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福建諾奇股份有限公司

Fujian Nuoqi Co., Ltd.

(a joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1353)

UPDATE ON THE AFFAIRS OF THE GROUP

Reference is made to:

- (i) the holding announcements of the Company dated 25 July 2014 and 31 July 2014 in relation to, among other matters, the Incidents;
- (ii) the Dividend Postponement Announcement;
- (iii) the August Announcement;
- (iv) the announcement of the Company dated 28 August 2014 in relation to, among other matters, the delay in publication of the 2014 Interim Results and the despatch of the 2014 Interim Report;
- (v) the announcements of the Company dated 24 October 2014, 28 November 2014 and 31 December 2014, 30 January 2015, 27 February 2015 and 31 March 2015 (“**March Announcement**”) in relation to, among other matters, an update of the affairs of the Group (collectively, “**Update Announcements**”);
- (vi) the announcement of the Company dated 14 November 2014 in relation to, among other matters, the conditions imposed by the Stock Exchange for the resumption of trading in the shares of the Company; and
- (vii) the announcement of the Company dated 14 April 2015 (“**Reorganisation Announcement**”) in relation to, among others the proposed reorganisation of the Company (“**Reorganisation**”).

This announcement serves as an update on the latest developments in relation to, among other matters, the Demands and the financial position and business operations of the Group. Capitalised terms used in this announcement have the same meanings as those defined in the Update Announcements unless otherwise specified.

FINANCIAL POSITION AND BUSINESS OPERATIONS OF THE GROUP

Proposed plan for the resumption of trading

As disclosed in the Reorganisation Announcement, on 1 April 2015, the Quanzhou Court officially accepted the Application for the Reorganisation and appointed an administrator for the Company (“**Administrator**”).

On 11 April 2015, the Quanzhou Court issued an announcement to notify creditors of the Company to file with the Administrator before 11 June 2015 declarations of their claims of indebtedness against the Company. The Quanzhou Court has also ordered that the first creditors’ meeting of the Company shall be held on 25 June 2015. At such meeting, the Administrator will be conducting matters relating to the Reorganisation, including but not limited to the examination and verification of the declarations of the creditors’ claims.

The Company and the Administrator have been engaging in discussions with potential investors who may invest in the continuing business operations of the Company. The Company will consider taking appropriate steps to solicit investors for the Company and formulate proposals for the Reorganisation with the Administrator.

Save as disclosed above, there has been no material development in relation to the Company’s proposed plan for the resumption of trading, postponement of payment of the Final Dividend and the publication of the 2014 Interim Results and the 2014 Annual Results.

Business operation of the Group

Based on the unaudited management accounts of the Group currently available, the Group recorded (i) revenue of approximately RMB264 million and gross profit of approximately RMB116 million for the six months ended 30 June 2014; and (ii) revenue of approximately RMB34 million and gross loss of approximately RMB25 million for the six months ended 31 December 2014. As a result of the Incidents, the sales volume and the revenue generated by the Group for the six months ended 31 December 2014 decreased as compared with those for the six months ended 30 June 2014. The Group’s operations had suffered from a lack of working capital but its financial position is expected to improve if it receives cash income from the continuing sale of its products (mainly consisted of the Group’s inventories) through its retail shops and/or cash investment from potential investors in the Company.

Since the date of the March Announcement, the total number of retail shops of the Group has increased by three shops to 95 shops as at the date of this announcement (90 shops as at 31 December 2014).

DEMAND LETTERS FROM FINANCIAL INSTITUTIONS AND OTHER DISPUTES

Demand letters from financial institutions

There is no material development in relation to the Demands and the demand letter against Sun Power since the date of the March Announcement. It is expected that disputes regarding the Demands and the demand letter against Sun Power will be handled in the Reorganisation.

Civil actions and arbitration cases against the Group

Based on the Group's recent collation of its internal records, the PRC courts have issued judgments in relation to 22 of the civil actions disclosed in the March Announcement, namely:

- (i) 19 civil actions brought against the Group by suppliers of the Group for outstanding amounts payable by the Group for products purchased by the Group, in which the PRC courts ordered the Group to repay a total amount of approximately RMB18 million to the suppliers;
- (ii) two civil actions brought against the Group by two companies in relation to their respective claims for outstanding charges for, among other matters, advertisements and administrative services, in which the PRC courts ordered to Group to repay a total amount of approximately RMB500,000 to the plaintiffs; and
- (iii) a civil action brought against the Group by an individual lender in relation to his claim for the enforcement of guarantee provided by the Group in respect of a loan amounting to approximately RMB24 million, in which the PRC court ruled that the Group was not liable for the repayment of the loan, on the basis that the guarantee period has expired.

Further, since the date of the March Announcement, the plaintiffs in two civil actions have withdrawn their respective claims against the Company for (i) the enforcement of guarantee alleged to be provided by the Company in respect of a loan alleged to be advanced to Mr. Ding Hui; and (ii) the repayment of loan alleged to be advanced to the Company.

Save as disclosed above, there has been no material development in relation to the civil actions and arbitration cases against the Group since the date of the March Announcement. Based on the Group's recent collation of its internal records, as at the date of this announcement, there were 13 civil actions against the Group and 28 arbitration cases awaiting decisions from the relevant PRC court and arbitration committees respectively.

Civil actions against Mr. Ding Hui and Mr. Ding Canyang

There has been no material development in relation to civil actions against Mr. Ding Hui and Mr. Ding Canyang since the date of the March Announcement.

CESSATION OF AUTHORITY OF MR. DING HUI TO BIND THE GROUP

There has been no material development in relation to the proposed formal removal of Mr. Ding Hui as director of the Company since the date of the March Announcement.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 11:25 a.m. on 23 July 2014, and will remain suspended pending the release of further information by the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The Company will disclose any material development in connection with the Incidents, the Demands, the Application and other relevant matters by way of further announcement(s) in accordance with regulatory requirements.

By Order of the Board
Fujian Nuoqi Co., Ltd.
Chen Quanyi
Executive Director

Hong Kong, 30 April 2015

As at the date of this announcement, the executive Directors are Ding Hui, Ding Canyang and Chen Quanyi; the non-executive Directors are Han Huiyuan and Ding Lixia; and the independent non-executive Directors are Qi Xiaozhai, Hsu Wai Man, Helen and Dai Zhongchuan.