTIBLE BONDS

The convertible bonds issued have been split as to the liability, derivative and equity components. The following tables summarise the movements in the liability, derivative and equity components of the Group's and the Company's convertible bonds during the year:

	Zero Coupon convertible bonds (Note (i)) HK$'000	3% Coupon convertible bonds (Note (ii)) HK$'000	Total HK$'000
Liability component			
At 1 January 2014	56,172	—	56,172
Imputed interest expenses	7,025	—	7,025
Redemptions of convertible bonds	(63,197)	—	(63,197)
At 31 December 2014 and 1 January 2015	—	—	—
Issuance of new bonds	—	313,038	313,038
Imputed interest expenses	—	22,996	22,996
Conversion of convertible bonds	—	(49,192)	(49,192)
At 31 December 2015	—	286,842	286,842
Derivative component			
At 1 January 2014	4,537	—	4,537
Fair value gains on derivative financial instruments	(1,471)	—	(1,471)
Redemptions of convertible bonds	(3,066)	—	(3,066)
At 31 December 2014	—	—	—
Equity component			
At 1 January 2015	—	—	—
Issuance of new bonds	—	33,075	33,075
Conversion of convertible bonds	—	(5,808)	(5,808)
At 31 December 2015	—	27,267	27,267

31. CONVERTIBLE BONDS (CONTINUED)

(i) Zero Coupon convertible bonds

On 1 September 2011, the Company issued zero coupon convertible bonds in the principal amount of HK$120,000,000 (the "**Convertible Bonds**") to an independent third party as part of consideration for acquisition of subsidiaries. The Convertible Bonds are convertible at the option of the bondholder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$1.20 per share from the end of the first anniversary period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds not converted, cancelled, purchased or otherwise acquired will be redeemed by the Company on 1 September 2014.

The conversion option of the Convertible Bonds exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the embedded derivative component of the convertible bonds is measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the embedded derivative component is recognised as the liability component. At the end of each reporting period, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated statement of profit or loss.

On 20 February 2014 and 26 May 2014, the Company made early redemptions of the outstanding Convertible Bonds at the total principal amount of HK$72,000,000 with an aggregate consideration of HK$72,000,000 and incurred a loss on early redemption of approximately HK$5,737,000.

(ii) 3% Coupon convertible bonds

On 26 May 2015, the Company issued an aggregated principal amount of HK$350 million 3% convertible bonds (the "**2015 Convertible Bonds**"), which are due on 25 May 2016.

The 2015 Convertible Bonds are convertible at the option of the bondholders into the Company's ordinary shares at a conversion price of HK$1.75 per share any time up to maturity.

On the basis that the conversion option of the 2015 Convertible Bonds to be settled by exchange of a fixed amount or fixed number of equity instruments, the 2015 Convertible Bonds were accounted for as compound instruments under HKAS 32 "Financial Instruments Presentation" and the proceeds were split between a liability component and an equity component as set out below.

The fair value of the liability component was calculated using a market interest rate for a bond with the similar tenure but with no conversion features. The residual amount, representing the value of the equity component, was credited to conversion reserves under equity attributable to owners of the Company.

The imputed interest expenses on the bonds are calculated using the effective interest method.

Since the date of issuance and up to 31 December 2015, HK$55,000,000 of the 2015 Convertible Bonds were converted into shares of the Company by the bondholders.

32. DEFERRED TAXATION

The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Losses available for offsetting against future taxable profits HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2014	2,106	1,454	3,560
Deferred tax(charged)/credited to the consolidated statement of profit or loss during the year (note 12)	(10)	205	195
At 31 December 2014 and 1 January 2015	2,096	1,659	3,755
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year (note 12)	934	(523)	411
At 31 December 2015	3,030	1,136	4,166

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2015 **HK$'000**	2014 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**4,516**	3,755
Net deferred tax liabilities recognised in the consolidated statement of financial position	**350**	—

Under the Corporate Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the 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 the profits earned by the PRC subsidiaries amounting to approximately HK$500,000 (2014: HK$2,778,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group had tax losses arising in Hong Kong of approximately HK$144,778,000 (2014: HK$122,985,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Unused tax assets of approximately HK$10,138,000 (2014: HK$24,441,000) arising in the PRC subsidiaries of the Company will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognized in respect of these losses as the utilization of which is uncertain.

33. SHARE CAPITAL

Ordinary shares

	Number of shares '000	Share capital HK$'000
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015	1,101,666	110,166
Issue of shares upon conversion of convertible bonds (Note (a))	31,429	3,143
At 31 December 2015	1,133,095	113,309

Note:

a. In June and July 2015, the 2015 Convertible Bonds were partly converted into ordinary shares of the Company at conversion price of HK$1.75 per share, resulting in the issuance of approximately 31,429,000 ordinary shares of the Company.

34. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 33 of the consolidated financial statements.

Building revaluation reserve

The building revaluation reserve has been set up and is dealt with in accordance with the accounting policies of "Property, plant and equipment and depreciation" as set out in Note 16.

Exchange reserve

Exchange difference arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve.

Statutory reserve

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

Equity Component of Convertible Bonds

The reserve represents amount of proceeds on issue of convertible bonds relating to the equity component (i.e. option to convert the debt into share capital).

34. RESERVES (CONTINUED)

(b) The Company

	Share Premium Account HK$'000	Contributed Surplus HK$'000	Equity Component of Convertible Bonds HK$'000	Accumulated Losses HK$'000	Total HK$'000
At 1 January 2014	1,314,363	203,630	—	(1,204,552)	313,441
Total comprehensive loss for the year	—	—	—	(14,497)	(14,497)
At 31 December 2014 and 1 January 2015	1,314,363	203,630	—	(1,219,049)	298,944
Total comprehensive loss for the year	—	—	—	(26,649)	(26,649)
Issue of convertible bond			33,075		33,075
Issue of shares upon conversion of convertible bonds	51,857	—	(5,808)	—	46,049
At 31 December 2015	1,366,220	203,630	27,267	(1,245,698)	351,419

The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended).

The Company's contributed surplus represented the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus if to do so would not render the Company's ability to pay its liabilities as they become due or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium.

35. CONTINGENT LIABILITIES

The Group and the Company had no contingent liabilities as at 31 December 2015 (2014: Nil).

36. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain office premises, restaurant premises and office equipment under operating lease arrangements, with remaining lease terms ranging from one month to four years.

At 31 December 2015 and 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **HK$'000**	2014 HK'000
Within one year	**73,396**	43,940
In the second to fifth years, inclusive	**70,760**	35,121
	144,156	79,061

In addition to the minimum lease payments described above, the Group has commitments to pay contingent rents based on a proportion of turnover for certain leased restaurant premises. Contingent rents are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

37. CAPITAL COMMITMENT

The Group and the Company had no capital commitment as at 31 December 2015 (2014: Nil).

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

a. Transactions with related parties

	2015 HK$'000	2014 HK$'000
Transaction with a director:		
– Rental expenses paid (note(i))	—	108
Continuing connected transactions as defined in Chapter 14A of Listing Rules which are subject to annual cap (note (ii))		
– Construction contract revenue incurred	**128,746**	—
– Service income	**20,271**	—
– Sales of goods	**38,159**	—
Transaction with a company under common control of a shareholder of the Company/the immediate holding company of a shareholder of the Company*:		
– Construction contract cost incurred (note (iii))	—	2,311
Transaction with a fellow subsidiary		
– Loan interest expense (note (iv))	**368**	—

* During the year ended 31 December 2014, 中國核工業二三建設有限公司 (transliterated as "China Nuclear Industry 23 Construction Company Limited") ("**CNI23**"), the immediate holding company of a shareholder of the Company has become a company under common control of a shareholder of the Company after the change in shareholding structure of controlling shareholder of the Company. Details of the change in shareholding structure of controlling shareholder of the Company were set out in the Company's announcement dated 26 June 2014.

Notes:

i. The Group paid rental expenses to a director of the Company for the year ended 31 December 2014. The rentals were determined with reference to open market rentals.

ii. The Group generated revenue of RMB15,472,000 (approximately HK$19,115,000) from 中國核工業二三建設有限公司華東分公司 (transliterated as "China Nuclear Industry 23 Construction Company Limited Huadong Branch"), a branch of CNI23. The revenue generated from supplies of services.

The Group generated revenue of RMB109,047,000 (approximately HK$134,418,000) from 新疆新華聖樹光伏發電有限公司 (transliterated as Xinjiang Xinhua Shengshu Solar Photovoltaic Company Limited). The revenue generated from sales of goods and construction contract.

The Group generated revenue of RMB19,353,000 (approximately HK$23,588,000) from Zhong He Qiqihar Solar Power Generation Company Limited. The revenue generated from sales of goods, supplies of services and construction contract.

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

a. Transactions with related parties (Continued)

Notes: (Continued)

The Group generated revenue of RMB87,000 (approximately HK$108,000) from 榆林市榆神工業區東投能源有限公司 (transliterated as Yulin City Yushen Industrial District Dongtou Power Co., Ltd.). The revenue generated from supplies of services.

The Group generated revenue of RMB96,000 (approximately HK$119,000) from 寶應鑫源光伏發電有限公司 (transliterated as Baoying Xinyuan Solar Power Co., Ltd.). The revenue generated from supplies of services.

The Group generated revenue of RMB 7,955,000 (approximately HK$9,828,000) from 黎城協鑫光伏電力有限公司 (transliterated as Licheng GCL Solar Power Co., Ltd.). The revenue generated from sales of goods, supplies of services and construction contract.

iii. During the year ended 31 December 2014, the Group incurred construction contract cost to CNI23. The construction contract cost incurred was determined with reference to the contract price.

iv. The Group borrowed from 中核新能源投資有限公司 (transliterated as Zhong He New Energy Investment Company Limited), a fellow subsidiary of the Company with the sum of RMB50,000,000 which bearing interest rate of Renminbi fixed basic rate plus 10% per annum. The loan interest was charged at normal market interest rate with reference to the loan agreement.

b. Connected transactions

During the year, the Group had the following connected transaction:

– On 24 July 2015, the Group entered into the Sale and Purchase Agreement with Fame Raise Limited, the non-controlling interest shareholder of Guoxin Energy Limited, the subsidiary of the Group, to purchase 29.9% of issued share capital of Guoxin Energy Limited at a consideration of HK$2,600,000 ("**the Sale and Purchase Agreement**"), details of the subsidiary was set out in note 21. In addition, pursuant to the Sale and Purchase Agreement, the Group would repay the outstanding shareholder's loan in the amount of RMB14,950,000 due from Guoxin Energy Limited to Fame Raise Limited.

– On 14 August 2015, the Group contributed RMB4,900,000 into Zhong He Qiqihar Solar Power Generation Company Limited, which represents 49% of the issued capital of Zhong He Qiqihar Solar Power Generation Company Limited, details was set out in note 22.

– On 13 November 2015, the Group as lender entered into the Loan Agreement with China He Investment (Hong Kong) Company Limited, pursuant to which the Group agreed to grant the Facility in the principal amount of HK$15,600,000 for a term of six months.

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

c. Compensation of key management personnel of the Group:

	2015 HK$'000	2014 HK'000
Short term employee benefits	**6,439**	6,390
Pension scheme contribution	**110**	96
Total compensation paid to key management personnel	**6,549**	6,486

d. Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of construction contract revenue incurred, sales of goods and supply of services above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing Connected Transactions" of the Directors' Report.

39. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2015 HK$'000	2014 HK'000
Financial assets — Loans and receivables		
Trade and bills receivables	**1,085,109**	53,797
Financial assets included in deposits and other receivables	**60,372**	20,673
Amounts due from customers for contract work	**262,476**	55,765
Cash and cash equivalents	**310,851**	252,882
	1,718,808	383,117
Financial assets — Available-for-sale financial assets		
Available-for-sale investments	**500**	500
Financial liabilities — Financial liabilities at amortised cost		
Trade payables	**1,146,594**	70,105
Financial liabilities included in other payables and accruals	**130,110**	56,393
Convertible bonds	**286,842**	—
	1,563,546	126,498

39. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, mainly comprise cash, short term deposits, trade and bills receivables, deposits and other receivables, trade payables and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

Market risk

(i) Foreign currency risk management

The Company is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Renminbi ("**RMB**").

The following table indicates the approximate change in the Group's profit for the year and accumulated profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number below indicates an increase in profit where the HKD strengthens against the relevant currency. For a weakening of the HKD against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities that are denominated in currencies other than the respective group entities functional currencies at the end of the reporting period are as follows:

	2015	2014
	HK$'000	HK$'000
Assets		
RMB	**1,492,059**	45,601
Liabilities		
RMB	**(1,097,340)**	(32,148)

39. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Foreign currency risk management (Continued)

The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

	2015 **HK$'000**	2014 HK$'000
Impact in profit or loss		
RMB	**3,304**	673

There would be no material impact to the Group's other components of equity for the years ended 31 December 2015 and 2014.

The net effect of the Group's sensitivity to foreign currency risk was attributable to the Group's monetary assets and liabilities with exposure to foreign currency risk at the end of the reporting period.

(ii) Interest rate risk management

As the Group has no significant variable interest-bearing assets and liabilities, the Group's profits and operating cash flows are substantially independent of changes in market interest rate. Accordingly, no sensitivity analysis on change in variable interest rates is presented.

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, amount due from customers for contract work, investment in available-for-sale financial assets, and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables and amounts due from customers for contract work, management of the Group has delegated teams responsible for determination of monitoring procedures which are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables and amount due from customers for contract work at the end of each 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.

At the end of reporting period, the Group has a certain concentration of credit risk as 41% (2014: 58%) and 81% (2014: 66%) of the total trade receivables was due from Group's largest customer and the five largest customers respectively. The Group's concentration risk of credit risk by geographical location is mainly in the PRC, which accounted for 100% (2014: 98%) of the total trade receivables.

Cash and cash equivalents are placed with financial institutions with sound credit ratings to minimise credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

Further quantitative disclosure in respective of the Group's exposure to credit risk arising from trade and bills receivables are set out in note 24.

39. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As indicated in notes 28 and 29, all financial liabilities of the Group and the Company were due to be repaid within one year or repayable on demand.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The maturity profile of the financial liabilities of the Group at the end of the reporting periods, based on the contractual undiscounted payments, were as follows:

	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to less than 2 years HK$'000	2 to less than 3 years HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
At 31 December 2015						
Trade payables	**1,146,594**	**—**	**—**	**—**	**1,146,594**	**1,146,594**
Financial liabilities included in other payables and accruals	**130,110**	**—**	**—**	**—**	**130,110**	**130,110**
Convertible bonds	**—**	**312,320**	**—**	**—**	**312,320**	**286,842**
	1,276,704	**312,320**	**—**	**—**	**1,589,024**	**1,563,546**
At 31 December 2014						
Trade payables	70,105	—	—	—	70,105	70,105
Financial liabilities included in other payables and accruals	56,393	—	—	—	56,393	56,393
	126,498	—	—	—	126,498	126,498

39. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(c) Capital risk management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

Gearing ratio

The gearing ratio at the end of reporting period was as follows:

	2015	2014
	HK$'000	HK$'000
Debt[#]	**358,594**	30,819
Total equity	**474,941**	397,474
Gearing ratio	**0.76**	0.08

[#] Total debt comprises convertible bonds and loans included in other payables and accruals as detailed in note 29 and 31.

The Group monitors its current and expected cash flow requirements to ensure it maintains sufficient cash and cash equivalents and has available funding to meet its working capital requirement.

(d) Fair value measurements

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

(ii) The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

(iii) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors consider that the fair value of convertible bonds are not materially different from the carrying amounts.

There is no transfer into and out of Level 3 for the years ended 31 December 2015 and 2014.

40. EVENTS AFTER THE REPORTING PERIOD

The development of Phase II of the 20MW Agricultural Photovoltaics Power Stations

The Company has proposed to further develop the Solar Power Project II. The Solar Power Project ll, forming part of the 20MW Agricultural Photovoltaics Power Station, will be located in Taizhou City, Jiangsu Province of the PRC with an aggregate solar electricity generation capacity of approximately 10MW and will be operated by Taizhou Herun New Energy Ltd. ("**Taizhou New Energy**"), an indirect wholly-owned subsidiary of the Company. The development of the Solar Power Project ll, is expected to be completed by 31 March 2016.

The major assets of the Solar Power Project II will comprise the equipment and assets for construction and operation of the Solar Power Project II, including multi-crystalline silicon modules, solar modules frames, invertors, power cables and other equipment for construction and operation of solar power projects (the "**Equipment**"). As the Solar Power Project II has not yet been put into operation, accordingly, no book value, revenue or profits associated with the Solar Power Project II were recorded in the accounts of Taizhou New Energy. The development of the Solar Power Project II has been funded by a finance lease arrangement with 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Co., Ltd.) (the "**Finance Lease Company**"), an indirect wholly-owned subsidiary of the Company.

For the purpose of development of the Solar Power Project ll, Taizhou New Energy has entered into the following agreements with its fellow subsidiaries: (i) the Main Contractor Contract dated 11 January 2016 with 南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Company Limited) ("**CNI Energy**") (an indirect non-wholly owned subsidiary of the Company and owned as to 96.18% by the Company), pursuant to which, Taizhou New Energy has engaged CNI Energy to provide the project design, engineering, construction, installation, training, warranty and other works for the construction of the Solar Power Project II on a turnkey basis for the total consideration of RMB29.8 million (equivalent to approximately HK$35.164 million), which shall be settled in instalments according to the construction progress; and (ii) the Purchase Contract dated 11 January 2016 with CNI Energy and the Finance Lease Company, pursuant to which the Finance Lease Company has entrusted Taizhou New Energy to purchase the Equipment from CNI Energy for a consideration of RMB72 million (equivalent to approximately HK$84.96 million) which shall be settled in cash upon the delivery of the Equipment. Both the Main Contractor Contract and the Purchase Contract have came into effect after passing of ordinary resolution by the shareholders of the Company on 26 February 2016.

41. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at 31 December 2015, the directors consider the immediate and ultimate controlling parties of the Group to be China He Investment (Hong Kong) Company Limited which is incorporated in Hong Kong and China Nuclear Engineering Group Co. which is incorporated in the PRC respectively. These entities do not produce financial statements available for public use.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 7 March 2016.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December 2015 HK$'000	Year ended 31 December 2014 HK$'000	Year ended 31 December 2013 HK$'000	Period ended 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Revenue	**1,676,330**	322,523	556,877	233,622	300,097
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**9,998**	(57,195)	(36,648)	36,721	493,427
Attributable to:					
Owners of the Company	**3,559**	(40,931)	(45,536)	37,598	492,587
Non-controlling interests	**6,439**	(16,264)	8,888	(877)	840
	9,998	(57,195)	(36,648)	36,721	493,427

ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December 2015 HK$'000	As at 31 December 2014 HK$'000	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000	As at 31 March 2012 HK$'000
Total assets	**2,105,056**	531,810	780,778	617,538	541,064
Total liabilities	**(1,630,115)**	(134,336)	(323,636)	(181,317)	(316,557)
Non-controlling interests	**(576)**	10,050	(6,475)	(152)	(1,029)
	474,365	407,524	450,667	436,069	223,478