



**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 2013



*Noblehouse Restaurant*  
SHANGHAI

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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 for the three months and nine months ended 30 September 2013 amounted to approximately RMB20.5 million (2012: RMB28.5 million) and RMB70.3 million (2012: RMB89.2 million), representing a decrease of approximately 28.1% and 21.2% as compared with the last corresponding period respectively.
- The loss and total comprehensive expense attributable to owners of the Company for the three months and nine months ended 30 September 2013 was approximately RMB5.3 million and RMB19.2 million while the profit and total comprehensive income to owners of the Company for the three months and nine months ended 30 September 2012 was approximately RMB2.6 million and RMB5.1 million.
- Basic loss per share for the nine months ended 30 September 2013 amounted to RMB7 cents (Basic earnings per share for the nine months ended 30 September 2012: RMB1.8 cents).

	Three months ended			Nine months ended		
	30 September		Increase/ (Decrease)	30 September		Increase/ (Decrease)
	2013	2012		2013	2012	
	RMB	RMB		RMB	RMB	
	(in million)	(in million)		(in million)	(in million)	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	<b>20.5</b>	28.5	<b>(28.1%)</b>	<b>70.3</b>	89.2	<b>(21.2%)</b>
Operating Profit <sup>(1)</sup>	<b>12.6</b>	16.8	<b>(25%)</b>	<b>42.5</b>	55.0	<b>(22.7%)</b>
(Loss) profit and total comprehensive (expense) income attributable to the owners of the Company for the quarter	<b>(5.3)</b>	2.6	<b>(304%)</b>	<b>(19.2)</b>	5.1	<b>(476%)</b>
Operating margin <sup>(2)</sup>	<b>61.5%</b>	59.1%		<b>60.5%</b>	61.7%	

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 and nine months ended 30 September 2013, together with the unaudited comparative figures for the corresponding period in 2012, as follows:

## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	3	20,544	28,454	70,265	89,240
Other income	3	1,288	1,575	1,720	1,708
Other gains and losses		–	(1)	–	–
Cost of inventories consumed		(8,082)	(11,641)	(27,737)	(34,202)
Staff costs		(7,956)	(6,478)	(25,096)	(19,699)
Depreciation of property, plant and equipment		(509)	(643)	(1,532)	(1,466)
Utilities and consumables		(1,377)	(587)	(3,991)	(2,759)
Rental and related expenses		(5,280)	(4,594)	(16,264)	(13,166)
Advertising and marketing expenses		(386)	(337)	(1,320)	(987)
Other expenses		(3,314)	(2,127)	(9,808)	(10,580)
Impairment loss recognised in respect of interest in an associate		–	–	(276)	–
Impairment loss recognised in respect of amount due from an associate		–	–	(3,919)	–
Write off of property, plant and equipment		–	–	(340)	–
Share of results of associates		(546)	(354)	(1,486)	(1,099)
(Loss) profit before tax		(5,618)	3,267	(19,784)	6,990
Income tax credits (expense)	4	36	(612)	(57)	(1,869)
(Loss) profit and total comprehensive (expense) income for the period		(5,582)	2,655	(19,841)	5,121
(Loss) profit and total comprehensive (expense) income attributable to the owners of the Company		(5,318)	2,629	(19,197)	5,092
Non controlling interests – (Loss) profit and total comprehensive (expense) income for the period		(264)	26	(644)	29
		(5,582)	2,655	(19,841)	5,121
(Loss) earnings per share (RMB), basic:	5	(0.02)	0.009	(0.07)	0.018

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2013

	Attributable to owners of the Company				Total	Non-controlling interests	Total
	Share Capital	Share premium	Accumulated (losses) profits	Special reserve			
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Balance at 1 January 2013</b>	2,291	31,076	15,147	528	49,042	591	49,633
Loss and total comprehensive expense for the period	-	-	(19,197)	-	(19,197)	(644)	(19,841)
<b>Balance at 30 September 2013</b>	2,291	31,076	(4,050)	528	29,845	(53)	29,792
<b>Balance at 1 January 2012</b>	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
<b>Balance at 30 September 2012</b>	2,291	31,076	15,458	528	49,353	1,042	50,395

# Notes to the Third Quarterly Financial Statements

For the nine months ended 30 September 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 and sales of processed food and seafood in the PRC and Hong Kong.

## 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 2012 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

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
<b>Revenue</b>				
Operation of restaurants	18,973	26,686	64,850	84,005
Provision of management services	197	323	606	1,045
Sales of processed food and seafood	1,374	1,445	4,809	4,190
	<b>20,544</b>	28,454	<b>70,265</b>	89,240
<b>Other income</b>				
Interest income	8	17	191	33
Government subsidy (note)	1,280	1,300	1,280	1,300
Imputed interest income				
on advances granted to associates	–	58	249	175
Gain on disposal of interest in an associate	–	200	–	200
	<b>1,288</b>	1,575	<b>1,720</b>	1,708

Note:

During the period ended 30 September 2013, a PRC subsidiary received approximately RMB1,280,000 (2012: RMB1,300,000) 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 (Credits) Expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Enterprise income tax in the PRC				
Current income tax	–	612	57	2,383
Over provision in prior year	(36)	–	–	(514)
	<b>(36)</b>	612	<b>57</b>	1,869

#### 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 three months and nine months ended 30 September 2013 and 2012.

## 5. (Loss) Earnings Per Share

The calculation of basic loss per share for the three and nine months ended 30 September 2013 are based on the loss attributable to owners of the Company of RMB5,318,000 and RMB19,197,000, while the calculation of basic earnings per share for the three months and nine months ended 30 September 2012 were based on the profits attributable to the owners of the Company of RMB2,629,000 and RMB5,092,000, respectively and the weighted average number of ordinary shares of 280,000,000 (three and nine months ended 30 September 2012: 280,000,000) in issue during the respective periods.

The diluted (loss) earnings per share for the respective periods are the same as basic (loss) 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 2013 (nine months ended 30 September 2012: 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 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 and Qingdao, managed and operated one restaurant in Dalian, and provided restaurant management consulting services to one restaurant in Nantong. 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 and a seafood trading company in Shanghai ("Shanghai Seafood Trading Company") which supplied seafood to our restaurants.

For the nine months ended 30 September 2013, the Group recorded an unaudited turnover of approximately RMB70,265,000, showing a decrease of 21.3% from approximately RMB89,240,000 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 RMB19,155,000 and a decrease in revenue of RMB439,000 that generated from the provision of management services due to the effect from the issuance of a set of policies to promote frugality by the PRC Government since February 2013.

While both revenues from operation of restaurants and from provision of management services recorded a decrease, during the first nine months of 2013, sales of processed food and seafood registered a growth, with revenue advanced by approximately RMB619,000 from approximately RMB4,190,000 in the first nine months of 2012 to approximately RMB4,809,000 for the corresponding period of the current year. The sales was derived from the Shanghai Seafood Trading Company and Shanghai Food Plant, which were acquired by the Group in 2012 and 2010 respectively. They commenced trading seafood and 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 from approximately 61.67% for the nine months ended 30 September 2012 to approximately 60.46% for the nine months ended 30 September 2013, which was primarily due to the extent of decrease in cost of inventories consumed is slightly lower than that of revenue. It was mainly because the inflation of food costs in the PRC had speed up again since the second half of 2013.

### ***Cost of inventories consumed***

The Group's cost of inventories consumed decreased by approximately RMB6,465,000, or by approximately 18.9%, from approximately RMB34,202,000 in the first nine months of 2012 to approximately RMB27,737,000 in the first nine months of 2013. This decrease was due to the decrease in revenue and the inflation of food costs in the PRC since the second half of 2013.

### ***Staff costs***

The Group's staff costs increased by approximately RMB5.4 million, or by approximately 27.4%, from approximately RMB19.7 million for the nine months ended 30 September 2012 to approximately RMB25.1 million for the corresponding period in 2013. The increase in the staff costs was primarily due to the overall increase in the level of salaries and other employee benefits of the Group.

### ***Other expenses***

Other expenses decreased by approximately RMB772,000, or approximately 7.3%, from approximately RMB10,580,000 for the nine months ended 30 September 2012 to approximately RMB9,808,000 for the corresponding period of 2013, primarily due to the decrease in credit card handling charges, travelling and transportation cost, development cost caused by decrease in sale.

### ***Income tax (credits) expenses***

No income tax expense was provided as the Group had no estimated assessable profit during the three months ended 30 September 2013 while RMB57,000 income tax expense was provided during the nine months ended 30 September 2013. (Income tax expenses during the three months and nine months ended 30 September 2012: RMB612,000 and RMB1,869,000).

### ***Non-controlling interests***

Non-controlling interests decreased from profit approximately RMB29,000 in the nine months ended 30 September 2012 to loss approximately RMB644,000 in the corresponding period of 2013.

### ***Prospects***

Although the Catering industry is facing the downturn, the management is still optimistic to reduce the total loss for the year and believes that the Group will be able to sustain its business and strengthen its position as a high end restaurant operator in the PRC.

In January 2013, a new restaurant which chiefly targets middle restaurant market of PRC has been established in Shanghai, as a strategic move taken by the management to mitigate the impact on PRC's high-ended catering business by the PRC government's policies to promote frugality.

In the foreseeable future, the Group will slow down the opening of new restaurants in PRC and expand the market in food trading business in Hong Kong by opening new shops selling crabs and processed food including sauteed crab roe and crab cream, crab rice wine and crab vinegar etc, under the Group's own brand name "Noble House (名軒)". In the mean time, 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.

## 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 2013.

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

At 30 September 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 nine months ended 30 September 2013, there were no debt securities issued by the Group and the Company at any time.

Saved as disclosed above, at 30 September 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 30 September 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 30 September 2013.

During the nine months ended 30 September 2013, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2013.

## Compliance Adviser's Interest in the Company

As at 30 September 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.

The audit committee, which consist of Mr. Tse Wai Chuen, Tony, Mr. Wang Zhi Zhong and Mr. Yeung Chi Wai had reviewed the unaudited Third Quarterly financial statements for the nine months ended 30 September 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, 13 November 2013

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