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福建諾奇股份有限公司

Fujian Nuoqi Co., Ltd.

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

(Stock Code: 1353)

**(1) UPDATE ON THE AFFAIRS OF THE GROUP; AND
(2) ANNOUNCEMENT PURSUANT TO RULE 3.7 OF
THE TAKEOVERS CODE**

Reference is made to:

- (i) the holding announcements of the Company dated 25 July 2014 and 31 July 2014 in relation to, among other matters, the Incidents;
- (ii) the Dividend Postponement Announcement;
- (iii) the August Announcement;
- (iv) the announcement of the Company dated 28 August 2014 in relation to, among other matters, the delay in publication of the 2014 Interim Results and the despatch of the 2014 Interim Report;
- (v) the announcements of the Company dated 24 October 2014, 28 November 2014, 31 December 2014, 30 January 2015, 27 February 2015, 31 March 2015, 30 April 2015, 29 May 2015, 30 June 2015, 31 July 2015, 31 August 2015, 30 September 2015, 30 October 2015, 4 December 2015 and 30 December 2015 (the “**December Announcement**”) in relation to, among other matters, an update of the affairs of the Group (collectively, the “**Update Announcements**”);
- (vi) the announcement of the Company dated 14 November 2014 in relation to, among other matters, the conditions imposed by the Stock Exchange for the resumption of trading in the shares of the Company; and
- (vii) the Reorganisation Announcement and the announcement of the Company dated 17 December 2015 (“**Restructuring Agreement Announcement**”) in relation to, among other matters, the restructuring agreement entered into between the Company and the investor dated 26 November 2015, and the announcement of the Company dated 12 January 2016 (“**Meeting Notice Announcement**”) in relation to, among other matters, the update on the Reorganisation.

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

FINANCIAL POSITION AND BUSINESS OPERATIONS OF THE GROUP

Proposed plan for the resumption of trading

As disclosed in the Restructuring Agreement Announcement, the Reorganisation Proposal (重整計劃草案) was submitted to the Quanzhou Court on 30 December 2015 and would be subject to approval by the Quanzhou Court, the creditors' meeting and the meeting of holders of domestic Shares(s). The Quanzhou Court has the authority to make the final decision on the Reorganisation Proposal. As disclosed in the Meeting Notice Announcement, as decided by the Quanzhou Court, the creditors' meeting and the meeting of holders of domestic Shares were held on 27 January 2016.

On 27 January 2016, the creditors' meeting and the meeting of holders of domestic Shares were held accordingly and the Reorganisation Proposal was approved by the creditors' meeting and the meeting of holders of domestic Shares.

The shareholders and prospective investors of the Company should note that if the transaction(s) contemplated under the Restructuring Agreement is finally approved by the Quanzhou Court and materialise or is(are) eventually consummated, it may result in a mandatory general offer, in accordance with Rule 26.1 of the Takeovers Code, being made to all shareholders of the Company (other than the incoming shareholder and its concert parties).

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until any announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

Business operation of the Group

Since the date of the December Announcement, the total number of retail shops of the Group has remained unchanged at 92 shops as at the date of this announcement. There has been no material development in relation to the business operation of the Group since the date of the December Announcement.

DEMAND LETTERS FROM FINANCIAL INSTITUTIONS AND OTHER DISPUTES

Demand letters from financial institutions

There is no material development in relation to the Demands and the demand letter against Sun Power since the date of the December Announcement.

Civil actions and arbitration cases against the Group

Based on the Group's recent collation of its internal records, since the date of the December Announcement:

1. a court order was granted in relation to a civil action brought by China Minsheng against the Company regarding a loan of a principal amount of RMB15 million to 泉州市順興建材有限公司 (transliteration as Quanzhou Shun Hing Building Materials Co., Ltd.*) as borrower (part of the Second China Minsheng Loans), in which the Company was ordered to fulfil its responsibilities as guarantor;
2. a court order was granted in relation to a civil action brought by a bank in Fuzhou against the Company regarding certain loans of an aggregate principal amount of approximately RMB10 million, in which the Company was ordered to implement its guarantor's responsibilities; and
3. a court order was granted in relation to a civil action brought by an individual against a subsidiary of the Company regarding a construction project, in which the subsidiary of the Company was ordered to repay an amount of approximately RMB990,000.

Save as disclosed, there has been no material development in relation to the civil actions and arbitration cases against the Group since the date of the December Announcement. As at the date of this announcement, there were 12 civil actions against the Group and 18 arbitration cases awaiting decisions from the relevant PRC court and arbitration committees respectively.

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

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

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

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

DELISTING OF THE COMPANY

On 25 January 2016, the Board received a letter from the Stock Exchange (“**Delisting Letter**”) in which the Company was informed that the Stock Exchange has placed the Company in the first delisting stage under Practice Note 17 to the Listing Rules. Further details of the Delisting Letter were set out in the announcement of the Company dated 28 January 2016, in relation to, among other matters, the Delisting Letter.

SUSPENSION OF TRADING

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

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

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

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

Hong Kong, 28 January 2016

** For identification purposes only*

As at the date of this announcement, the executive Directors are Ding Hui, Ding Canyang and Chen Quanyi; and the non-executive Directors are Han Huiyuan and Ding Lixia.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.