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*(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 31 May 2016 (the “**May Announcement**”) and the announcements referred to therein. Capitalised terms used in this announcement have the same meanings as those defined in the May 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

As disclosed in the May Announcement, the Company and the Offeror had been in negotiation regarding the completion of the Restructuring Agreement and the progress of the Offer. The parties to the Restructuring Agreement ceased negotiations regarding the Offer and the Restructuring Agreement was terminated on 13 June 2016 by way of a termination notice issued by the Administrator to the Offeror on 13 June 2016. The Company and its PRC legal advisers became aware of the termination notice on 29 June 2016. For the purposes of the Takeovers Code, the offer period in respect of the Offer closed on 6 July 2016.

Pursuant to the Restructuring Agreement, the Offeror has paid the Deposit of RMB5 million and the Loan of RMB5 million to the Company to provide funding of its operations. The Deposit and the Loan paid to the Company (which the Company is entitled to retain under the Restructuring Agreement) will not be returned to the Offeror. As at the date of this announcement, the Loan had been largely utilised for business operations of the Group while the Deposit remained unutilised.

Business operation of the Group

Since the date of the May 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 May 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 May 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 May Announcement:

1. a civil action against the Company and Mr. Ding regarding certain loans had been withdrawn with court approval;
2. two civil actions against the Company regarding certain labour disputes had been withdrawn with court approval; and
3. a civil action was brought against, among others, the Company and Mr. Ding regarding certain loans.

The compensation claimed against the Company in the cases as set out in (1) and (2) above is within the estimate of the Company's debts under the Reorganisation Proposal while the compensation claimed against the Company in the case as set out in (3) above is not 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 May Announcement. As at the date of this announcement, there were 13 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 May 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 May 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, 6 July 2016

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.