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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)

**UPDATE ON THE AFFAIRS OF THE GROUP
AND
FURTHER DELAY IN DESPATCH OF CIRCULAR IN RELATION TO
(1) VERY SUBSTANTIAL ACQUISITION;
(2) REVERSE TAKEOVER INVOLVING A NEW LISTING
APPLICATION;
(3) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC
MANDATE;
(4) APPLICATION FOR WHITEWASH WAIVER;
AND
(5) AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

Reference is made to (i) the announcement of the Company dated 2 July 2019 (the “**July Announcement**”) and the announcements referred to therein; (ii) the circular of the Company dated 21 June 2019 in relation to a very substantial disposal of property (the “**VSD Circular**”); (iii) the announcement of the Company dated 4 December 2017 (the “**RTO Announcement**”) in relation to the Acquisition; (iv) the announcement of the Company dated 30 April 2019 (the “**Further Delay Announcement**”) in relation to, among other things, further delay in despatch of the Circular; and (v) the announcement of the Company dated 3 April 2018 (the “**Previous Submission Announcement**”) in relation to the submission of listing application with Stock Exchange on 26 March 2018. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the July Announcement, the VSD Circular, the RTO Announcement and the Previous Submission Announcement and the announcements referred to therein.

This announcement serves as an update on the latest developments in relation to the Group.

FINANCIAL POSITION AND BUSINESS OPERATIONS OF THE GROUP

As disclosed in the VSD Circular, an extraordinary general meeting of the Company will be held on 6 August 2019 for the purpose of considering and, if thought fit, passing with or without modifications of the resolution approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. For further details, please refer to the VSD Circular.

Save as disclosed above, since the date of the July Announcement, there has been no material update in relation to the financial position and business operations of the Group.

NEW LISTING APPLICATION

As disclosed in the RTO Announcement, the Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval by the Listing Committee of a new listing application to be made by the Company. As disclosed in the July Announcement, the Company intended to submit a new listing application with the Stock Exchange in mid- to late July 2019. The Company filed the new listing application with the Stock Exchange on 26 July 2019.

For the purpose of the submission of the new listing application, a copy of the draft circular of the Company (the “**Application Proof**”) was uploaded to the Stock Exchange’s website. The Application Proof is in draft form and the information contained in it is incomplete and is subject to change which can be material.

The Application Proof contains various disclosures regarding, among other things, the unaudited financial information of the Target Group (the “**Unaudited Financial Information**”). Based on the unaudited financial information of the Target Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, it recorded an unaudited profit before taxation of approximately RMB169.5 million (equivalent to approximately HK\$203.4 million translated at RMB1.00 to HK\$1.20), approximately RMB194.5 million (equivalent to approximately HK\$233.4 million), approximately RMB144.7 million (equivalent to approximately HK\$173.6 million) and approximately RMB34.0 million (equivalent to approximately HK\$40.8 million), respectively, and the unaudited total comprehensive income and profit for the year/period attributable to owners of the Target Group was approximately RMB120.8 million (equivalent to approximately HK\$145.0 million), approximately RMB139.1 million (equivalent to approximately HK\$166.9 million), approximately RMB100.1 million (equivalent to approximately HK\$120.1 million) and approximately RMB24.6 million (equivalent to approximately HK\$29.5 million), respectively. As at 31 March 2019, the unaudited net asset value of the Target Group was approximately RMB634.2 million (equivalent to approximately HK\$761.0 million).

Under Rule 10 of the Takeovers Code, the Unaudited Financial Information constitutes a profit forecast and should be reported on by the financial adviser and the auditors/reporting accountants of the Target Company (the “**Reports**”) under Rule 10.4 of the Takeovers Code. However, due to the requirement under the Listing Rules to disclose the Unaudited Financial Information in the Application Proof and to upload the Application Proof to the Stock Exchange’s website prior to the approval of the listing application by the Stock

Exchange, the Company encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements as set out under Rule 10.4 of the Takeovers Code. The Company would like to draw to the attention of the Shareholders and potential investors of the Company that the Unaudited Financial Information does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the Unaudited Financial Information when assessing the merits and demerits of the Acquisition Agreement and the transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver and the Placing.

Under Practice Note 2 of the Takeovers Code and in accordance with Rule 10.4 of the Takeover Code, the Reports are required to be included in the next document to be sent to the Shareholders. However, if the next document to be sent by the Company to the Shareholders, i.e. the finalised version of the Application Proof after the listing application has been approved by the Stock Exchange (“**Approved/Finalised Application Proof**”), will contain a full set of the audited financial information of the Target Group prepared under International Financial Reporting Standards and which will be in full compliance with the requirements of the Takeovers Code, then the requirements to report on the Unaudited Financial Information under Rule 10.4 of the Takeovers Code will no longer apply.

The Application Proof and the transactions contemplated thereunder have not been approved or reviewed by the Stock Exchange and/or the SFC and may be updated or revised by the Company from time to time and the transactions disclosed in the Application Proof may or may not materialise. Shareholders and potential investors of the Company shall not rely on the contents set out in the Application Proof.

The Acquisition is subject to a number of conditions including but not limited to the Independent Shareholders’ approval, which may or may not be fulfilled. In addition, the Listing Committee’s approval on the new listing application may or may not be granted. In the event that the approval of the new listing application is not granted by the Listing Committee, the Acquisition Agreement will not become unconditional and the Proposed Acquisition will not proceed.

PROPOSED PLACING

As disclosed in the RTO Announcement and the Previous Submission Announcement, immediately after Completion, the Company will take appropriate steps to ensure that sufficient public float exists in the Shares in compliance with the Listing Rules. Please refer to the Previous Submission Announcement for details of the Placing.

Further details of the proposed placing will be set out in the Approved/Finalised Application Proof.

FURTHER DELAY IN DESPATCH OF CIRCULAR

Pursuant to the Further Delay Announcement, the Company received a letter from the Executive on 6 May 2019, pursuant to which the Executive has granted its consent to further extend the date of the despatch of the Circular to no later than 2 August 2019.

As set out above in this announcement, the Company filed the new listing application with the Stock Exchange on 26 July 2019. Having taken into account the revised Timetable, the Company has applied to the Executive for its consent to further extend the date of the despatch of the Approved/Finalised Application Proof to no later than 19 September 2019, i.e. the tentative date of hearing of the listing application by the Stock Exchange. The Executive indicated that it is minded to grant its consent for such extension.

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.

By Order of the Board
Fujian Nuoqi Co., Ltd.
Xu Hai Ying
Chairman and Executive Director

Hong Kong, 30 July 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Xu Hai Ying and Mr. Sit Hon Wing, one non-executive Director, namely Mr. Han Huiyuan, and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lee Chi Hwa Joshua and Mr. Mak Yiu Tong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.