



Northern New Energy Holdings Limited
(北方新能源控股有限公司)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8246)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 (the “Current Period”), together with the unaudited comparative figures for the six months ended 30 June 2015 (the “Corresponding Period”) as follows:

FINANCIAL HIGHLIGHTS

	For the period ended 30.6.2016 <i>RMB'000</i>	For the period ended 30.6.2015 <i>RMB'000</i>	Increase
Revenue	61,164	34,892	75.3%
Gross profit ^(a)	34,521	3,455	899.2%
Profit (loss) and total comprehensive income (expense) for the period	20,127	(12,039)	267.2%
Profit (loss) and total comprehensive income (expense) attributable to the owners of the Company	18,039	(11,813)	252.7%
Dividend	Nil	Nil	
EBIT	27,450	(12,039)	328.0%
EBITDA	28,899	(10,259)	381.7%
Earnings (loss) per share			
Basic	RMB0.005	RMB(0.004)	225.0%
Diluted	RMB0.005	RMB(0.004)	225.0%
	As at 30.6.2016 <i>RMB'000</i>	As at 31.12.2015 <i>RMB'000</i>	Increase/ (decrease)
Total assets	194,713	211,369	(7.9%)
Bank balance and cash	78,613	124,950	(37.1%)
Equity attributable to owners of the Company	132,026	113,987	15.8%
Key Financial Indicators	2016	2015	
Current ratio (times) ^(b)	3.3	2.1	
Gross profit margin ^(c)	56.4%	9.9%	
Net gearing ratio ^(d)	2.0%	2.4%	
Net profit margin ^(e)	32.9%	(34.5%)	
Return on average equity ^(f)	14.7%	(21.3%)	

Note:

- (a) The calculation of gross profit is based on revenue minus cost of sales.
- (b) The calculation of current ratio is based on current assets divided by current liabilities.
- (c) The calculation of gross profit margin is based on gross profit divided by revenue.
- (d) The calculation of net gearing ratio is based on total debt divided by total equity.
- (e) The calculation of net profit (loss) margin is based on profit (loss) for the period divided by revenue.
- (f) The calculation of return on average equity is based on profit (loss) attributable to the owners of the Company divided by average equity attributable to owners of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2016

	<i>Notes</i>	Three months ended		Six months ended	
		30.6.2016 RMB'000 (unaudited)	30.6.2015 <i>RMB'000</i> (unaudited) (restated)*	30.6.2016 RMB'000 (unaudited)	30.6.2015 <i>RMB'000</i> (unaudited) (restated)*
Revenue	3	36,834	18,634	61,164	34,892
Cost of sales		(12,323)	(16,842)	(26,643)	(31,437)
Gross profit		24,511	1,792	34,521	3,455
Other income	4	947	911	981	915
Other gains and losses	5	1,740	(132)	1,454	(873)
Administrative expenses		(3,706)	(3,193)	(7,452)	(7,280)
Selling and distribution expenses		(1,509)	(1,408)	(2,680)	(2,935)
Other expenses		(3,208)	(2,197)	(5,680)	(4,137)
Gain on disposal of subsidiaries	6	4,546	–	5,149	–
Loss on liquidation of a subsidiary		–	(865)	–	(865)
Reversal of (impairment loss) recognised on inventories		–	–	1,176	(161)
Impairment loss recognised in respect of amount due from an associate		(196)	(158)	(19)	(158)
Profit (loss) before tax	7	23,125	(5,250)	27,450	(12,039)
Income tax expense	8	(5,814)	–	(7,323)	–
Profit (loss) and total comprehensive income (expense) for the period		17,311	(5,250)	20,127	(12,039)
Profit (loss) and total comprehensive income (expense) attributable to:					
– the owners of the Company		15,694	(5,099)	18,039	(11,813)
– non-controlling interests		1,617	(151)	2,088	(226)
		17,311	(5,250)	20,127	(12,039)
Earnings (loss) per share	9				
– Basic		RMB0.005	RMB(0.002)	RMB0.005	RMB(0.004)
– Diluted		RMB0.004	RMB(0.002)	RMB0.005	RMB(0.004)

* Certain account balances have been restated so as to cope with the commencement of the new energy business in the second half of 2015.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	4,954	9,050
Investment property	12	5,124	5,124
Rental deposits		1,615	2,479
Interest in an associate	13	–	–
Amount due from an associate	14	–	–
		<u>11,693</u>	<u>16,653</u>
Current assets			
Inventories		5,063	5,971
Trade and other receivables	15	99,344	63,795
Bank balances and cash		<u>78,613</u>	<u>124,950</u>
		<u>183,020</u>	<u>194,716</u>
Current liabilities			
Trade and other payables	16	28,413	52,410
Prepayment from customers		14,366	19,598
Amount due to a shareholder		2,732	2,740
Amount due to a related party		313	2,559
Amount due to a non-controlling shareholder of a subsidiary		–	700
Tax liabilities		<u>9,668</u>	<u>15,685</u>
		<u>55,492</u>	<u>93,692</u>
Net current assets		<u>127,528</u>	<u>101,024</u>
Net assets		<u>139,221</u>	<u>117,677</u>
Capital and reserves			
Share capital	17	3,470	3,470
Reserves		<u>128,556</u>	<u>110,517</u>
Equity attributable to owners of the Company		<u>132,026</u>	<u>113,987</u>
Non-controlling interests		<u>7,195</u>	<u>3,690</u>
Total equity		<u>139,221</u>	<u>117,677</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	(Accumulated losses) retained profits	Special reserve	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 (audited)	2,735	59,450	8,348	(43,707)	528	27,354	(2,708)	24,646
Loss and total comprehensive expense recognised for the period	–	–	–	(11,813)	–	(11,813)	(226)	(12,039)
Exercise of share options (note 17)	104	12,137	(3,797)	–	–	8,444	–	8,444
Issue of new shares (note 17)	631	59,353	–	–	–	59,984	–	59,984
Cost of issuing new shares	–	(164)	–	–	–	(164)	–	(164)
Liquidation of a subsidiary	–	–	–	–	–	–	1,635	1,635
At 30 June 2015 (unaudited)	<u>3,470</u>	<u>130,776</u>	<u>4,551</u>	<u>(55,520)</u>	<u>528</u>	<u>83,805</u>	<u>(1,299)</u>	<u>82,506</u>
At 1 January 2016 (audited)	3,470	–	4,551	105,438	528	113,987	3,690	117,677
Profit and total comprehensive income recognised for the period	–	–	–	18,039	–	18,039	2,088	20,127
Disposal of subsidiaries (note 6)	–	–	–	–	–	–	1,417	1,417
At 30 June 2016 (unaudited)	<u>3,470</u>	<u>–</u>	<u>4,551</u>	<u>123,477</u>	<u>528</u>	<u>132,026</u>	<u>7,195</u>	<u>139,221</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended	
	30.6.2016	30.6.2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Cash used in operations	(31,324)	(13,461)
Income tax (paid) refunded	(13,340)	197
Net cash used in operating activities	(44,664)	(13,264)
INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries	1,221	–
Purchase of property, plant and equipment	(164)	(569)
Net cash from / (used in) investing activities	1,057	(569)
FINANCING ACTIVITIES		
Repayment of advance from related parties	(2,246)	–
Repayment of advance from a non-controlling shareholder of a subsidiary	(700)	–
Repayment of advance from a shareholder	(8)	–
Repayment from an associate	224	–
Proceeds from issuance of new shares	–	59,984
Proceeds from exercise of share options	–	8,444
Repayment of advances from directors	–	(2,369)
Cost of issuing new shares	–	(164)
Net cash (used in) from financing activities	(2,730)	65,895
Net (decrease) increase in cash and cash equivalents	(46,337)	52,062
Cash and cash equivalents at the beginning of the period	124,950	37,207
Cash and cash equivalents at the end of the period, represented by bank balances and cash	78,613	89,269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34), *Interim Financial Reporting* as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

During the six months ended 30 June 2016, for enhancing the relevance of the presentation of the condensed consolidated financial statements, the Directors of the Company had changed its presentation of the condensed consolidated statement of profit or loss and other comprehensive income in accordance with IAS 1 *Presentation of Financial Statements* and the corresponding comparative amounts shown for the condensed consolidated statement of profit or loss and other comprehensive income and related notes had been restated to conform with the current interim period’s presentation.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

The Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) which are effective for annual accounting periods beginning on 1 January 2016.

The application of the new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contracts with Customers ²
Amendments to IAS 7	Disclosure Initiative ⁴
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Loss ⁴

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

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2017

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

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:
Segment information is presented below.

Six months ended 30 June 2016

	Catering business <i>RMB'000</i>	New energy business <i>RMB'000</i>	Property investment <i>RMB'000</i>	Segment total <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	<u>29,014</u>	<u>32,038</u>	<u>112</u>	<u>61,164</u>	<u>61,164</u>
RESULT					
Segment result	<u>(19)</u>	<u>27,196</u>	<u>75</u>	<u>27,252</u>	27,252
Unallocated corporate expenses					(7,477)
Imputed interest income on advances to an associate					243
Reversal of impairment loss recognised on inventories					1,176
Impairment loss recognised in respect of amount due from an associate					(19)
Gain on disposal of subsidiaries					5,149
Net foreign exchange gain					<u>1,126</u>
Profit before tax					<u>27,450</u>

Six months ended 30 June 2015

	Catering business <i>RMB'000</i>	New energy business <i>RMB'000</i>	Property investment <i>RMB'000</i>	Segment total <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	<u>34,892</u>	<u>—</u>	<u>—</u>	<u>34,892</u>	<u>34,892</u>
RESULT					
Segment result	<u>(6,915)</u>	<u>—</u>	<u>—</u>	<u>(6,915)</u>	(6,915)
Unallocated corporate expenses					(4,045)
Imputed interest income on advances to an associate					158
Impairment loss recognised on inventories					(161)
Loss on liquidation of a subsidiary					(865)
Impairment loss recognised in respect of amount due from an associate					(158)
Net foreign exchange loss					<u>(53)</u>
Loss before tax					<u>(12,039)</u>

4. OTHER INCOME

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income	24	3	58	7
Imputed interest income on advances to an associate	243	158	243	158
Government subsidy (<i>note</i>)	680	750	680	750
	<u>947</u>	<u>911</u>	<u>981</u>	<u>915</u>

Note: During the current interim period, a PRC subsidiary received approximately RMB680,000 (2015: RMB750,000) subsidies given by the PRC government for encouragement of its catering business development. There were no other specific conditions attached to the incentives and, therefore, the Group recognised the incentives upon receipt.

5. OTHER GAINS AND LOSSES

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reversal of doubtful debts on trade receivables	323	–	323	–
(Loss) gain on disposal of property, plant and equipment	(14)	–	5	–
Write off of property, plant and equipment	–	–	–	(820)
Net foreign exchange gain (loss)	1,431	(132)	1,126	(53)
	<u>1,740</u>	<u>(132)</u>	<u>1,454</u>	<u>(873)</u>

6. GAIN ON DISPOSAL OF SUBSIDIARIES

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

The Group disposed of Beijing Noble House Food and Beverage Co., Ltd (北京名軒樓餐飲有限公司) (“Beijing Noble House”), non-wholly owned subsidiary of the Company, which engaged in the operation of a restaurant in Beijing, to an independent third party, at a cash consideration of RMB800,000. The disposal was completed on 30 June 2016, and resulted in a gain on disposal of RMB4,546,000, on which date the Group lost control of Beijing Noble House.

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

RMB'000

Consideration received:

Total consideration received	1,221
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Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	2,274
Inventories	434
Trade and other receivables	4,318
Bank balances and cash	81
Trade and other payables	(10,787)
Prepayment from customers	(1,523)
Tax liabilities	(142)

Net liabilities disposed	(5,345)
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Less: non-controlling interest portion	1,417
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(3,928)

Gain on disposal of subsidiaries	5,149
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7. PROFIT (LOSS) BEFORE TAX

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Profit (loss) before tax has been arrived after charging the following:

Directors' emoluments	1,046	792	2,120	1,540
Salaries and other allowances	4,179	4,680	9,121	9,953
Retirement benefit scheme contributions, excluding those of directors	802	955	1,620	2,191

6,027	6,427	12,861	13,684
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Auditors' remuneration	152	118	152	118
Depreciation of property, plant and equipment	701	900	1,449	1,780

8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Enterprise income tax in the PRC	5,814	–	7,323	–
Current tax	–	–	–	–

Hong Kong

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

PRC

PRC subsidiaries located in Tianjin, Beijing and Shanghai were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for the six months ended 30 June 2016 and 2015.

9. EARNINGS (LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	<u>15,694</u>	<u>(5,099)</u>	<u>18,039</u>	<u>(11,813)</u>

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

	Three months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Weighted average number of shares used in the calculation of basic earnings (loss) per share	<u>3,433,280</u>	<u>2,799,088</u>	<u>3,433,280</u>	<u>2,762,520</u>
Shares deemed to be issued in respect of:				
– Share options	<u>91,840</u>	<u>–</u>	<u>92,637</u>	<u>–</u>
Weighted average number of shares used in the calculation of diluted earnings (loss) per share	<u>3,525,120</u>	<u>2,799,088</u>	<u>3,525,917</u>	<u>2,762,520</u>

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

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2016 and 2015. The Directors of the Company have determined that no dividend will be paid in respect of the current interim period.

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment amounting to approximately RMB164,000 (six months ended 30 June 2015: approximately RMB569,000) for the purpose of the Group's operation. In addition, property, plant and equipment amounting to approximately RMB2,274,000 was disposed of upon the completion of disposal of subsidiaries (note 6).

During the six months period ended 30 June 2015, the Group wrote off certain property, plant and equipment amounted to RMB820,000 due to the closure of a retail outlet in Hong Kong.

12. INVESTMENT PROPERTY

RMB'000

AT FAIR VALUE

At 31 December 2015, 1 January 2016 and 30 June 2016

5,124

The Group's investment property is situated in the PRC and held under medium term lease. The Directors of the Company have determined that the investment property is a commercial asset, based on the nature, characteristics and risks of the property. As at 30 June 2016, management of the Company estimated the fair value of the investment property by reference to the recent market transactions and considered that the fair value is approximately to its carrying amount.

13. INTEREST IN AN ASSOCIATE

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Cost of unlisted investment in an associate	400	400
Deemed capital contribution (<i>note</i>)	1,705	1,705
Share of post-acquisition losses	(2,105)	(2,105)
	<u> </u>	<u> </u>
	—	—

Note: Deemed capital contribution represents the imputed interest on interest-free loans to an associate, Dong Hai Noble House Food and Beverage Co., Ltd. ("Dong Hai Noble House").

14. AMOUNT DUE FROM AN ASSOCIATE

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Dong Hai Noble House – non-trade (<i>note (a)</i>)	7,603	7,584
Less: Impairment loss recognised (<i>note (b)</i>)	(7,603)	(7,584)
	<u> </u>	<u> </u>
	—	—

Notes:

- (a) As at 30 June 2016 and 31 December 2015, the amount represents advances to finance the operation of Dong Hai Noble House and is unsecured, interest free and has no fixed repayment terms. Imputed interest is computed at 5.89% (2015: 5.89%) per annum. The management of the Group considered the amount will not be settled within the next 12 months, and thus classified it as non-current asset.
- (b) During the current interim period, as the results of Dong Hai Noble House did not meet management's expectation, the Directors of the Company reassessed the timing and estimates of the cash flows from the repayment of the advance to the associate and discounted them at the original effective interest rate of the advance. An impairment loss of RMB19,000 was recognised in profit or loss for current interim period (six months ended 30 June 2015: RMB158,000).

15. TRADE AND OTHER RECEIVABLES

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

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

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

	30.6.2016 RMB'000 (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Trade receivables for catering business:		
0 – 30 days	425	3,087
31 – 60 days	177	635
61 – 90 days	126	405
91 – 120 days	87	284
121 – 150 days	29	69
151 – 180 days	64	83
Over 180 days	1,065	2,138
Less: allowance for doubtful debts for trade receivables	(452)	(1,067)
	<u>1,521</u>	<u>5,634</u>
Trade receivables for new energy business:		
Within settlement period	43,322	51,187
Past due	29,624	–
	<u>72,946</u>	<u>51,187</u>
Total trade receivables	<u>74,467</u>	<u>56,821</u>
Other receivables and deposits:		
Prepayments to suppliers	18,953	2,638
Payment for operating expenses	275	526
Other receivables and deposits	5,548	2,521
Others	193	1,381
Less: allowance for doubtful debts for other receivables	(92)	(92)
	<u>24,877</u>	<u>6,974</u>
	<u>99,344</u>	<u>63,795</u>

Included in the Group's trade receivable balances is the following past due debts for which the Group has not provided for impairment loss:

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

	30.06.2016 RMB'000	31.12.2015 RMB'000
91 – 120 days	87	284
121 – 150 days	29	69
151 – 180 days	64	83
Over 180 days	613	1,071
	793	1,507

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

	30.06.2016 RMB'000	31.12.2015 RMB'000
0 – 30 days	10,200	–
31 – 60 days	19,424	–
	29,624	–

16. TRADE AND OTHER PAYABLES

The following is an ageing analysis of the Group's trade payables based on invoice date:

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Trade payables:		
0 – 30 days (<i>Note</i>)	7,871	37,397
31 – 60 days	5,787	1,808
61 – 90 days	478	725
91 – 180 days	4,753	679
Over 180 days	738	1,336
	19,627	41,945
Other payables:		
Accruals	1,208	2,134
Other payables	4,442	7,116
Payable for acquisition of property, plant and equipment	–	700
Employee benefits payable	1,287	435
Other taxes payable	1,849	80
	8,786	10,465
	28,413	52,410

Note: Included in the amount represents trade payables of RMB6,610,000 (2015: RMB23,184,000) from the new energy business. The settlement period according to the contract terms is generally within one year after the completion of energy-related system design, consultancy, engineering and construction work.

17. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000	RMB'000 Presented as
Authorised:			
At 1 January 2015, 30 June 2015 and 1 January 2016			
– Ordinary shares of HK\$0.01 each	8,000,000	80,000	
Effect of share subdivision (<i>note</i>)	56,000,000	–	
At 30 June 2016			
– Ordinary shares of HK\$0.00125 each	64,000,000	80,000	
Issued and fully paid			
At 1 January 2015			
– Ordinary shares of HK\$0.01 each	336,000	3,360	2,735
– Exercise of share options	13,160	132	104
– Issue of new shares	80,000	800	631
At 30 June 2015	429,160	4,292	3,470
At 1 January 2016	429,160	4,292	3,470
Effect of share subdivision (<i>note</i>)	3,004,120	–	–
At 30 June 2016			
– Ordinary shares of HK\$0.00125 each	3,433,280	4,292	3,470

Note: On 15 March 2016, the Directors of the Company proposed to implement a share subdivision on the basis that every 1 issued and unissued share of HK\$0.01 each will be subdivided into 8 subdivided shares of HK\$0.00125 each (the “Share Subdivision”).

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

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

18. RELATED PARTY TRANSACTIONS

During the current interim period, the Group entered into the following transactions with the related parties:

Name of related party	Nature of transaction	30.6.2016 RMB'000 (unaudited)	30.6.2015 RMB'000 (unaudited)
Dong Hai Noble House	Sales of processed food	38	70
	Handling fee income on VIP cards	8	22
臻露酒業(上海)有限公司 (<i>note</i>)	Purchase of inventories	254	–

Note: 臻露酒業(上海)有限公司 is a company beneficially owned by Mr. Hu Yishi, the executive Director, executive chairman and a shareholder of the Company.

19. EVENT AFTER THE REPORTING PERIOD

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

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

Further details of the Summons are set out in the announcement of the Company dated 29 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the latest financial period, the Group has continued to employ a prudent business development strategy that includes strict procedures aimed at mitigating risk. Such a strategy has not, however, lessened the management’s determination to develop the new energy and engage in research and development on relevant technologies and construction business (“New energy business”). The Group will also continue to operate its restaurants, provide management services, and sell processed food and seafood (“Catering business”). The management fully understands the importance of balancing caution with forcefulness and has done so while continuing to examine opportunities for furthering the Group’s development.

New Energy Business

Hua Xia Northern New Energy Technology Development (Tianjin) Limited (“Hua Xia Northern New Energy”) commenced operations in the second half of 2015, delivering encouraging results to the Group. In view of the favourable performance of the New energy business, the management is adamant that this segment will underpin the Group’s future business development focus.

On 15 March 2016, Hua Xia Northern New Energy has already signed a Letter of Intent with four other parties for the establishment of a JV Company under the name of 天津津熱華夏新能源發展有限公司 (“Tianjin Jinre Hua Xia New Energy” or “JV Company”) that will engage in the Liquefied Natural Gas (LNG) Heat Supply and Integrated Utilisation Project in Xinkou Town, Xiqing District in Tianjin. The four other signatories of the Letter of Intent are 天津市津熱供熱集團有限公司 (“Tianjin Jinre Heat Company Ltd*”); 中海石油氣電集團有限責任公司 (“CNOOC Gas & Power Group*”); 天津市鼎旺物業服務有限公司 (“Tianjin Ding Wang Property Services Company Ltd*”) and 天津城西供熱有限公司 (“Tianjin Chengxi Heat Supply Co., Ltd*”). Hua Xia Northern New Energy will have a 20% stake in the JV Company following an investment of RMB50 million. Negotiations on the terms of the agreement of forming JV Company are ongoing. Should there be any further progress, the Company will issue relevant announcements in due course.

Note:

* No official English name of the company is available.

Catering Business

The Group owned and operated five “Noble House” (“名軒”) restaurants in Shanghai, the PRC as at 30 June 2016, as well as one restaurant in Ningbo that is an associate company.

Complementing the Group’s interest of Catering business of the Company, a food trading company namely Shanghai Yin Jia Food Products Company Limited (“Yin Jia”), is engaged in food production services principally for the aforementioned restaurants. Other than those services, Yin Jia is also involved in the trading of seafood and supplemental food products under the “Noble House” (“名軒”) brand, including crab roe, spicy XO sauce with crab meat, processed abalone and braised meat, which are available at the Group’s restaurants and retail shops in Shanghai.

The performance of the Group’s Catering business has declined since the PRC government implemented austerity measures that directly impacted on the consumption habits of affluent consumers, which in turn has negatively affected the local catering and banquet industry as a whole.

In line with the Group’s efforts to optimise the Catering business, it had disposed its ownership of Noblehouse Food Trading Company Limited and its subsidiary (“Noblehouse Food Trading Group”) to an independent third party for a gross consideration of HK\$0.5 million (equivalent to RMB0.4 million) on 31 March 2016. Furthermore, the Group had disposed a non-wholly owned subsidiary in Beijing (“Beijing Subsidiary”) to an independent third party for a gross consideration of RMB0.8 million on 30 June 2016. The external operation contracting agreement was terminated upon completion of the disposal of the Beijing Subsidiary. For further details regarding the disposals, please reference to the note 6 of the condensed consolidated financial statements.

It is worth noting that the Group secured two external operation contracting agreements (“Operation Contracts”) with two independent contractors (“Contractors”) for two of its restaurants – one in Shanghai and one in Beijing. Based on the Operation Contracts, the operation and management of the two restaurants have been transferred to the Contractors as of 1 January 2016. The Contractors are required to respectively manage the restaurants and assume operational risks, while receiving all corporate earnings during the 12-month contract period. The aforementioned arrangements will neither change the existing nature of the businesses, nor alter the legal status, name and business scope of the two restaurants. Owing to the disposal of the Beijing Subsidiary, the external operation contracting agreement pertaining to the Beijing restaurant has however been terminated.

Property Investment

In respect of the Group’s investment property located at Room 609, No. 1701 Beijing Road West, Jing An District, Shanghai, the management reached an agreement with the then current tenants for the early termination of their rental contracts, thus expediting their departure from the property. The Group has since secured a new tenant, with a two-year rental agreement signed in March 2016. The Group is therefore assured of regular and stable rental income.

Share Subdivision and Amendment to the Articles of Association

On 15 March 2016, the Company proposed to subdivide (the “Share Subdivision”) each of the issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into eight subdivided shares of HK\$0.00125 each (the “Subdivided Shares”). On 19 May 2016, the Share Subdivision was approved by the shareholders at the annual general meeting of the Company. The Share Subdivision became effective on 20 May 2016. As a result of the Share Subdivision, the authorised share capital of the Company, which amounts to HK\$80,000,000, was divided into 64,000,000,000 Subdivided Shares of HK\$0.00125 each, of which 3,433,280,000 Subdivided Shares will have been issued and fully paid. On 19 May 2016, the Company also passed a special resolution to update the Memorandum and to make certain amendments to the Articles of Association with effect from the date 20 May 2016.

Before the Share Subdivision, the shares were traded on the Stock Exchange with each board lot equivalent to 4,000 shares, upon the Share Subdivision becoming effective, the board lot size has been changed from 4,000 shares to 8,000 Subdivided Shares. For further details, please refer to the Company’s announcement dated 15 March 2016 and 19 May 2016.

FINANCIAL REVIEW

Revenue

For the Current Period, revenue of the Group amounted to RMB61.2 million, representing a sharp increase of 75.3% from RMB34.9 million for the Corresponding Period. The increase was mainly attributable to the revenue of RMB32.0 million generated from the new stream of income in the New energy business.

New Energy Business

The Group recognized revenue of RMB32.0 million from the New energy business segment, accounting for 52.3% of the Group’s total revenue. It was mainly attributable to the income generated from the operation for the coal-to-natural gas conversion in Xiqing District and Beichen District in Tianjin and the completion of several engineering consultancy solutions as well.

Catering Business

The Group recorded revenue of RMB29.0 million from the operation of the Catering business as compared to RMB34.9 million in the Corresponding Period. The revenue from the Catering business included RMB23.0 million from restaurant operations (Corresponding Period: RMB29.9 million), RMB4.9 million from sales of processed food and seafood products (Corresponding Period: RMB5.0 million), RMB0.7 million from external operation contracting (Corresponding Period: Nil) and RMB0.4 million from the provision of management services (Corresponding Period: Nil). The decrease in revenue was mainly due to the continuous deterioration in the overall performance of the high-end catering industry in the PRC. We have continued to insist on our pursuit of perfection and swift implementation of adjustments to strategies in response to market demand in order to expand our customer base.

Property Investment

The property investment segment recorded a turnover of RMB0.1 million (Corresponding Period: Nil).

Cost of Sales

The cost of sales for the Catering business decreased by 26.0% from RMB31.4 million to RMB23.3 million, mainly as a result of effective cost reduction and control measures plus the adoption of an optimised business model. The cost of sales for the New energy business amounted to RMB3.4 million, including direct labor cost and raw materials related to the operations.

Gross Profit Margin

Gross profit represents the revenue less cost of sales. The gross profit margin for the Catering business increased from 9.9% to 19.8%. The increase reflected effective cost reduction and control measures plus the adoption of an effective optimised business model. The New energy business segment and Property Investment segment recorded a gross profit margin of 89.5% and 100.0% respectively.

Other Gains and Losses

Other gains of RMB1.5 million recorded in the Current Period compared to other losses of RMB0.9 million in the Corresponding Period were mainly due to a foreign exchange gain recorded, and the reversal of doubtful debts on trade receivables.

Administrative and Other Expenses

The administrative and other expenses increased by 15.0% from RMB11.4 million for the Corresponding Period to RMB13.1 million for the Current Period. The increase reflected the one-off staff redundancy cost from the Catering business.

Income Tax Expense

Income tax expense was RMB7.3 million (Corresponding Period: Nil). It was mainly derived from the provision for enterprise income tax of a subsidiary in Tianjin.

Non-controlling Interests

The non-controlling interests recorded a gain of RMB2.1 million in the Current Period as compared to a loss of RMB0.2 million in the Corresponding Period. This was mainly attributable to an operating profit recorded by the non-wholly owned subsidiary in Tianjin.

Profit (Loss) and total Comprehensive Income (Expense) attributable to the Owners of the Company

The net profit and total comprehensive income attributable to the owners of the Company amounted to RMB18.0 million, as compared to the net loss and total comprehensive expense attributable to the owners of the Company amounting to RMB11.8 million in the Corresponding Period. The basic and diluted earnings per share were both RMB0.5 cents, as compared to the basic and diluted loss per share of RMB0.4 cents in the Corresponding Period.

Related Party Transactions and Connected Transactions

During the Current Period, all transactions as set out in note 18 of the condensed consolidated financial statements were entered into by the Group in the ordinary and usual course of business and on normal commercial terms and, if constituted connected transactions or continuing connected transactions, are exempt from the relevant disclosure requirements under Chapter 20 of the GEM Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, bank balances and cash maintained by the Group were RMB78.6 million, representing a decrease of 37.1% from RMB125.0 million as at 31 December 2015, which was largely due to the repayment of trade payables in Tianjin and increase in prepayments to suppliers. Trade and other receivables were RMB99.3 million, increasing by 55.7% from RMB63.8 million as at 31 December 2015, which mainly represented the increase in trade receivables due to completion of new projects in Tianjin and increase in prepayments to suppliers. Trade and other payables decreased from RMB52.4 million as at 31 December 2015 to RMB28.4 million, or 45.8%, which mainly reflected the settlement in trade payables. The amount due to related parties also decreased from RMB2.6 million to RMB0.3 million, or 87.8%, due to settlement of all outstanding amounts for the acquisition of the investment property in Shanghai PRC. Tax liabilities decreased from RMB15.7 million as at 31 December 2015 to RMB9.7 million, or 38.4%, due to settlement of tax provisions for last year. As a result, the Group's current assets and current liabilities as at 30 June 2016 were RMB183.0 million and RMB55.5 million (31 December 2015: RMB194.7 million and RMB93.7 million) respectively.

The Group has no bank borrowings as at 30 June 2016. The gearing ratio of the Group, measured as total debt to total equity, slightly decreased to 2.0% as at 30 June 2016 (31 December 2015: 2.4%). The Group recorded net assets of RMB139.2 million as at 30 June 2016 compared with RMB117.7 million as at 31 December 2015. The increase was mainly due to the net profit recorded during the Current Period. During the Current Period, the Group financed its operations with funds from its internal resources.

PROSPECTS

Despite the constantly changing business environment, the Group has never stopped exploring different opportunities to find new growth drivers for its development. In the Current Period, the management duly branched out the Group's business focusing mainly on the new energy market in China.

Since the Group founded Hua Xia Northern New Energy, it has quickly gained foothold in the potential rich China new energy market. The management has since strengthened its capabilities and is committed to forming partnerships with other enterprises to bolster the development of its New energy business. Although the first half year is not the traditional peak season for the New energy business that the Group is involved in, the Group not only rolled out several coal-to-natural gas conversion projects in the Xiqing and Beichen districts of Tianjin, but also completed several engineering consultancy solutions, which together brought profits surpassing that from Catering business in the same period.

New energy business is a rising industry and it is beneficial to the Chinese people and society. The Group will continue to strengthen its base in Tianjin with an eye on expanding the business nationwide. The management believes there are ample opportunities for the business in Northern China and neighbouring regions, thus it will actively seek and seize opportunities with the most potential. Apart from market development, the management will continue to review and adjust the New energy business model, and timely introduce products and services that the market needs, with the aim of expanding the Group's New energy business along the industry chain and ultimately bring optimum returns to shareholders.

There is no doubt that New energy business will be the most important focus of the Group. Nonetheless, the management is also committed to the proper management of the Group's Catering business. As commanded by rapidly changing market conditions, adjustments to business tactics will be made including outsourcing certain operations if deemed necessary for curbing losses, as well as tightening cost controls to reduce operating expenses.

CAPITAL STRUCTURE

Share Subdivision

Pursuant to an ordinary resolution passed by the shareholders at the annual general meeting of the Company held on 19 May 2016, each of the issued share of the Company of HK\$0.01 each was subdivided into eight (8) Subdivided Shares of the Company of HK\$0.00125 each.

Following the Share Subdivision became effective on 20 May 2016, the Company had an aggregate of 3,433,280,000 shares of HK\$0.00125 each in issue.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company had successfully placed 56,000,000 new shares to four subscribers (the "First Placing") at a subscription price of HK\$0.65 per new shares on 28 November 2014 and 80,000,000 new shares to one subscriber at the subscription price of HK\$0.95 per subscription share (the "Second Placing") on 30 June 2015. The aggregate gross proceeds and net proceeds from the two placings are HK\$112,400,000 (equivalent to RMB88,835,000) and HK\$112,149,000 (equivalent to RMB88,638,000). The Company intended to use the net proceeds from the two placings as follows:

- (i) HKD25,500,000 (equivalent to approximately RMB20,127,000) for any potential investment opportunities as identified by the Group; and
- (ii) HKD86,649,000 (equivalent to approximately RMB68,511,000) as general working capital of the Group.

As at 30 June 2016, approximately HK\$39,238,000 (equivalent to RMB33,536,000) of the proceeds has been used as general working capital of the Group and HK\$19,675,000 (equivalent to RMB16,200,000) has been used for establishment of a subsidiary in Tianjin. The remaining net proceeds have not yet been utilized and remain available for the intended use.

DIVIDENDS

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

FOREIGN CURRENCY EXPOSURE

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

As at 30 June 2016, the Directors considered the Group's foreign exchange risk remained minimal currently. During the Current Period, the Group did not use any financial instruments for hedging purposes.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the disclosure in note 6 of the condensed consolidated financial statements, there was no significant investments held, material acquisitions or disposal of subsidiaries and affiliated companies during the Current Period. There is no plan for material investments or capital assets as the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

On 26 July 2016, 上海名軒餐飲管理有限公司 (Shanghai Noble House Food Service Management Co., Ltd.*) ("Noble House Management Company"), a wholly-owned subsidiary of the Company was served a document of summons (the "Summons") issued by 寧波市鄞州區人民法院 (the "Court") to attend a hearing on 25 August 2016 in relation to a contractual dispute. Pursuant to the 民事訴狀 (statement of claim*) (the "Statement of Claim") attached to the Summons, the plaintiff, Dong Hai Noble House, being the associate of the Group, alleged a breach of contract by Noble House Management Company (the "Claim"). The Group is currently seeking legal advice from its PRC legal advisers. The Company considers that the Claim does not have any material adverse effect on the operation or financial position of the Group, no provision is considered necessary for the Claim.

Particulars of the events after the reporting period are set out in note 19 to the condensed consolidated financial statements and further details of the Summons are set out in the announcement of the Company dated 29 July 2016.

* for identification purpose only

AUDIT COMMITTEE AND INDEPENDENT REVIEW BY EXTERNAL AUDITOR

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

As at 30 June 2016, the Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Lui Tin Nang (chairman), Ms. Ma Lee and Mr. Wang Zhi Zhong. The Audit Committee had reviewed the unaudited results announcement and interim report for the six months ended 30 June 2016, and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made. The committee also monitored the Company’s progress in implementing the code provisions of corporate governance practices as required under the GEM Listing Rules.

The Group’s external auditor, Deloitte Touche Tohmatsu, has been appointed to review the interim financial information. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial information for the six months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

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

Under code provision A.6.7, the Board members should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other unavoidable business engagement, the executive chairman, an executive Director and one of independent non-executive Directors were unable to attend the Company’s annual general meeting held on 19 May 2016.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“THE MODEL CODE”)

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors from the Listing Date up to 30 June 2016.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liabilities.

CHARGE ON GROUP ASSETS

As at 30 June 2016, the Group did not have any pledged assets. (31 December 2015: Nil).

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 30 June 2016, the Group had approximately 268 full time employees in the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related bonus.

SHARE OPTION SCHEME

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

In 2014, the Company has granted 28,000,000 share options to the Company’s Directors, consultants and employees at the exercise price of HK\$0.81 per option share (i.e. 224,000,000 shares with par value of HK\$0.00125 each after the Share Subdivision on 20 May 2016). On 30 June 2016, the exercise price of the outstanding Options was adjusted from HK\$0.81 per Share to HK\$0.10125 per Subdivided Share and the number of shares in respect of which options had been granted and remained outstanding under the Scheme was adjusted to 118,720,000 (30 June 2015: 118,720,000), representing 3.5% (30 June 2015:

3.5%) of the shares of the Company in issue at that date. Details of the movements of share options granted, exercised or cancelled/lapsed during the review period and outstanding as at 30 June 2016 are as follows:

	Number of share options					Exercise period (both dates inclusive)	Exercise price*	Closing price immediately before the date of grant*
	At 1 January 2016*	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2016			
Directors								
Mr. Chan Wing Yuen, Hubert	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Lin Min, Mindy	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Kwong Wai Man, Karina	22,400,000	–	–	–	22,400,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Mr. Lui Tin Nang	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Ms. Ma Lee	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Mr. Wang Zhi Zhong	2,240,000	–	–	–	2,240,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Total Directors	73,920,000	–	–	–	73,920,000			
Employees	44,800,000	–	–	–	44,800,000	25 November 2014 to 24 November 2021	0.10125	0.12125
Total Employees	44,800,000	–	–	–	44,800,000			
Total All Categories	118,720,000	–	–	–	118,720,000			

* *adjusted by share subdivision on 20 May 2016.*

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

At 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the ordinary shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in ordinary shares of HK\$0.00125 each of the Company

Name of Director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Hu Yishi	1	Interest of controlled corporation	450,000,000	13.11%
Ms. Lin Min, Mindy	2	Interest of controlled corporation	450,688,000	13.13%

Notes:

1. Mr. Hu Yishi is deemed to be interested in 448,000,000 shares held by Smart Lane Global Limited, a subsidiary of Yuan Rong Centry Investment Holdings Limited (“Yuan Rong”), where the entire issued share capital of which is held by Mr. Hu Yishi. Mr. Hu Yishi is also deemed to be interested in 2,000,000 Shares held by Front Riches Investments Limited, a company 100% controlled by Mr. Hu Yishi.
2. Ms. Lin Min, Mindy is deemed to be interested in 448,000,000 shares held by Uprise Global Investments Limited and in 2,688,000 shares held by Gainup Limited respectively, both companies were 100% controlled by Ms. Lin Min, Mindy.

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

Name of Director	Nature of Interest	Number of underlying shares (note)
Mr. Chan Wing Yuen, Hubert	Beneficial owner	22,400,000
Ms. Lin Min, Mindy	Beneficial owner	22,400,000
Ms. Kwong Wai Man, Karina	Beneficial owner	22,400,000
Mr. Lui Tin Nang	Beneficial owner	2,240,000
Ms. Ma Lee	Beneficial owner	2,240,000
Mr. Wang Zhi Zhong	Beneficial owner	2,240,000

Note:

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

Saved as disclosed above, as at 30 June 2016, none of the Directors or chief executives of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the Current Period, the Directors were not aware of any business or interest of the Directors, the management shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DEED OF NON-COMPETITION

The deed of non-competition was no longer applied during the Current Period. Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 12 December 2011 during the Corresponding Period. However, the deed of non-competition was no longer applied when the covenantors' interest in shares of the Company had dropped below 30% of the entire issued share capital of the Company since 10 March 2015.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of the Directors since the date of an annual report of the Company for the year ended 31 December 2015 are set out below:

Name of Directors	Details of changes
Mr. Hu Yishi	— With effect from 1 June 2016, Mr, Hu Yishi resigned as a non-executive director and the chairman of Kai Yuan Holdings Limited (Stock Code: 1215), the issued shares of the company are listed on the Stock Exchange.
Mr. Chan Wing Yuen, Hubert	— On 3 June 2016 Mr. Chan Wing Yuen, Hubert has been nominated as an independent non-executive director (the "Appointment") of Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 6116), the issued shares of the company are listed on the Stock Exchange. The Appointment has been approved in the EGM of the company with effect from 25 July 2016.

- Ms. Lin Min, Mindy — With effect from 17 June 2016, Ms. Lin Min, Mindy has ceased to serve as the chairman of the Company and the chairman of the nomination committee of the Company, but remains as an executive Director.
- Mr. Lui Tin Nang — With effect from 17 June 2016, Mr. Lui Tin Nang, an independent non-executive Director, has been appointed as the chairman of the nomination committee of the Company.

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

As at 30 June 2016, so far as is known to the Directors, the following persons, not being Directors or chief executives of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long position – Ordinary shares and underlying shares

Name	Capital and nature of interest	Number of shares	Number of underlying shares	Percentage of the Company's issued share capital
Depot Up Limited (note 1)	Beneficial owner	640,000,000	—	18.64%
Song Zhi Cheng (note 2)	Interest of controlled Corporation	640,000,000	—	18.64%
Smart Lane Global Limited (note 3)	Beneficial owner	448,000,000	—	13.05%
Uprise Global Investments Limited (note 4)	Beneficial owner	448,000,000	—	13.05%
Blossom Merit Limited (note 5)	Beneficial owner	264,320,000	—	7.70%
Mr. Chan Tai Neng (note 6)	Interest of controlled Corporation	264,320,000	—	7.70%
Rosy Deal Group Limited (note 7)	Beneficial owner	224,000,000	—	6.52%
Ms. Miao Kun Yu (note 8)	Interest of controlled Corporation	224,000,000	—	6.52%

Notes:

1. Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.
2. Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 shares through his interest in Depot Up Limited.
3. Smart Lane Global Limited, a company incorporated in Samoa on 19 February 2014 with limited liability and is an investment holding company which is a subsidiary of Yuan Rong where the entire issued share capital of which is held by Mr. Hu Yishi is executive Director and executive chairman.
4. Uprise Global Investments Limited, a company incorporated in the British Virgin Islands on 19 December 2013 with limited liability is an investment holding company where the entire issued share capital of which is held by Ms. Lin Min, Mindy, and executive Director.
5. Blossom Merit Limited, a company incorporated in British Virgin Islands on 6 July 2011 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung (both being former executive Directors) in the proportion of 90% and 10% respectively as at the 30 June 2016.
6. Mr. Chan Tai Neng is deemed to be interested in 264,320,000 shares held by Blossom Merit Limited. The issued share capital of Blossom Merit Limited is owned 90% by Mr. Chan Tai Neng and 10% by Mr. Cheung Chi Keung, (both being former executive Directors).
7. Rosy Deal Group Limited, a company incorporated in Samoa on 14 October 2014 with limited liability is an investment holding company where the entire issued share capital of which is held by Ms. Miao Kun Yu.
8. Ms. Miao Kun Yu is deemed to be interested in 224,000,000 shares through her interests in Rosy Deal Group Limited.

During the Current Period, there were no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 30 June 2016, the Directors are not aware of any other person other than the Directors and the chief executives of the Company who had, or was deemed to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMMUNICATION WITH SHAREHOLDERS

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

By order of the Board
Chan Wing Yuen, Hubert
Chief Executive Officer and Executive Director

Hong Kong, 11 August 2016

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least seven days from the day of its posting and on the website of the Company at <http://www.8246hk.com>.