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

(Stock Code: 1353)

UPDATE ON THE AFFAIRS OF THE GROUP

Reference is made to (i) the announcement of the Company dated 1 December 2016 (“**November Announcement**”) and the announcements referred to therein; and (ii) the announcement of the Company dated 28 December 2016 (“**Change of Auditors Announcement**”). Capitalised terms used in this announcement have the same meanings as those defined in the November 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

Completion of the Reorganisation Proposal

On 28 December 2016, the Quanzhou Court issued a court order in relation to the execution of the Reorganisation Proposal. The Company’s PRC legal advisers have confirmed that the implementation of the Reorganisation Proposal has since been completed according to the terms of the Reorganisation Proposal and the applicable laws and regulations in the PRC.

Change of auditors

As disclosed in the Change of Auditors Announcement, the Company received a letter on 26 September 2016 from Ernst & Young for their resignation as the international auditors of the Company with immediate effect, and ZHOUNGHUI ANDA CPA Limited has been appointed as the new international auditors of the Company with effect from 20 October 2016 to fill the casual vacancy. Please refer to the Change of Auditors Announcement for further information.

Business operations of the Group

The Group is currently in the course of reviewing and optimising the strategies of the retail network of the Group. The Group has recently launched 諾奇商城 (Nuoqi E-Market*), (www.nq-shop.com) an online self-operated official shopping website of the Group. The Group is also in the process of setting up new distribution channels in TMall.com and JD.com, which are expected to commence operation in early 2017. Saved as disclosed, there has been no material development in relation to the business operation of the Group since the date of the November 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 November 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 November Announcement,

1. two court orders were granted in relation to two civil actions against the Company regarding labour disputes and the Company was ordered to pay approximately RMB0.34 million in aggregate, such compensation claimed against the Company is within the estimation of the Company's debts under the Reorganisation Proposal; and
2. two civil actions were brought by two individuals against, among others, the Company, regarding certain loans, the compensation claimed against the Company is not within the estimation of the Company's debts under the Reorganisation Proposal.

Saved as disclosed, there has been no material development in relation to the civil actions and arbitration cases against the Group. As at the date of this announcement, there were 8 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 November 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 November 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, 4 January 2017

* *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.