



Noble House (China) Holdings Limited

名軒(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

08246.HK

Third Quarterly Report 2012



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This report, for which the directors (the “Directors”) of Noble House (China) 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 report 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 report misleading.

Financial Highlights

- The Group's revenue from continuing operations for the three months and nine months ended 30 September 2012 amounted to approximately RMB28.5 million (2011: RMB30.8 million) and RMB89.2 million (2011: RMB90.4 million), representing a decrease of approximately 7.5% and 1.3% as compared with the last corresponding period respectively.
- The profit and total comprehensive income attributable to owners of the Company from continuing operations for the three months and nine months ended 30 September 2012 was approximately RMB2.6 million (2011: RMB2.9 million) and RMB5.1 million (2011: RMB6.1 million), representing a decrease of approximately 10.3% and 16.4% as compared with the last corresponding period respectively.
- Basic earnings per share from continuing and discontinued operations for the nine months ended 30 September 2012 amounted to RMB1.8 cents (Nine months ended 30 September 2011: RMB2.7 cents).

	Three months ended			Nine months ended		
	30 September		Increase/ (Decrease)	30 September		Increase/ (Decrease)
	2012	2011		2012	2011	
	RMB	RMB		RMB	RMB	
	(in million)	(in million)		(in million)	(in million)	
Continuing Operations						
Revenue	28.5	30.8	(7.5%)	89.2	90.4	(1.3%)
Operating Profit ⁽¹⁾	16.8	18.4	(8.7%)	55.0	50.9	(8.1%)
Profit and total comprehensive income attributable to the owners of the Company for the quarter	2.6	2.9	(10.3%)	5.1	6.1	(16.4%)
Operating margin ⁽²⁾	59.1%	59.8%		61.7%	56.3%	

Notes:

- (1) The calculation of operating profit is based on the revenue minus cost of inventories consumed.
- (2) The calculation of operating margin is based on revenue less cost of inventories consumed, divided by revenue and multiplied by 100%.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2012, together with the unaudited comparative figures for the corresponding period in 2011, as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Continuing Operations					
Revenue	3	28,454	30,793	89,240	90,389
Other income	3	1,575	1,207	1,708	1,213
Other gains and losses		(1)	14	–	14
Cost of inventories consumed		(11,641)	(12,386)	(34,202)	(39,524)
Staff costs		(6,478)	(6,398)	(19,699)	(17,530)
Depreciation of property, plant and equipment		(643)	(867)	(1,466)	(2,579)
Utilities and consumables		(587)	(1,002)	(2,759)	(2,682)
Rental and related expenses		(4,594)	(4,230)	(13,166)	(12,231)
Advertising and marketing expenses		(337)	(707)	(987)	(2,090)
Other expenses		(2,127)	(2,052)	(10,580)	(6,275)
Share of results of associates		(354)	36	(1,099)	186
Profit before tax		3,267	4,408	6,990	8,891
Income tax expense	4	(612)	(1,279)	(1,869)	(2,442)
Profit and total comprehensive income for the period from continuing operations		2,655	3,129	5,121	6,449
Discontinued operations					
Loss and total comprehensive expense for the period from discontinued operations		–	–	–	(335)
Profit and total comprehensive income for the period		2,655	3,129	5,121	6,114
Profit and total comprehensive income for the period attributable to:					
Owners of the Company					
– Profit and total comprehensive income for the period from continuing operations		2,629	2,917	5,092	6,062
– Loss and total comprehensive expense for the period from discontinued operations		–	–	–	(335)
Profit and total comprehensive income attributable to the owners of the Company		2,629	2,917	5,092	5,727
Non controlling interests					
– profit and total comprehensive income for the period from continuing operations		26	212	29	387
		2,655	3,129	5,121	6,114
Earnings per share (RMB), basic:					
From continuing and discontinued operations	5	0.009	0.014	0.018	0.027
From continuing operations		0.009	0.014	0.018	0.029

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2012

	Attributable to owners of the Company				Total	Non-controlling interests	Total
	Share Capital	Share premium	Accumulated profits	Special reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012	2,291	31,076	10,366	528	44,261	1,013	45,274
Profit and total comprehensive income for the period	-	-	5,092	-	5,092	29	5,121
Balance at 30 September 2012	2,291	31,076	15,458	528	49,353	1,042	50,395
Balance at 1 January 2011	528	-	6,326	-	6,854	584	7,438
Profit and total comprehensive income for the period	-	-	5,727	-	5,727	387	6,114
Dividend paid to non-controlling interests	-	-	-	-	-	(72)	(72)
Balance at 30 September 2011	528	-	12,053	-	12,581	899	13,480

Notes to the Third Quarterly Financial Statements

For the nine months ended 30 September 2012

Notes:

1. General Information and Reorganisation

1.1 General information

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 December 2011. Its immediate holding company is Blossom Merit Limited ("Blossom Merit") (incorporated in the British Virgins Islands ("BVI")) and its ultimate controlling shareholder is Mr. Chan Tai Neng ("Mr. Chan"). 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 is No. 24 Sublane 99, Lane 635, Zhennan Road, Putuo District, Shanghai 200331, the People's Republic of China ("PRC").

The Company is an investment holding company. The Group is principally engaged in restaurant operations in the PRC.

1.2 Reorganisation

Under a group reorganisation scheme (the "Reorganisation") in December 2011 to rationalise the structure of the Group in preparation for the listing of the shares on GEM of the Stock Exchange (the "Listing"), the Company became the holding company of the companies now comprising the Group.

Details of the Reorganisation are set out in the paragraph headed "Group Reorganisation" in Appendix V to the prospectus dated 20 December 2011 issued by the Company (the "Prospectus").

The Reorganisation involved business combinations of entities under common control. Accordingly, the unaudited condensed consolidated third quarterly financial statements for the nine months ended 30 September 2012 (the "Third Quarterly Financial Statements") and the related notes thereto have been prepared on a combined basis by applying the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). On this basis, the Third Quarterly Financial Statements, including comparative figures, are presented as if the current group structure had been in existence throughout the nine months ended 30 September 2011 and 2012, or since their respective dates of incorporation, where this is a shorter period.

2. Basis of Preparation

The Third Quarterly Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "GEM Rules").

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2011 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

The Third Quarterly Financial Statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

3. Revenue and Other Income

Continuing Operations

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Revenue				
Operation of restaurants	26,686	29,982	84,005	87,969
Provision of management services	323	248	1,045	971
Sales of processed food	1,445	563	4,190	1,449
	28,454	30,793	89,240	90,389
Other income				
Interest income	17	17	33	23
Government subsidy (note)	1,300	1,190	1,300	1,190
Imputed interest income				
on advances granted to associates	58	–	175	–
Gain on disposal of interest in an associate	200	–	200	–
	1,575	1,207	1,708	1,213

Note:

During the period ended 30 September 2012, a PRC subsidiary received approximately RMB1,300,000 (2011: RMB1,190,000) subsidies given by the PRC government for encouragement of its business development. There were no specific conditions attached to the incentives and, therefore, the Group recognised the incentives upon receipt.

4. Income Tax Expenses

Continuing Operations

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Enterprise income tax in the PRC				
Current income tax	612	1,279	2,383	2,442
Over provision in prior year	–	–	(514)	–
	612	1,279	1,869	2,442

Hong Kong

No provision for taxation has been made as the Group's income neither arises in nor derived from Hong Kong.

PRC

PRC subsidiaries located in Beijing and Shanghai except Shanghai Pudong New Area were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for both periods.

For the PRC subsidiaries which are located in Shanghai Pudong New Area, their applicable income tax rates are 24% for the three and nine months ended 30 September 2011 and 25% for the three and nine months ending 30 September 2012 onwards.

The PRC subsidiary located in Qingdao is subject to EIT estimated at 3% on the revenue for both periods.

5. Earnings Per Share

The calculation of basic earnings per share for the three and nine months ended 30 September 2012 are based on the profit attributable to owners of the Company of RMB2,629,000 and RMB5,092,000 (30 September 2011: RMB2,917,000 and RMB5,727,000, respectively) and the weighted average number of ordinary shares of 280,000,000 (three and nine months ended 30 September 2011: 210,000,000) in issue during the respective periods.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the nine months ended 30 September 2012 and 2011 had been adjusted retrospectively assuming that the Reorganisation and the issue of shares upon capitalisation have been effective from 1 January 2011 and accordingly, the 210,000,000 ordinary shares of the Company which were in issue and outstanding immediately after the Reorganisation and share capitalization were assumed to have been issued and outstanding as at 1 January 2011.

The diluted earnings per share for the respective periods are the same as basic earnings per share as there are no dilutive potential ordinary shares.

6. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2012 (nine months ended 30 September 2011: nil).

7. Reserves

The special reserve of the Group represents the share capital of the companies comprising the Group prior to the Reorganisation.

After the Reorganisation, the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Reorganisation is recognised as share premium.

Management Discussion and Analysis

Business and Financial Review

Revenue

As at 30 September 2012, we owned and operated seven restaurants under the Group's own brand name "Noble House (名軒)" across different regions in the PRC, including Shanghai, Beijing, Qingdao and Ningbo, manages and operates one restaurant in Dalian. Apart from these restaurants, we operated a food plant in Shanghai ("Shanghai Food Plant"), which was primarily established to provide food production services to our restaurants. We believe the planned expansion of our restaurant network in first-tier developed cities or cities in the PRC with potential economic growth helps to promote the brand and reputation of the Group to the targeted high spending customers and facilitates the Group in capturing and stabilising market share in the high-end dining industry.

For the nine months ended 30 September 2012, the Group recorded an unaudited turnover of approximately RMB89,240,000, showing a slight decrease of 1.27% from approximately RMB90,389,000 for the corresponding period of the previous year. The slight decrease in revenue was mainly attributable to the slight decrease in revenue generated from operation of restaurants by approximately RMB3,964,000. Such effects were partially offset by the revenue growth amounting to approximately RMB2,741,000 from sales of processed goods including spicy XO sauce with crab meat, crab-roe, processed abalone and braised meat, under the Group's own brand name "Noble House (名軒)".

Revenue from operation of restaurants for the period ended 30 September 2012 remained stable at approximately RMB84,005,000, a slight decrease of 4.51% from approximately RMB87,969,000 for the corresponding period of the previous year; likewise, revenue generated from the provision of management services remained stable across both nine-month reporting periods.

While both revenues from operation of restaurants and from provision of management services remained rather stable, during the first nine months of 2012, sales of processed goods registered significant growth, with revenue advanced by approximately RMB2,741,000 from approximately RMB1,449,000 in the first nine months of 2011 to approximately RMB4,190,000 for the corresponding period of the current year. The sales was derived from the Shanghai Food Plant, which was acquired by the Group in 2010 and commenced processing supplemental food products including, among others, spicy XO sauce with crab meat, crab-roe, processed abalone and braised meat, under the Group's own brand name "Noble House (名軒)", for supply to the Group's restaurants and a local supermarket in Shanghai. The growth was mainly driven by the increased recognition of the branded packaged food products offered by the Group, and the Group expects to increase its source of income by expanding its production capacities and the range of food products to be produced by the plant, so as to achieve a more diversified group of customers in near term.

Gross profit margin

Gross profit represents the revenue less cost of inventories consumed. The gross profit margin of the Group increased from approximately 56.27% for the nine months ended 30 September 2011 to approximately 61.67% for the nine months ended 30 September 2012, which was primarily due to the upward price adjustment of our menus in the late 2011 and the slowdown of inflation of food costs in the PRC.

Cost of inventories consumed

The Group's cost of inventories consumed decreased by approximately RMB5,322,000, or by approximately 13.47%, from approximately RMB39,524,000 in the first nine months of 2011 to approximately RMB34,202,000 in the first nine months of 2012. This decrease was in line with the slight decrease in revenue noted in the reporting period. Yet, the extent of decrease is slightly higher than that of revenue mainly because the Group has successfully switched the inflationary cost of food ingredients to customers by adjusting the price of the Group's dishes in late 2011. In addition, the inflation of food costs in the PRC had slow down since the second half of 2011.

Other expenses

Other expenses advanced by approximately RMB4,305,000, or approximately 68.61%, from approximately RMB6,275,000 for the nine months ended 30 September 2011 to approximately RMB10,580,000 for the corresponding period of 2012, primarily due to the increased credit card handling charges, travelling and transportation cost, development cost, audit fee, advisory fees paid to an independent third party providing advices on the Group's business development and other professional fees paid to compliance adviser, lawyers and other professional parties providing professional advices since the listing of the Group in late 2011.

Income tax expenses

The Group's income tax expense decreased by approximately RMB573,000, or approximately 23.46%, from approximately RMB2,442,000 for the nine months ended 30 September 2011 to approximately RMB1,869,000 for the nine months ended 30 September 2012, as a result of the decrease in taxable profit in 2012's nine-month period as compared to the corresponding period of the previous year. The Group's effective income tax rate changed from approximately 27.47% in 2011's first three quarters to approximately 26.74% in the corresponding period in 2012.

Discontinued operations

Profit for the nine months ended 30 September 2011 from discontinued operations represented the loss incurred by Ningbo Noble House of approximately RMB335,000, while there was no discontinued operation in the nine months ended 30 September 2012.

Non-controlling interests

Non-controlling interests decreased by approximately 92.51% from approximately RMB387,000 in the nine months ended 30 September 2011 to approximately RMB29,000 in the corresponding period of 2012. Such decrease was attributable to the decrease in the aggregate amounts of profits made by the non wholly-owned subsidiaries during the review period.

Prospects

During the reporting period, the global economy recovered at a slow pace due to the European sovereign debt crisis, and so causing a slowdown in growth in Chinese economy. And this slower economic growth also had a negative impact on the catering and restaurant industry in which the Group operates.

Although current economic environment in the PRC and abroad raises concern, there still exists vast growth potential for the Chinese cuisine full-service restaurant market in which the Group operates. The Twelfth Five-Year Plan (2011 - 2015) of the PRC expressly sets a target that residential income shall grow faster than the GDP, which is projected to be growing by approximately 7.5% - 8% annually. With the increase in disposable income, China's full-service restaurant industry will benefit from the policies of development planning in the long run.

In the face of stern challenges caused by the global economic environment, the management remains confident that opportunities exist and the Group can continue its growth and utilise its competitive advantages as a high end restaurant operator in the PRC to enhance shareholders' value.

Coping with our future development plan and targeting high end spending class customers and business customers, we plan to open our restaurants in the first-tier cities in order to enhance our brand reputation. We will also continue to upgrade the existing restaurants facilities and offer various training programmes to the staff to improve the dining environment and enhance customer satisfaction. And we will further increase the source of income by expanding our production capacities and the range of food products to be produced.

Upon evaluation of profitability by the management, the Group has, in August 2012, disposed its investment in an associate located in Chengdu. A net gain amounting to RMB200,000 has been yielded thereon.

In addition, the Group has spread its wing to Hong Kong retail market through its establishment of a new subsidiary specializing in retail food trading business during the reporting period. The retail store, situated at the heart of Causeway Bay, has been put into operation in October. Implementing the Group's core vision of delivering food of quality, this new retail wing serves to deliver high-class and exclusive hairy crab and seafood products of choice to its customers. It also aims to increase the overall awareness of the Group's brand in Hong Kong market, so as to achieve the expansion of the Group's market share beyond mainland China into this city of dynamics and potentials.

Furthermore, as a strategic move of the Group to further utilize the its competitive edge in the high end catering industry, a new luxury club house restaurant, situated at the heart of Shanghai metropolis, alongside the Riverside Promenade in Pudong district is scheduled to be established and put into operation in November. Operating under a membership mechanism, this first-class club house, with a total area of approximately 1,200 square meters, not only offers a variety of our renowned finest wine and dishes but also affords a fine view of the Bund at a distance and the marvelous views of Pudong's skyscrapers, creating for our valued customers a brand new and incomparable dining experience along the east bank of the Huangpu River.

The Group has also been exploring certain horizontal merger and acquisition and business collaboration opportunities with local partners in the food and beverage industry aiming to achieve compound growth of the Group's revenue base and market share in the coming financial years.

Comparison of Business Plan with Actual Business Progress

The net proceeds from the Placing were approximately HK\$28.7 million, which was based on the final placing price of HK\$0.72 per share and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the date of listing (i.e. 30 December 2011) (the “Listing Date”), to 30 September 2012 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 30 September 2012	Actual use of proceeds from the Listing Date to 30 September 2012
	HK\$ million	HK\$ million
– Diversify service and product offering (Note)	11.3	7.2
– Enhance existing restaurant facilities	0.7	0.5
– Strengthen staff training	0.8	0.5
– Enhance marketing activities to promote brand awareness and broaden the Group’s customer base	2.4	1.4
– Explore merger and acquisition opportunities and business collaboration opportunities with local partners in the food and beverage industry	3.0	0.5
– Working capital	1.3	1.3
Total	19.5	11.4

Note: Actual use of proceeds was lower as compared to the adjusted net proceeds which was mainly attributable to the evaluation of market condition by the Directors, that the expansion plan of our restaurant business is scheduled to be carried out in the second half of the financial year. The Group has already entered into a collaboration plan with local business partners to establish a new restaurant in Shanghai.

The directors will constantly evaluate the Group’s business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong and China.

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 has become effective on 12 December 2011. No share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 30 September 2012.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

At 30 September 2012, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Interest in the Company

Name of director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Chan Tai Neng	1	Interest of controlled corporation	182,000,000 (L)	65%
Mr. Cheung Chi Keung	2	Interest of controlled corporation	182,000,000 (L)	65%

Notes:

1. Mr. Chan Tai Neng is deemed to be interested in 182,000,000 Shares held by Blossom Merit Limited under the SFO.
2. Mr. Cheung Chi Keung is deemed to be interested in 182,000,000 Share held by Blossom Merit Limited under the SFO.

During the nine months ended 30 September 2012, there were no debt securities issued by the Group and the Company at any time.

Saved as disclosed above, at 30 September 2012, none of the Directors or chief executive 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.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2012, so far as is known to the Directors, the following persons, not being Directors or chief executive 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.

Interest in the Company

Name	Capital and nature of interest	Number of shares	Percentage of the Company's issued share capital
Blossom Merit Limited (Note)	Beneficial owner	182,000,000 (L)	65%

Note:

Blossom Merit Limited, a company incorporated in British Virgin Islands on 6 July 2011 with limited liability and an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung in the proportion of 90% and 10% respectively as at 30 September 2012.

During the nine months ended 30 September 2012, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 30 September 2012, the Directors are not aware of any other person other than the Directors and the chief executive 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 the shares, underlying shares or debentures of the Company" above, at no time during the nine months ended 30 September 2012 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 the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the nine months ended 30 September 2012.

Compliance Adviser's Interest in the Company

As at 30 September 2012, as notified by the Company's compliance adviser, Quam Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 12 December 2011, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

Competing Interests

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Company during the period under review.

Audit Committee

The Company established an 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 C3.3 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 September 2012, the audit committee of the Company consists of three members, namely Mr. Chan Chun Sing, Mr. Tse Wai Chuen, Tony and Mr. Wang Zhi Zhong and Mr. Chan Chun Sing is the chairman of the audit committee.

The audit committee had reviewed the unaudited Third Quarterly financial statements for the nine months ended 30 September 2012 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board
Noble House (China) Holdings Limited
Chan Tai Neng
Chairman and executive Director

Hong Kong, 13 November 2012

As at the date of this report, the Board comprises Mr. Chan Tai Neng and Mr. Cheung Chi Keung as executive Directors, and Mr. Chan Chun Sing, Mr. Tse Wai Chuen, Tony and Mr. Wang Zhi Zhong as independent non-executive Directors.