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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 the announcement of the Company dated 11 May 2016 (the “**May R3.7 Announcement**”), 29 April 2016 (the “**April Announcement**”) and the announcements referred to therein. Capitalised terms used in this announcement have the same meanings as those defined in the April Announcement unless otherwise specified.

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.

FINANCIAL POSITION AND BUSINESS OPERATIONS OF THE GROUP

Proposed plan for the resumption of trading

Matters in relation to the Takeovers Code

There has been no material development in relation to the negotiations between the Company and the Offeror regarding completion of the Restructuring Agreement and the progress of the Offer since the May R3.7 Announcement. The Company and the Offeror had been in negotiation regarding the completion of the Restructuring Agreement and the progress of the Offer, including the potential extension of the deadline for the settlement of the First Installment Investment Sum (together with interest based on the benchmark interest rate of the People's Bank of China for the period from 2 March 2016 to the date of settlement) and the Second Installment Investment Sum. Additional time is required as the negotiation involves commercial consideration and PRC legal implications.

Subject to Completion, the Offeror will be required to make the Offer. Further details on the Offer will be disclosed in the Joint Announcement, if necessary. As at the date of this announcement, the Board still requires additional time to negotiate and engage appropriate professional parties to prepare the Joint Announcement, which is targeted to be published as soon as possible.

The Offer is a possibility only. As the Offer will only be made after Completion, which is subject to a number of conditions, the Offer may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

Business operation of the Group

Since the date of the April 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 April 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 April 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 April Announcement:

1. a civil action was brought against the Company in relation to a bank loan of RMB80 million which was guaranteed by, among other parties, the Company; and
2. in relation to the court order granted in April 2016 regarding a civil action against the Company and Mr. Ding regarding certain loans, in which Mr. Ding was ordered to pay damages of approximately RMB600,000, the plaintiff filed an appeal to the Higher People's Court of Fujian province.

The compensation claimed against the Company in the above cases is within the estimate of the Company's debts under the Reorganisation Proposal. 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 April Announcement. As at the date of this announcement, there were 15 civil actions against the Group awaiting decisions from the relevant PRC courts.

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 April 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 April Announcement.

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, 31 May 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.