



**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

**2014**  
**THIRD**  
**QUARTERLY**  
**REPORT**

二零一四年第三季度報告

Noble  
House

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

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

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

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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

Ms. Lin Min (*Chairman*)  
Mr. Chan Wing Yuen, Hubert (*CEO*)  
Ms. Kwong Wai Man, Karina  
Mr. Chan Tai Neng

#### Independent Non-Executive Directors

Mr. Lui Tin Nang  
Ms. Ma Lee  
Mr. Wang Zhi Zhong

### Company Secretary

Ms. Chan Wai Yee

### Compliance Officer

Mr. Chan Wing Yuen, Hubert

### Board Committees

#### Audit Committee

Mr. Lui Tin Nang (*Chairman*)  
Ms. Ma Lee  
Mr. Wang Zhi Zhong

#### Remuneration Committee

Mr. Lui Tin Nang (*Chairman*)  
Ms. Lin Min  
Ms. Ma Lee  
Mr. Wang Zhi Zhong

#### Nomination Committee

Ms. Lin Min (*Chairman*)  
Mr. Lui Tin Nang  
Ms. Ma Lee  
Mr. Wang Zhi Zhong

### Authorised Representatives

Mr. Chan Wing Yuen, Hubert  
Ms. Kwong Wai Man, Karina

### Registered Office

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

### Principal Place of Business in Hong Kong

Rm 2202, 22/F,  
Chinachem Century Tower,  
178 Gloucester Road,  
Wan Chai,  
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 KY1-111  
Cayman Islands

### Hong Kong Share Registrar

#### Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road,  
North Point,  
Hong Kong

### Legal Adviser to the Company

As to Cayman Islands law:  
Conyers Dill & Pearman

### Auditor

Deloitte Touche Tohmatsu

### Principal Bankers

Industrial and Commercial Bank of China  
The Hong Kong & Shanghai Banking  
Corporation Limited

### Company Website

<http://www.8246hk.com>

### GEM Stock Code

8246

## Financial Highlights

- The Group's revenue for the three months and nine months ended 30 September 2014 amounted to approximately RMB16.0 million (2013: RMB20.5 million) and RMB53.5 million (2013: RMB70.3 million), representing a decrease of approximately 22.3% and 23.9% as compared with the last corresponding period respectively.
- The loss and total comprehensive expenses attributable to owners of the Company for the three months and nine months ended 30 September 2014 were approximately RMB4.7 million and RMB18.2 million while the loss and total comprehensive expenses attributable to owners of the Company for the three months and nine months ended 30 September 2013 were approximately RMB5.3 million and RMB19.2 million.
- Basic loss per share for the nine months ended 30 September 2014 amounted to RMB6 cents (Basic loss per share for the nine months ended 30 September 2013: RMB7 cents).

	Three months ended			Nine months ended		
	30 September 2014	2013	Increase/ (Decrease)	30 September 2014	2013	Increase/ (Decrease)
	RMB	RMB		RMB	RMB	
	(in million)	(in million)		(in million)	(in million)	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	16.0	20.5	(22.3)%	53.5	70.3	(23.9)%
Operating Profit <sup>(1)</sup>	10.2	12.6	(17.9)%	33.0	42.5	(22.5)%
Loss and total comprehensive expenses attributable to the owners of the Company for the quarter	(4.7)	(5.3)	11.8%	(18.2)	(19.2)	5.1%
Operating margin <sup>(2)</sup>	63.80%	61.50%		61.70%	60.50%	

### Notes:

- The calculation of operating profit is based on the revenue minus cost of inventories consumed.
- 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 2014, together with the unaudited comparative figures for the corresponding period in 2013, as follows:

## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	3	15,972	20,544	53,510	70,265
Other income	3	944	1,288	1,295	1,720
Other gains and losses		(4)	–	(2,257)	–
Cost of inventories consumed		(5,736)	(8,082)	(20,553)	(27,737)
Staff costs		(6,250)	(7,956)	(19,594)	(25,096)
Depreciation of property, plant and equipment		(988)	(509)	(3,026)	(1,532)
Utilities and consumables		(995)	(1,377)	(2,972)	(3,991)
Rental and related expenses		(5,391)	(5,280)	(14,893)	(16,264)
Advertising and marketing expenses		(206)	(386)	(500)	(1,320)
Other expenses		(2,454)	(3,314)	(7,512)	(9,808)
Impairment loss recognised in respect of interest in an associate		–	–	(826)	(276)
Impairment loss recognised in respect of amount due from an associate		–	–	(1,906)	(3,919)
Write off of property, plant and equipment		–	–	–	(340)
Share of results of associates		–	(546)	(343)	(1,486)
Loss before tax		(5,108)	(5,618)	(19,577)	(19,784)
Income tax credit (expense)	4	–	36	(55)	(57)
Loss and total comprehensive expenses for the period		(5,108)	(5,582)	(19,632)	(19,841)
Loss and total comprehensive expenses attributable to the owners of the Company		(4,694)	(5,318)	(18,211)	(19,197)
Non-controlling interests – Loss and total comprehensive expenses for the period		(414)	(264)	(1,421)	(644)
		(5,108)	(5,582)	(19,632)	(19,841)
Loss per share (RMB), basic and diluted:	5	(0.02)	(0.02)	(0.06)	(0.07)

## Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2014

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Accumulated (losses) profits	Special reserve	Total		
	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 2014</b>	<b>2,291</b>	<b>31,076</b>	<b>(11,464)</b>	<b>528</b>	<b>22,431</b>	<b>(901)</b>	<b>21,530</b>
Loss and total comprehensive expenses for the period	-	-	(18,211)	-	(18,211)	(1,421)	(19,632)
<b>Balance at 30 September 2014</b>	<b>2,291</b>	<b>31,076</b>	<b>(29,675)</b>	<b>528</b>	<b>4,220</b>	<b>(2,322)</b>	<b>1,898</b>
<b>Balance at 1 January 2013</b>	<b>2,291</b>	<b>31,076</b>	<b>15,147</b>	<b>528</b>	<b>49,042</b>	<b>591</b>	<b>49,633</b>
Loss and total comprehensive expenses for the period	-	-	(19,197)	-	(19,197)	(644)	(19,841)
<b>Balance at 30 September 2013</b>	<b>2,291</b>	<b>31,076</b>	<b>(4,050)</b>	<b>528</b>	<b>29,845</b>	<b>(53)</b>	<b>29,792</b>

# Notes to the Third Quarterly Financial Statements

For the nine months ended 30 September 2014

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 2013 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	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>Revenue</b>				
Operation of restaurants	14,803	18,973	49,650	64,850
Provision of management services	–	197	–	606
Sales of processed food and seafood	1,169	1,374	3,860	4,809
	<b>15,972</b>	20,544	<b>53,510</b>	70,265
<b>Other income</b>				
Interest income	–	8	32	191
Government subsidy (note)	950	1,280	950	1,280
Imputed interest income on advances granted to associates	–	–	319	249
Exchange Gain	(6)	–	(6)	–
	<b>944</b>	1,288	<b>1,295</b>	1,720

Note:

During the period ended 30 September 2014, a PRC subsidiary received approximately RMB950,000 (2013: RMB1,280,000) subsidy 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 (Credit) Expense

	For the three months ended 30 September		For the nine months ended 30 September	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Enterprise income tax in the PRC				
Current income tax	-	-	55	57
Overprovision in prior year	-	(36)	-	-
	-	(36)	55	57

#### Hong Kong

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

#### PRC

PRC subsidiaries located in Beijing and Shanghai and Qingdao were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% for the nine months ended 30 September 2014 and 2013.

#### 5. Loss Per Share

The calculation of basic loss per share for the three and nine months ended 30 September 2014 are based on the loss attributable to owners of the Company of RMB4,694,000 and RMB18,211,000, while the calculation of basic loss per share for the three months and nine months ended 30 September 2013 were based on the loss attributable to the owners of the Company of RMB5,318,000 and RMB19,197,000, respectively and the weighted average number of ordinary shares of 280,000,000 (three and nine months ended 30 September 2013: 280,000,000) in issue during the respective periods.

The diluted loss per share for the respective periods are the same as basic loss 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 2014 (nine months ended 30 September 2013: 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 2014, 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, and managed one restaurant in Dalian. We also operated restaurants in Ningbo and Shanghai, which are associates of the Group. In June 2014, the Group sold out all interest held in the associate in Shanghai, named Bin Jiang Noble House Food and Beverage Co., Ltd to an independent third party. Apart from these restaurants, we operated a food trading company, named "Shanghai Yin Jia Food Products Company Limited ("Yin Jia")", which was primarily established to provide food production services to the Group's restaurants. In addition, Yin Jia engaged in the trading of seafood and 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 retail shops in Shanghai and Hong Kong.

For the nine months ended 30 September 2014, the Group recorded an unaudited turnover of approximately RMB53,510,000, showing a decrease of 23.9% from approximately RMB70,265,000 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 RMB15,200,000 due to the effect from the deterioration of high-end consumption market in the PRC. Such deterioration also adversely affected revenue generated from the provision of management services since loss was also recorded for restaurant that we provided services to.

During the first nine months of 2014, sales of processed goods and seafood registered a significant decrease by approximately RMB949,000 from approximately RMB4,809,000 in the first nine months of 2013 to approximately RMB3,860,000 for the corresponding period of the current year. The sales was derived from Yin Jia and it processed 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 retail shops in Shanghai and Hong Kong. The decrease was mainly due to the effect from the deterioration of high-end consumption market in the PRC.

### **Gross profit margin**

Gross profit represents the revenue less cost of inventories consumed. The gross profit margin of the Group remained stable at approximately 61.0% both for the nine months ended 30 September 2013 and the nine months ended 30 September 2014, since the effect of PRC inflation was offset by the implementation of cost control policies by the Group such as controlled raw material wastes when making dishes and negotiated with suppliers to lower the food costs.

### **Cost of inventories consumed**

The Group's cost of inventories consumed decreased by approximately RMB7,184,000, or by approximately 25.9%, from approximately RMB27,737,000 in the first nine months of 2013 to approximately RMB20,553,000 in the first nine months of 2014. 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 decreased by approximately RMB5.5 million, or by approximately 21.9%, from approximately RMB25.1 million for the nine months ended 30 September 2013 to approximately RMB19.6 million for the corresponding period in 2014. The decrease in the staff costs was primarily due to the decrease in the number of staffs of the Group under the cost control policies. The Group's headcount decreased from 523 as at 30 September 2013 to 402 as at 30 September 2014. As a percentage of the Group's revenue, staff costs slightly increased from approximately 35.7% in 2013's first nine months to approximately 36.6% in 2014's same period primarily as a result of the decrease in revenue for the nine months ended 30 September 2014.

### **Other expenses**

Other expenses decreased by approximately RMB2,296,000, or approximately 23.4%, from approximately RMB9,808,000 for the nine months ended 30 September 2013 to approximately RMB7,512,000 for the corresponding period of 2014, primarily due to the decrease in credit card handling charges, travelling and transportation cost, development cost caused by decrease in sale.

### **Income tax (credit) expense**

No income tax expense was provided as the Group had no estimated taxable profit during the three months ended 30 September 2014 while RMB55,000 income tax expense was provided during the nine months ended 30 September 2014. (Income tax expenses during the three months and nine months ended 30 September 2013: NIL and RMB57,000).

### **Non-controlling interests**

Loss in non-controlling interests increased by RMB777,000 from approximately RMB644,000 for the nine months ended 30 September 2013 to approximately RMB1,421,000 for the corresponding period of 2014. Such increase was attributable to the increase in the operating loss made by the non-wholly-owned subsidiaries in Beijing and Qingdao during the review period.

### **Prospects**

Given that the established habits and patterns of consumption of fine-dining customers in the PRC changed rapidly, during the year, the Group's operating income recorded a continuous decrease from that of last year, which was mainly attributable to the introduction of policies by the PRC Government to promote frugality, as well as fierce competition faced by the Group. We foresee a challenging business environment in the coming year, notwithstanding a number of initiatives have been introduced by us, including, amongst others, cost reduction and cost control, adjustments to the food trading business and a halt on opening new restaurants. Accordingly, the Group will pursue the following goals:

1. The Group has reshuffled its management personnel to further implement the above-mentioned measures, to review and restructure existing business, as well as to explore potential investment opportunities.
2. The Group will study the feasibility of diversifying its business with an aim to expand its income resources through other channels.
3. The Group will from time to time consider all opportunities in fund raising in an attempt to broaden the Group's asset base and long-term prospects.

## 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 2014.

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

At 30 September 2014, the interests and short positions of the Directors and chief executives 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	126,000,000 (L)	45%
Ms. Lin Min	2	Interest of controlled corporation	56,000,000 (L)	20%

Notes:

1. Mr. Chan Tai Neng is deemed to be interested in 126,000,000 Shares held by Blossom Merit Limited under the SFO.
2. Ms. Lin Min is deemed to be interested in 56,000,000 Share held by Uprise Global Investments Limited under the SFO.

During the nine months ended 30 September 2014, there were no debt securities issued by the Group and the Company at any time.

Saved as disclosed above, at 30 September 2014, 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 2014, 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 1)	Beneficial owner	126,000,000 (L)	45%
Uprise Global Investments Limited (Note 2)	Beneficial owner	56,000,000 (L)	20%
Mr. Hu Yishi (Note 3)	Interest of spouse	56,000,000 (L)	20%

Note:

- (1) 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 2014.
- (2) Uprise Global Investments Limited, a company incorporated in British Virgin Islands on 19 December 2013 with limited liability and an investment holding company where the entire issued share capital of which is 100% held by Ms. Lin Min as at 30 September 2014.
- (3) Mr. Hu Yishi is the spouse of Ms. Lin Min. Accordingly, he is deemed to be interested in the 56,000,000 Shares which Ms. Lin Min is interested in pursuant to the SFO.

During the nine months ended 30 September 2014, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 30 September 2014, 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 2014 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 2014.

## 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.

## Corporate Governance Practices

During the nine months ended 30 September 2014, the Company has complied with all the code provisions and has applied the principles as set out in the Code on Corporate Governance Practice contained in Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code"), save for the following deviations:

In accordance with code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive officer (the "CEO") should be clearly established and set out in writing.

During the period from 30 December 2011 (the "Listing Date") to 3 October 2014, Mr. Chan Tai Neng was concurrently the Chairman and the CEO of the Company. Mr. Chan Tai Neng resigned as the Chairman and CEO of the Company with effect from 3 October 2014, while continuing to serve the Company as an executive Director. On the same date, the Board appointed Ms. Lin Min as Chairman and Mr. Chan Wing Yuen, Hubert as CEO of the Company. The Chairman is responsible for leading the Board in the determination of the Group's strategy and in achievement of its objectives. The CEO is in charge of managing the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. Since making the abovementioned appointments on 3 October 2014, the Group has thereby complied with code provision A.2.1 of the Corporate Governance Code.

Under code provision C.1.2 of the Corporate Governance Code, management should provide all members of the Board with monthly updates, giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

During the period from the Listing Date to 30 June 2014, the management provided quarterly updates to all directors with quarterly consolidated financial statements of the Company's performance, position and prospects in sufficient detail at the regular Board meetings of the Company. Starting from the month of July 2014, the management began providing monthly updates with monthly consolidated financial statements of the Company's performance, position and prospects in sufficient detail to all members of the board, thereby complying with code provision C.1.2 of the Corporate Governance Code.

Save as disclosed above, the Directors are of the opinion that the Company and the Board had complied with the Corporate Governance Code during the period from the Listing Date up to 30 September 2014.

## 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 consists of Mr. Lui Tin Nang (the chairman), Ms. Ma Lee and Mr. Wang Zhi Zhong, had reviewed the unaudited third quarterly financial statements for the nine months ended 30 September 2014 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 Wing Yuen, Hubert**  
*Chief executive officer and executive Director*

Hong Kong, 14 November 2014

*As at the date of this report, the Board comprises four executive Directors including Ms. Lin Min, Mr. Chan Wing Yuen, Hubert, Ms. Kwong Wai Man, Karina and Mr. Chan Tai Neng; and three independent non-executive Directors including Mr. Lui Tin Nang, Ms. Ma Lee and Mr. Wang Zhi Zhong.*