



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

First Quarterly Report 2013



Noblehouse Restaurant
SHANGHAI

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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.

Corporate Information

Board of Directors

Executive Directors

Mr. Chan Tai Neng (*Chairman*)
Mr. Chan Meng Hou
Mr. Cheung Chi Keung

Independent Non-Executive Directors

Mr. Chan Chun Sing
Mr. Tse Wai Chuen, Tony
Mr. Wang Zhi Zhong

Compliance Officer

Mr. Cheung Chi Keung

Authorised Representatives

Mr. Chan Tai Neng
Mr. Cheung Chi Keung

Company Secretary

Mr. Tam Hon Fai

Audit Committee Members

Mr. Chan Chun Sing (*Chairman*)
Mr. Tse Wai Chuen, Tony
Mr. Wang Zhi Zhong

Remuneration Committee Members

Mr. Chan Chun Sing (*Chairman*)
Mr. Chan Tai Neng
Mr. Wang Zhi Zhong

Auditor

Deloitte Touche Tohmatsu

Legal Adviser to the Company

As to Cayman Islands law:
Conyers Dill & Pearman

Compliance Adviser

Quam Capital Limited

Principal Banker

Industrial and Commercial Bank of China

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

12th Floor, The Lee Gardens
33 Hysan Avenue,
Causeway Bay,
Hong Kong

Head Office in the PRC

No.24 Sub-lane 99
Lane 635, Zhennan Road,
Putuo District
Shanghai 200331,
PRC

Share Registrar and Transfer Office in Cayman Islands

Codan Trust Company (Cayman) Limited

Cricket Square,
Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Boardroom Share Registrars (HK) Limited

12th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Company Website

<http://www.noblehouserestaurant.cn>

GEM Stock Code

8246

Financial Highlights

- The Group's revenue from continuing operations amounted to approximately RMB28.3 million for the three months ended 31 March 2013 which represented a decrease of approximately RMB4.3 million or 13.2% as compared with the three months ended 31 March 2012.
- The loss and total comprehensive expense attributable to owners of the Company from continuing operations was approximately RMB3.6 million for the three months ended 31 March 2013, while the profit and total comprehensive income to owners of the Company from continuing operations was approximately RMB1.9 million for the three months ended 31 March 2012.
- Basic loss per share from continuing and discontinued operations for the three months ended 31 March 2013 amounted to RMB1.3 cents (Basic earnings per share from continuing and discontinued operations for the three months ended 31 March 2012: RMB0.7 cents).

	Three months ended		Increase/ (Decrease)
	31 March 2013 RMB (in million)	2012 RMB (in million)	
Continuing Operations			
Revenue	28.3	32.6	(13.2%)
Operating Profit ⁽¹⁾	16.9	19.8	(14.6%)
(Loss)/profit and total comprehensive (expense) income attributable to the owners of the Company	(3.6)	1.9	(289.5%)
Operating margin ⁽²⁾	59.7%	60.7%	

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 ended 31 March 2013, together with the unaudited comparative figures for the corresponding period in 2012, as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended 31 March 2013

	Notes	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Continuing Operations			
Revenue	3	28,348	32,583
Other income	3	7	75
Other gains and losses		–	8
Cost of inventories consumed		(11,426)	(12,819)
Staff costs	4	(8,974)	(6,367)
Depreciation of property, plant and equipment		(555)	(440)
Utilities and consumables		(1,008)	(932)
Rental and related expenses		(5,823)	(4,262)
Advertising and marketing expenses		(1,146)	(319)
Other expenses		(2,909)	(3,792)
Share of results of associates		(392)	(535)
(Loss)/profit before tax	5	(3,878)	3,200
Income tax expense	6	(57)	(1,157)
(Loss)/profit and total comprehensive (expense) income for the period from continuing operations		(3,935)	2,043
Discontinued operations			
Loss and total comprehensive expense for the period from discontinued operations		–	–
(Loss)/profit and total comprehensive (expense) income for the period		(3,935)	2,043
(Loss)/profit and total comprehensive (expense) income for the period attributable to:			
Owners of the Company			
– (Loss)/profit and total comprehensive (expense) income for the period from continuing operations		(3,625)	1,945
– Loss and total comprehensive expense for the period from discontinued operations		–	–
(Loss)/profit and total comprehensive (expense) income attributable to the owners of the Company		(3,625)	1,945
Non controlling interests			
– (Loss)/profit and total comprehensive (expense) income for the period from continuing operations		(310)	98
(Loss)/profit and total comprehensive (expense) income for the period attributable to non-controlling interests		(310)	98
		(3,935)	2,043
(Loss)/earnings per share (RMB), basic:			
From continuing and discontinued operations	7	(0.013)	0.007
From continuing operations		(0.013)	0.007

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended 31 March 2013

	Attributable to owners of the Company				Non-controlling interests		Total
	Share Capital	Share premium	Accumulated profits	Special reserve	Total	Total	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Balance at 1 January 2013	2,291	31,076	15,147	528	49,042	591	49,633
Loss and total comprehensive expense for the period	-	-	(3,625)	-	(3,625)	(310)	(3,935)
Balance at 31 March 2013	2,291	31,076	11,522	528	45,417	281	45,698
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	-	-	1,945	-	1,945	98	2,043
Balance at 31 March 2012	2,291	31,076	12,311	528	46,206	1,111	47,317

Notes to the First Quarterly Financial Statements

For the three months ended 31 March 2013

Notes:

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.

2. Basis of Preparation

The First 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 First 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 31 March	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue		
Operation of restaurants	25,429	31,236
Provision of management services	206	317
Sales of processed food	2,713	1,030
	28,348	32,583
Other income		
Interest income	7	75

4. Staff Costs

Continuing Operations

	For the three months ended 31 March	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Directors' emoluments	345	68
Salaries and other allowances	7,334	5,354
Retirement benefit scheme contributions, excluding those of directors	1,295	945
	8,974	6,367

5. (Loss)/profit Before Tax

Continuing Operations

	For the three months ended 31 March	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
(Loss)/profit before tax has been arrived after charging the following:		
Staff costs	8,974	6,367
Depreciation of property, plant and equipment	555	440

6. Income Tax Expenses

Continuing operations

	For the three months ended 31 March	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Enterprise income tax in the PRC		
Current income tax	57	1,157

Hong Kong

Hong Kong Profit Tax is calculated at 16.5% of the estimated profit. No provision for Hong Kong Profit Tax has been made as the Group's subsidiaries have no assessable profit arising in or derived in Hong Kong for both periods.

PRC

PRC subsidiaries were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for both periods.

7. (Loss)/earnings Per Share

The calculation of basic loss per share for the three months ended 31 March 2013 are based on the loss attributable to owners of the Company of RMB3,625,000 (profit attributable to owners of the Company for the three months ended 31 March 2012: RMB1,945,000) and the weighted average number of ordinary shares of 280,000,000 (three months ended 31 March 2012: 280,000,000) in issue during the respective periods.

8. Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: nil).

9. 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 31 March 2013, 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, managed and operated one restaurant in Dalian. We also operated two restaurants in Shanghai and Ningbo, which are associates of the Group. 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. In addition, the Group has acquired 100% equity interest in a supplier of hairy crab in Shanghai in order to stabilise the quality and cost of the Group's hairy crab business in August 2012.

For the three months ended 31 March 2013, the Group recorded an unaudited turnover of approximately RMB28,348,000, showing a decrease of 13.2% from approximately RMB32,583,000 for the corresponding period of the previous year. The decrease in revenue was mainly attributable to the decrease in revenue generated from operation of restaurants by approximately RMB5,807,000 due to a set of regulations and restrictions to promote frugality and curb waste issued by the PRC government in February 2013. Such effects were partially offset by the revenue growth amounting to approximately RMB1,683,000 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 31 March 2013 was approximately RMB25,429,000, showing a decrease of 18.59% from approximately RMB31,236,000 for the corresponding period of the previous year; meanwhile, revenue generated from the provision of management services remained stable across both three-month reporting periods.

During the first three months of 2013, sales of processed goods registered significant growth, with revenue advanced by approximately RMB1,683,000 from approximately RMB1,030,000 in the first three months of 2012 to approximately RMB2,713,000 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 decreased slightly from approximately 60.7% for the three months ended 31 March 2012 to approximately 59.7% for the three months ended 31 March 2013, which was primarily due to the increase in of overall food costs in the PRC.

Cost of inventories consumed

The Group's cost of inventories consumed decreased by approximately RMB1,393,000, or by approximately 10.9%, from approximately RMB12,819,000 in the first three months of 2012 to approximately RMB11,426,000 in the first three months of 2013. This decrease was in line with the decrease in revenue noted in the reporting period.

Staff cost

The Group's staff cost increased by approximately RMB 2,607,000, or by approximately 40.9%, from approximately RMB6,367,000 in 2012's first quarter to approximately RMB8,974,000 in 2013's first quarter. The increase in the staff cost was primarily due to the overall increase in the level of salaries and other employee benefits of the Group. As a percentage of the Group's revenue, staff cost increased from approximately 19.5% in 2012's first quarter to approximately 31.7% in 2013's first quarter primarily as a result of the increase in average salary of our staffs and decrease in revenue for the three months ended 31 March 2013.

Rental and related expenses

Rental and related expenses increased by approximately RMB1,561,000, or approximately by 36.6%, from approximately RMB4,262,000 in 2012's first quarter to approximately RMB5,823,000 in 2013's first quarter, which was mainly due to the renewal of certain rental agreements in 2012 with increased rental fee.

Advertising and marketing expenses

Advertising and marketing expenses amounted to approximately RMB1,146,000 and RMB319,000 in 2013's first quarter and 2012's first quarter respectively, the RMB827,000 increase was mainly because of the increase in the Group's overall advertising activities in the current quarter as compared to early 2012.

Other expenses

Other expenses decreased by approximately RMB883,000, or approximately 23.3%, from approximately RMB3,792,000 for the three months ended 31 March 2012 to approximately RMB2,909,000 for the corresponding period of 2013, primarily due to the decreased credit card handling charges, travelling and transportation cost, and development cost upon the implementation of tighter cost controls in view of the decrease in revenue.

Income tax expenses

The Group's income tax expense decreased by approximately RMB1,100,000, or approximately 95.07%, from approximately RMB1,157,000 for the three months ended 31 March 2012 to approximately RMB57,000 for the three months ended 31 March 2013, as a result of the decrease in taxable profit in 2013's first three-months period as compared to the corresponding period of the previous year. The Group's effective income tax rate was approximately 36.2% in 2012's first three-months period; while for the current corresponding period, RMB57,000 income tax expenses was charged upon the loss before tax amounting to RMB3,878,000 due to the assessable profit generated by certain subsidiaries of the Group.

Non-controlling interests

Non-controlling interests decreased by approximately 416.33% from approximately RMB98,000 being share of the Group's profit in the three months ended 31 March 2012 to approximately RMB310,000 being share of the Group's loss in the corresponding period of 2013.

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. Also, the PRC government issued a set of regulations and restrictions recently to promote frugality and curb waste. The new regulation has had some impact on PRC's high-ended catering business.

In the face of stern challenges caused by the global economic and local regulatory environment, the management will remain prudent as to the overall impact of the uncertainty raised thereon on the Group's prospect and future profitability. The management will implement a set of mitigating measures to cater the concern over the Group's performance, including applying tighter control on the overall operating cost and streamlining the administrative and supporting function within the group structure, and developing its customer base and further improving its source of income from the Group's food production service.

During the reporting period, the Group has been committed to improve its inventory management to maintain a healthy level of inventory, so as to improve overall inventory aging and prevent obsolete inventory items. The Group will also put its ongoing effort on developing its customer base, improving its service quality, strengthening its corporate management and exploring new markets of its food production services, aiming to obtain more contributions to the consolidated beneficial result of its operation.

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 in 2012. Implementing the Group's core vision of delivering food of quality, this new retail wing, situated at the heart of Causeway Bay, will continue to serve 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.

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 has been established and put into operation in the first quarter of 2013. 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 management considered the customer base under the club membership as rather stable compared to ordinary restaurant business, the management will deploy its ongoing effort in developing the customer base to cope with the changing environment of the industry recently.

Dividends

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2013. (Three months ended 31 March 2012: Nil)

Liquidity and financial resources

The Group's funding and treasury activities are managed and controlled by the senior management. Historically, the Group funded its liquidity and capital requirements principally through cash inflow from operating activities, and shareholders' financing as well as other borrowings. Following the Company's IPO in December 2011, the Group funds its liquidity and capital requirements by the net proceeds from IPO as well as internal resources.

The Group maintained cash and bank balances of approximately RMB22,367,000 as at 31 March 2013 (as at 31 March 2012: approximately RMB35,104,000). The net assets of the Group as at 31 March 2013 were approximately RMB45,698,000 (as at 31 December 2012: approximately RMB47,317,000).

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Gearing ratio is not applicable to the Group as at both 31 March 2013 and 31 March 2012 as the Group did not have any borrowings as at the end of both reporting periods.

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. The Group's cash and bank deposits, including net proceeds from the Company's IPO, were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 31 March 2013, the Directors considered the Group's foreign exchange risk to be insignificant. During the three months ended 31 March 2013, the Group did not use any financial instruments for hedging purposes.

Capital Structure and Gearing Ratio

The capital structure of the Group consists of net debt, which includes amount due to directors and other borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Gearing ratio is not applicable to the Group as at 31 March 2013 as the Group did not have any borrowings as at 31 March 2013.

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 31 March 2013 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 31 March 2013 HK\$ million	Actual use of proceeds from the Listing Date to 31 March 2013 HK\$ million
– Diversify service and product offering	14.0	12.0
– Enhance existing restaurant facilities	1.3	1.5
– Strengthen staff training	1.0	1.0
– Enhance marketing activities to promote brand awareness and broaden the Group's customer base	3.2	3.0
– Explore merger and acquisition opportunities and business collaboration opportunities with local partners in the food and beverage industry (Note)	5.0	0.7
– Working capital	1.3	1.3
Total	25.8	19.5

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 for exploring merger and acquisition opportunities is scheduled to be carried out in the second half of the financial year.

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.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

There were no significant investments held, material acquisitions or disposal of subsidiaries and affiliated companies during the three months ended 31 March 2013. Save for the business plan as disclosed in this report, there is no plan for material investments or capital assets as the date of this report.

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 31 March 2013.

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

At 31 March 2013, 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:

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

During the three months ended 31 March 2013, there were no debt securities issued by the Group and the Company at any time.

Saved as disclosed above, at 31 March 2013, 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 31 March 2013, 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 31 March 2013.

During the three months ended 31 March 2013, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 March 2013, 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 three months ended 31 March 2013 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 three months ended 31 March 2013.

Compliance Adviser's Interest in the Company

As at 31 March 2013, 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 31 March 2013, 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 First Quarterly financial statements for the three months ended 31 March 2013 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, 15 May 2013

As at the date of this report, the Board comprises Mr. Chan Tai Neng, Mr. Chan Meng Hou 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.