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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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.

FINANCIAL HIGHLIGHTS

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

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

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

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

Note:

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	**2016**	2015
		RMB'000	*RMB'000*
			(restated)
Revenue	*3*	**372,291**	162,508
Cost of sales		**(203,370)**	(104,326)
Gross profit		**168,921**	58,182
Other income	*4*	**1,094**	1,246
Other gains and losses	*5*	**4,310**	8,565
Administrative expenses		**(28,615)**	(27,813)
Selling and distribution expenses		**(5,085)**	(6,356)
Gain on disposal of subsidiaries	*7*	**4,972**	–
Gain on liquidation of a subsidiary	*6*	**–**	933
Impairment loss reversed (recognised) in respect of inventories		**1,279**	(2,115)
Impairment loss reversed (recognised) in respect of amount due from an associate		**214**	(163)
Profit before tax	*8*	**147,090**	32,479
Income tax expense	*9*	**(40,353)**	(11,147)
Profit and total comprehensive income for the year		**106,737**	21,332
Profit and total comprehensive income attributable to:			
Owners of the Company		**95,050**	18,369
Non-controlling interests		**11,687**	2,963
		106,737	21,332
Earnings per share	*11*		
Basic		**RMB0.028**	RMB0.006
Diluted		**RMB0.027**	RMB0.006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	NOTES	**2016** **RMB'000**	2015 RMB'000
Non-current assets			
Property, plant and equipment		**3,957**	9,050
Investment property		**5,124**	5,124
Goodwill		**–**	–
Rental deposits		**1,504**	2,479
Interest in an associate		**–**	–
Amount due from an associate		**–**	–
		10,585	16,653
Current assets			
Inventories		**2,896**	5,971
Trade and other receivables	*12*	**225,593**	63,795
Amount due from a related party		**1,246**	–
Bank balances and cash		**102,848**	124,950
		332,583	194,716
Current liabilities			
Trade and other payables	*13*	**65,159**	52,410
Prepayment from customers		**12,390**	19,598
Amount due to a shareholder		**2,748**	2,740
Amounts due to related parties		**–**	2,559
Amount due to a non-controlling shareholder of a subsidiary		**–**	700
Tax liabilities		**37,040**	15,685
		117,337	93,692
Net current assets		**215,246**	101,024
Net assets		**225,831**	117,677
Capital and reserves			
Share capital		**3,470**	3,470
Reserves		**205,567**	110,517
Equity attributable to owners of the Company		**209,037**	113,987
Non-controlling interests		**16,794**	3,690
Total equity		**225,831**	117,677

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company							
	Share capital	Share premium	Share option reserve	(Accumulated losses) retained profits	Special reserve	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	2,735	59,450	8,348	(43,707)	528	27,354	(2,708)	24,646
Profit and total comprehensive income for the year	–	–	–	18,369	–	18,369	2,963	21,332
Exercise of share options	104	12,137	(3,797)	–	–	8,444	–	8,444
Issue of new shares	631	59,353	–	–	–	59,984	–	59,984
Cost of issuing new shares	–	(164)	–	–	–	(164)	–	(164)
Liquidation of a subsidiary *(note 6)*	–	–	–	–	–	–	1,635	1,635
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	–	1,800	1,800
Cancellation of share premium *(note)*	–	(130,776)	–	130,776	–	–	–	–
At 31 December 2015	3,470	–	4,551	105,438	528	113,987	3,690	117,677
Profit and total comprehensive income for the year	–	–	–	95,050	–	95,050	11,687	106,737
Disposal of subsidiaries *(note 7)*	–	–	–	–	–	–	1,417	1,417
At 31 December 2016	3,470	–	4,551	200,488	528	209,037	16,794	225,831

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL

Northern New Energy Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is Room 2202, 22/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the subsidiaries of the Group are operation of restaurants and sales of processed food and seafood in the PRC and Hong Kong (the "Catering business"), new energy development business, research and development on its relevant technologies and construction engineering (the "New energy business") and property investment (the "Property investment").

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

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

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

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

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

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

IFRS 9 *Financial Instruments*

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

Key requirements of IFRS 9:

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

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

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

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

The Directors of the Company anticipate that the application of IFRS 9 in the future may have financial impact on amounts reported in respect of the Group's financial assets (e.g. the impairment on receivables) based on exported credit loss model and financial liabilities. Currently, the directors of the Company is in the midst of assessing the financial impact of the application of IFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

IFRS 15 *Revenue from Contracts with Customers*

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

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

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

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

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

IFRS 16 *Leases*

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

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

(i) **Catering business** – represented the gross revenue from the restaurants under the Group's own brand name "Noble House" located in Shanghai and Beijing, the PRC, the management services rendered to restaurants owned by the independent third parties and restaurants of the Group and the gross revenue from the operation of a food processing plant and seafood stores located in Shanghai and Hong Kong. During the year ended 31 December 2016, the Group disposed of Noblehouse Food Trading Co., Limited (名軒食品貿易有限公司), a wholly owned subsidiary of the Company, which engaged in the trading of processed foods in Hong Kong and Shanghai. Details are set out in note 7 to the consolidated financial statements.

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

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

Revenue from each type of business for the years ended 31 December 2016 and 2015 are as follow:

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

Segment information is presented below.

Year ended 31 December 2016

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

Year ended 31 December 2015

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

Other segment information

Year ended 31 December 2016

	Catering business *RMB'000*	**New energy business** *RMB'000*	**Property investment** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment profit or loss:					
Impairment loss recognised in respect of trade receivables	**1**	**–**	**–**	**–**	**1**
Impairment loss reversed in respect of trade and other receivables	**(755)**	**–**	**–**	**–**	**(755)**
Depreciation of property, plant and equipment	**2,492**	**374**	**–**	**614**	**3,480**
Gain on disposal of property, plant and equipment	**(138)**	**–**	**–**	**–**	**(138)**
Impairment loss reversed in respect of inventories	**(1,279)**	**–**	**–**	**–**	**(1,279)**
Interest income	**(39)**	**(70)**	**(1)**	**(1)**	**(111)**
Impairment loss reversed in respect of amount due from an associate	**(214)**	**–**	**–**	**–**	**(214)**

Year ended 31 December 2015

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit generated by each segment without allocation of the expenses incurred by the Group's head office. This is the measure reported to the executive Directors of the Company for the purpose of resource allocation and performance assessment.

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

Geographical information

The Group's operations are located in the PRC and Hong Kong. Information about the Group's revenue from external customers and all of its non-current assets (excluding financial assets) are presented based on the geographical locations of the customers and assets respectively.

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

Information about major customers

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

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

4. OTHER INCOME

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

Note:

During the year ended 31 December 2016, a PRC subsidiary received approximately RMB680,000 (2015: RMB750,000), subsidies given by the PRC government for encouragement of its business development. There were no other specific conditions attached to the incentives and, therefore, the Group recognised the incentives upon receipt.

5. OTHER GAINS AND LOSSES

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

6. GAIN ON LIQUIDATION OF A SUBSIDIARY

During the year ended 31 December 2015, the Group liquidated Qingdao Noble House Food and Beverage Co., Ltd. (青島名軒樓餐飲有限公司) ("Noble House Qingdao"), a non-wholly owned subsidiary of the Company, which engaged in the operation of a restaurant. The liquidation was completed on 29 June 2015, on which date the Group lost control of Noble House Qingdao.

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

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

7. GAIN ON DISPOSAL OF SUBSIDIARIES

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

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

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

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

8. PROFIT BEFORE TAX

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

9. INCOME TAX EXPENSE

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

Hong Kong

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

PRC

PRC subsidiaries located in Beijing, Shanghai and Tianjin are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for both years.

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

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

Note:

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

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

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to nil as at 31 December 2016 (2015: nil), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

10. DIVIDENDS

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

11. EARNINGS PER SHARE

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

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

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

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

12. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB990,000 as of 31 December 2016 (2015: RMB1,507,000), which are past due as at the reporting date for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records and there has not been an adverse change in the relevant entities' credit quality. The Group does not hold any collateral over these balances.

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

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

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

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

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

Movement in the allowance for doubtful debts on trade receivables

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

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

Movement in the allowance for doubtful debts on other receivables

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

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

Note:

Included in the amount represents trade payables of RMB26,598,000 (2015: RMB23,184,000) from the New energy business, which are not yet due at period end and are within the settlement period according to the contract terms is generally within one year after the completion of engineering and construction works related to New energy business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

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

BUSINESS REVIEW

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

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

New Energy Business

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

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

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

Catering Business

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

The performance of the Catering business in Mainland China was still affected by the austerity policy of the government. In the first half of this year, the Group sold three subsidiaries in Hong Kong, Shanghai and Beijing (for further details regarding the disposals, please refer to note 7 of the consolidated financial statements), and closed the underperforming Noble House Zhangjiang Restaurant, Shanghai ("Zhangjiang Restaurant") in the third quarter of 2016. It has strictly controlled the operating costs of the Catering business to cut losses.

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

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

Property Investment

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

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

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

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

Gross profit margin

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

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

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

Other gains and losses

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

Administrative expenses

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

Income tax expense

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

Non-controlling interests

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

Profit and total comprehensive income attributable to owners of the Company

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

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

New energy business

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

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

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

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

Catering business

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

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

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

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

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

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

Notes:

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

2. Noble House Restaurant at Hotel Nikko New Century Beijing, which was operated under an external operation contracting agreement from 1 January 2016 to 30 June 2016. It was further disposed by the Group on 30 June 2016.

3. Noble House Zhangjiang Restaurant was closed in the third quarter of 2016 due to its under performance.

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

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

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

Property investment

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

PROSPECTS

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

CAPITAL STRUCTURE

Share Subdivision

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

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company had successfully placed 56,000,000 new shares (i.e. 448,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016) to four subscribers (the "First Placing") at a subscription price of HK$0.65 per new shares on 28 November 2014 and 80,000,000 new shares (i.e. 640,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016) to one subscriber at the subscription price of HK$0.95 per subscription share (the "Second Placing") on 30 June 2015. The aggregate gross proceeds and net proceeds from the two placings are HK$112,400,000 (equivalent to RMB88,835,000) and HK$112,149,000 (equivalent to RMB88,638,000). The Company intended to use the net proceeds from the two placings as follows:

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

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

As at 31 December 2016, the Company has utilized approximately HK$44,262,000 (equivalent to RMB39,593,000) out of the proceeds for general working capital in the operation of the Group. As the Group is principally engaged in the Catering business, the New energy business and Property investment (the "Existing business"). The Group has applied the proceeds for general working capital on all Existing business from time to time.

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

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

FOREIGN CURRENCY EXPOSURE

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

As at 31 December 2016, the Directors considered the Group's foreign exchange risk currently remained minimal. During the Current Year, the Group did not use any financial instruments for hedging purposes. (Previous Year: Nil)

CONTINGENT LIABILITIES

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

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

Save as disclosed in note 7 to the consolidated financial statements, there was no other significant investments held, material acquisitions or disposal of subsidiaries and affiliated companies during the Current Year. There is no plan for material investments or capital assets as the date of this announcement.

PLEDGE OF ASSETS

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

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 31 December 2016, the Group had approximately 252 staff in the PRC and 12 staff in Hong Kong. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business, as well as exploring potential investment opportunities. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related bonus.

A remuneration committee was set up for, inter alia, reviewing the Group's emolument policy and structure for all Directors and senior management of the Group.

OTHER INFORMATION

Audit Committee

The audit committee of the Company (the "Audit Committee") was established to review the Group's financial reporting, corporate governance reporting process, internal control system, risk management matters and make relevant recommendations to the Board.

The current Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Lui Tin Nang (chairman), Ms. Ma Lee and Mr. Wang Zhi Zhong. The Group's results announcement and annual report for the year ended 31 December 2016 has been reviewed by the Audit Committee, which was of the opinion that such reports and results were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee also monitored the Company's progress in implementing the code provisions of corporate governance practices as required under the GEM Listing Rules.

Compliance with the Corporate Governance Code

To comply with all the new code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company for the financial year ended 31 December 2016, except for the deviations from code provision A.6.7 as explained below. The Board will continue to review regularly and take appropriate actions to comply with the CG Code.

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

Save as disclosed above, the Directors are of the opinion that the Company and the Board had complied with the CG Code during the period from the Listing Date up to 31 December 2016.

Compliance with the required standards of dealings in Securities Transactions by Directors

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 December 2016, he had fully complied with the required standard of dealings and there was no event of non-compliance.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the Current Year.

Environmental, Social and Governance Report

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

Communication with shareholders

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates the shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports and communicates with the shareholders through annual general meetings and extraordinary general meetings. In compliance with the requirements of the GEM Listing Rules, the Company issued regular reports, announcements, circulars and notice of general meetings. Always updated with latest information, the corporate website of the Company (http://www.8246hk.com) has provided an effective communication platform to the public and the shareholders.

By order of the Board
Northern New Energy Holdings Limited
Chan Wing Yuen, Hubert
Chief Executive Officer and Executive Director

Hong Kong, 16 March 2017

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.