



寧波萬豪控股股份有限公司

Ningbo WanHao Holdings Company Limited*

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

Stock code: 8249

First Quarterly Report

2015

* For identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Ningbo WanHao Holdings Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015 together with the unaudited comparative figures for the corresponding periods 2014 are as follows:

	Notes	Unaudited For the three months ended 31 March	
		2015 RMB'000	2014 RMB'000
Revenue	(2)	8,891	9,642
Cost of sales		(8,403)	(9,200)
Gross profit		488	442
Other income	(3)	48	212
Selling and distribution costs		—	(11)
Administrative expenses	(6)	(1,406)	(2,551)
Loss from operations		(870)	(1,908)
Finance cost	(7)	(5)	(349)
Loss before taxation		(875)	(2,257)
Income tax expenses	(4)	—	—
Loss for the period		(875)	(2,257)
Attributable to:			
Equity holders of the Company		(875)	(2,257)
Minority interests		—	—
		(875)	(2,257)
Loss per share (cents) — Basic	(5)	(0.18 cents)	(0.45 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended 31 March	
	2015 RMB'000	2014 RMB'000
Loss for the period	(875)	(2,257)
Total comprehensive expenses for the period	(875)	(2,257)
Attributable to:		
Equity holders of the company	(875)	(2,257)
Minority interests	—	—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2015

Attributable to equity holders of the Company

	Share capital RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	50,000	40,449	256,623	24,998	15	(417,838)	(45,753)	1,131	(44,622)
Loss and total comprehensive income/ (expenses) for the period	-	-	-	-	2	(2,257)	(2,255)	-	(2,255)
At 31 March 2014	50,000	40,449	256,623	24,998	17	(420,095)	(48,008)	1,131	(46,877)
At 1 January 2015	50,000	40,449	256,623	24,998	34	(424,985)	(52,881)	633	(52,248)
Total comprehensive expenses for the period	-	-	-	-	-	(875)	(875)	-	(875)
At 31 March 2015	50,000	40,449	256,623	24,998	34	(425,860)	(53,756)	633	(53,123)

Notes:

1. Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively "HKFRSs"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2015 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

The condensed consolidated results for the three months ended 31 March 2015 are unaudited and have been reviewed by the audit committee of the Company.

2. Revenue

The Group is principally engaged in the design, manufacture and sale of controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones in the PRC. Turnover stated net of value added tax is as follows:

	Unaudited For the three months ended 31 March	
	2015 RMB'000	2014 RMB'000
Turnover		
Sale of controller systems for consumer electrical and electronic appliances	7,879	8,296
Manufacture of mobile phone controller systems and assembly of mobile phones	1,012	1,346
	8,891	9,642

3. Other income

During the period ended 31 March 2015, the Group has incurred approximately RMB Nil (2014: RMB200,000) for rental income as other income.

4. Income tax expenses

The taxation charges represent:

	Unaudited For the three months ended 31 March	
	2015 RMB'000	2014 RMB'000
Current taxation:		
— PRC income tax	—	—
Taxation charges	—	—

(a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the period (2014: Nil).

(b) The Group is subject to an income tax rate of 25% on their taxable profit in accordance with the income tax law in the PRC (2014: 25%).

5. Loss per share

Loss per share is calculated based on the Group's loss attributable to shareholders for the three months ended 31 March 2015 of approximately RMB875,000 (loss) (2014: RMB2,257,000 (loss)) and 500,000,000 (2014: 500,000,000) shares in issue during the periods respectively.

Diluted loss per share has not been presented as the Company has no dilutive potential ordinary shares during the periods.

6. Administrative expenses

During the period ended 31 March 2015, the Group has incurred salaries of approximately RMB512,000 (2014: RMB1,020,000); depreciation of approximately RMB39,000 (2014: RMB309,000) and research and development expense of approximately RMB Nil (2014: RMB472,000).

7. Finance cost

Finance costs amounted to approximately RMB5,000 (2014: RMB349,000). The amount mainly represents interest incurred for bank borrowings (which was fully repaid) before year ended 31 December 2014.

DIVIDEND

The Board does not recommend payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the design, manufacture and sales of intelligent controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones.

During the period under review, the Group continued to seek improvement in the manufacturing and selling of mobile phones and other consumer electrical and electronic appliances. Required capital would be introduced if the prospect is good and the developments are going on in stable manner.

The Group is waiting for emergence of profitable opportunities before expanding current operation. Active sourcings are done to fit our production advantages to current market situation.

Financial review

Results

The Group recorded a turnover of approximately RMB8,891,000 (2014: RMB9,642,000) for the three months ended 31 March 2015, representing a decrease of approximately RMB751,000, and loss attributable to shareholders was approximately RMB875,000 (2014: RMB2,257,000), representing a decrease of loss of approximately RMB1,382,000. Main reason is due to the decrease in administrative expense as a result of tighter cost control during the period ended 31 March 2015.

Gross profit

Gross profit margin was 5.5% (2014: 4.6%). The Group will continue to procure cost control to mitigate the impact of price competition caused by intense competition in the electronics industry.

Overheads were maintained at reasonable level leading to controllable losses comparable to that of the annual report 2014. Please also refer notes to the unaudited consolidated results.

Prospect

The Group understands that our own competitive capability in product innovation and quality are important to future growth in sales and operation. Production processes are continuously improved during the difficult time and out of the tight budgets. The Group are moving forwards with realistic measures and work and in accordance with feasible plans.

RIGHTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS TO ACQUIRE SHARES

During the three months ended 31 March 2015, none of the Directors, chief executive (if any) (the "Chief Executive") or supervisors of the Company (the "Supervisors") or their spouse or children under the age of 18 was granted any right to acquire shares of the Company or any of its associated corporation (as referred below), or had exercised any such right.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS

So far as known to the Directors, at 31 March 2015, the interests and short positions of each Directors, Chief Executive and Supervisor in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors of listed issuers as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares

Name of Director/ Chief Executive/ Supervisor	Domestic Shares of RMB0.10 each (the "Domestic Shares") held	Nature of interest	Approximate percentage of shareholding held in same class of securities	Approximate percentage of shareholding in the registered capital
Mr. Zhu Guo An	204,610,230 Domestic Shares (note 2)	Interest of controlled corporation (note 1)	55.30%	40.92%
Mr. Zhu Guo Dan	102,289,770 Domestic Shares (note 2)	Interest of controlled corporation (note 1)	27.65%	20.46%
Mr. Qi Yong Qiang	63,100,000 Domestic Shares (note 2)	Beneficial owner	17.05%	12.62%

Notes:

- (1) Wan Li Group Company Limited (a joint stock limited company incorporated in the PRC) is beneficially owed as to 66.67% by Mr. Zhu Guo An and as to 33.33% by Mr. Zhu Guo Dan and as such, Mr. Zhu Guo An and Mr. Zhu Guo Dan are deemed to be interested in the 204,610,230 Shares and 102,289,770 Shares respectively.
- (2) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, which are subscribed for or credited as fully-paid in Renminbi.

Save as disclosed above, at no time during the three months ended 31 March 2015 the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO).

Apart from the above, at no time during the three months ended 31 March 2015 was the Company or its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

Long positions in shares

According to the register of substantial shareholders maintained under section 336 of the SFO, as at 31 March 2015, the Company had been notified the following substantial shareholders' were interested in 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors, Chief Executives and Supervisors.

Name of shareholder	Number of shares held	Nature of interest	Approximate percentage of shareholding in same class of securities	Approximate percentage of shareholding in the registered capital
Wan Li Group Company Limited	306,900,000 Domestic Shares (note 2)	Beneficial owner	82.95%	61.38%
Zhu Guo An	204,610,230 Domestic Shares (note 2)	Interest of controlled corporation	55.30%	40.92%
Zhu Guo Dan	102,289,770 Domestic Shares (note 2)	Interest of controlled corporation	27.65%	20.46%
Qi Yong Qiang	63,100,000 Domestic Shares	Beneficial owner	17.05%	12.62%
Martin Currie China Hedge Fund Limited	14,245,000 H Shares (note 1)	Investment manager	10.96%	2.85%
Martin Currie Investment Management Limited	14,245,000 H shares (note 1)	Investment manager	10.96%	2.85%

Notes:

- (1) "H Share(s)" represent overseas listed foreign share(s) of a nominal value of RMB0.10 each in the registered capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars. Save as disclosed above, as at 31 March 2015, the Directors are not aware of any person, not being a Director, Chief Executive or Supervisor, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO and are required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.
- (2) Wan Li Group Company Limited (a joint stock limited company incorporated in the PRC) is beneficially owned as to 66.67% by Mr. Zhu Guo An and as to 33.33% by Mr. Zhu Guo Dan and as such, Mr. Zhu Guo An and Mr. Zhu Guo Dan are deemed to be interested in the 204,610,230 Shares and 102,289,770 Shares respectively.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the Directors, Supervisors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

CORPORATE GOVERNANCE

For the three months ended 31 March 2015, the Company has also complied with the code provisions set out in the Code on Corporate Governance Code as stated in Appendix 15 of the GEM Listing Rules except the following deviations (Code Provisions A.2.1 and E.1.2):

Mr. Zhu Guo An is the Chairman of the board of directors. The Company has no such title as the chief executive officer and the daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operations of the Company.

AUDIT COMMITTEE

The Company has established an audit committee since 1 June 2003 with written terms of reference (revised on 22 March 2012) based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee comprises three independent non-executive Directors of the Company, namely Mr. Kwok Kim Hung Eddie, who is the Chairman of such committee, Mr. Jiang Mei Yin and Mr. Lu Xiang Tai.

The Audit Committee has reviewed with the senior management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the Group's unaudited consolidated financial statements for the three months ended 31 March 2015.

By order of the board
Ningbo WanHao Holdings Company Limited
Zhu Guo An
Chairman

Ningbo, The PRC, 12 May 2015

As at the date of this report, the Board comprises the following directors:

EXECUTIVE DIRECTORS

Mr. Zhu Guo An
Mr. Qi Yong Qiang
Mr. Zhu Chun Rong

NON-EXECUTIVE DIRECTORS

Mr. Jiang Guo Ping
Mr. Zheng Xin
Mr. Zhu Guo Dan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kim Hung Eddie
Mr. Jiang Mei Yin
Mr. Lu Xiang Tai