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Zhejiang RuiYuan Intelligent Control Technology Company Limited*
浙江瑞遠智控科技股份有限公司

(formerly known as Ningbo WanHao Holdings Company Limited*
寧波萬豪控股股份有限公司)

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

(Stock code: 8249)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

This announcement, for which the directors (the "Directors") of Zhejiang RuiYuan Intelligent Control Technology Company Limited (formerly known as Ningbo WanHao Holdings Company Limited) 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purposes only*

The board of Directors (the "Board") of Zhejiang RuiYuan Intelligent Control Technology Company Limited (formerly known as Ningbo Wanhao Holdings Company Limited) (the "Company") presents the audited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 and the audited consolidated statement of financial position of the Group as at 31 December 2016, together with the audited comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** **RMB'000**	2015 *RMB'000*
Revenue	*4*	**14,337**	56,427
Cost of sales		**(12,648)**	(54,477)
Gross profit		**1,689**	1,950
Other income	*4*	**5**	512
Gain on deregistration of a subsidiary		**–**	627
Gain on disposal of investment properties and prepaid lease payment		**2,343**	–
Reversal of trade payables		**–**	850
Waiver of other payables, accruals and receipt in advances		**–**	5,938
Administrative expenses		**(6,663)**	(5,353)
(Loss) profit before taxation	*6*	**(2,626)**	4,524
Income tax credit	*7*	**2**	–
(Loss) profit for the year		**(2,624)**	4,524

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(76)**	(21)
Total other comprehensive income for the year		**(76)**	(21)
Total comprehensive income for the year		**(2,700)**	4,503
(Loss) profit for the year attributable to:			
Owners of the Company		**(2,624)**	4,524
Non-controlling interests		**–**	–
		(2,624)	4,524
Total comprehensive income attributable to:			
Owners of the Company		**(2,700)**	4,503
Non-controlling interests		**–**	–
		(2,700)	4,503
(Loss) earnings per share (RMB' cents)	*8*		
Basic		**(0.52)**	0.90
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**91**	159
Investment properties		**–**	979
Prepaid lease payment		**–**	3,873
		91	5,011
CURRENT ASSETS			
Inventories		**2,159**	2,387
Prepaid lease payment		**–**	242
Trade receivables	*9*	**5,705**	1,285
Prepayments, deposits and other receivables		**46**	336
Tax recoverable		**–**	36
Paid in advances		**4,451**	5,314
Pledged bank deposits		**102**	95
Bank balances and cash		**2,834**	1,373
		15,297	11,068
CURRENT LIABILITIES			
Trade payables	*10*	**4,367**	2,399
Other payables and accruals		**2,471**	1,770
Receipt in advances		**4,571**	4,117
Amount due to a former director		**11,206**	11,073
Amount due to a major shareholder		**2,000**	–
Amount due to a former shareholder		**31,191**	29,658
Dividends payables		**4,440**	4,440
Other borrowings	*11*	**6,220**	11,000
		66,466	64,457
NET CURRENT LIABILITIES		**(51,169)**	(53,389)
NET LIABILITIES		**(51,078)**	(48,378)

	Notes	**2016** ***RMB'000***	2015 *RMB'000*
CAPITAL AND RESERVES			
Share capital		**50,000**	50,000
Reserves		**(101,078)**	(98,378)
Equity attributable to owners of the Company		**(51,078)**	(48,378)
Non-controlling interests		**–**	–
CAPITAL DEFICIENCY		**(51,078)**	(48,378)

NOTES:

1. GENERAL INFORMATION

Zhejiang RuiYuan Intelligent Control Technology Company Limited (the "Company") is a joint stock limited liability company incorporated in the People's Republic of China (the "PRC") and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the Annual Report.

The consolidated financial statements are presented in Renminbi ("RMB"). Other than the subsidiary incorporated in Hong Kong whose functional currency is United States Dollar ("USD"), the functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is RMB.

The principal activities of the Group are design, manufacture and sale of intelligent controller systems for consumer electrical and electronic appliances and the assembly of mobile phones in the PRC.

2. BASIS OF PREPARATION

During the year, the Group incurred a net loss for the year of approximately RMB2,624,000. At 31 December 2016, the Group had net current liabilities of approximately RMB51,169,000 and capital deficiency of approximately RMB51,078,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the date of approval of these consolidated financial statements on the basis that:

(i) The Directors will strengthen to implement measures aiming of improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs;

(ii) a major shareholder of the Company confirms to provide adequate financial support to the Group as is necessary to ensure its continuing operation for a period at least twelve months from the date of this report;

(iii) to raise funds by way of issuing additional equity or debt securities; and

(iv) to negotiate with certain bankers to obtain additional banking facilities, if necessary.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Standards and amendments effective for the annual period beginning on 1 January 2016 adopted by the Group but have no significant impact on the Group's consolidated financial statements.

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 (Amendment)	Property, Plant and Equipment — Clarification of Acceptable Methods of Depreciation
HKAS 27 (Amendment)	Separate Financial Statements — Equity Method in Separate Financial Statements
HKAS 38 (Amendment)	Intangible Assets — Clarification of Acceptable Methods of Amortisation
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Joint Arrangements — Accounting for Acquisitions of Interest in Joint Operation
HKFRS 14	Regulatory Deferral Accounts

Annual Improvements to HKFRS 2012–2014 Cycle

The following new standards and amendments have been issued but are not yet effective for the year ended 31 December 2016 and which the Group has not early adopted:

HKAS 7 (Amendment)	Disclosure Initiative — Statement of Cash Flows[1]
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

Notes:

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

Apart from the above, a number of annual improvements and minor amendments to HKFRS have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 December 2016 and have not been adopted in these consolidated financial statements.

HKFRS 9 Financial Instruments

A final version of HKFRS 9 (that includes classification and measurement of financial assets and financial liabilities, impairment and general hedge accounting) was issued in 2014.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

- An expected loss model (rather than an incurred loss model) has been adopted by HKFRS 9.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

The directors of the Company (the "Directors") will assess the impact of the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarification to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The Directors do not anticipate that the application of HKFRS 15 will have a material impact on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in Note 35 to the consolidated financial statements. The Directors anticipate that the application of HKFRS 16 in the future will unlikely have a significant impact on the Group's consolidated financial statements.

Other than disclosed above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

An analysis of the Group's revenue and other income for the year are as follows:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	**14,337**	56,427
	14,337	56,427
Other income		
Bank interest income	**3**	4
Government grants *(Note i)*	**–**	120
Rental income *(Note ii)*	**–**	350
Sundry income	**2**	38
	5	512

(i) No government grants received during the year ended 31 December 2016 for postdoctoral researchers state-funded programme (2015: RMB120,000).

(ii) Rental income

	2016	2015
	RMB'000	*RMB'000*
Gross rental income from investment properties	**–**	350
Less: outgoings (included in administrative expenses)	**–**	(118)
Net rental income	**–**	232

5. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segments performance focuses on the types of goods delivered. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

a. Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances.

b. Sales of controller systems for mobile phones and income from sales and assembly of mobile phones.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 December

	Wholesalers — sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		**Wholesalers — sales of controller systems for mobile phones and income from sales and assembly of mobile phones**		**Consolidated**	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue						
— External sales	**14,337**	56,427	**–**	–	**14,337**	56,427
Segment results	**(1,012)**	(813)	**–**	–	**(1,012)**	(813)
Unallocated income						
Bank interest income					**3**	4
Government grant					**–**	120
Rental income					**–**	350
Gain on deregistration of a subsidiary					**–**	627
Gain on disposal of investment properties and prepaid lease payment					**2,343**	–
Waiver of other payables, accruals and receipt in advance					**–**	5,938
Others					**2**	36
Unallocated expenses						
Amortisation of prepaid lease payment					**(121)**	(242)
Depreciation of investment properties					**(29)**	(58)
Impairment loss recognised in respect of other receivables and paid in advances					**–**	(94)
Provision for claim					**(86)**	–
Written off of plant and equipment					**(29)**	(2)
Others					**(3,697)**	(1,342)
(Loss) profit before taxation					**(2,626)**	4,524

Segment results represent (loss)/profit incurred by each segment without allocation of central administration costs, bank interest income, amortisation of prepaid lease payment, depreciation of investment properties, gain on disposal of investment properties and prepaid lease payment and gain on deregistration of a subsidiary. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 December

	Wholesalers — sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		**Wholesalers — sales of controller systems for mobile phones and income from sales and assembly of mobile phones**		**Consolidated**	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**12,452**	9,481	**–**	–	**12,452**	9,481
Unallocated corporate assets					**2,936**	6,598
Total assets					**15,388**	16,079
Segment liabilities	**11,323**	8,286	**–**	–	**11,323**	8,286
Unallocated corporate liabilities					**55,143**	56,171
Total liabilities					**66,466**	64,457

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, prepaid lease payment, pledged bank deposits and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to operating segments other than other borrowings, dividends payables and amount due to a former director/a major shareholder/a former Shareholder. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December

	Wholesalers — sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances		Wholesalers — sales of controller systems for mobile phones and income from sales and assembly of mobile phones		Unallocated		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure *(Note)*	**–**	27	**–**	–	**–**	–	**–**	27
Depreciation of plant and equipment	**39**	43	**–**	–	**–**	4	**39**	47
Impairment loss recognized in respect of trade receivables	**445**	42	**–**	–	**–**	–	**445**	42
Impairment loss recognised in respect of other receivables and paid in advance	**–**	–	**–**	–	**–**	94	**–**	94
Gain on disposal of investment properties and prepaid lease payment	**–**	–	**–**	–	**(2,343)**	–	**(2,343)**	–
Gain on deregistration of a subsidiary	**–**	–	**–**	–	**–**	(627)	**–**	(627)
Reversal of trade payables	**–**	(850)	**–**	–	**–**	–	**–**	(850)
Written off of plant and equipment	**–**	–	**–**	–	**29**	2	**29**	2
Waiver of other payables, accruals and receipt in advance	**–**	–	**–**	–	**–**	(5,938)	**–**	(5,938)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Amortisation of prepaid lease payment	**–**	–	**–**	–	**121**	242	**121**	242
Bank interest income	**–**	(3)	**–**	–	**(3)**	(1)	**(3)**	(4)
Depreciation of investment properties	**–**	–	**–**	–	**29**	58	**29**	58

Note: Capital expenditure includes plant and equipment.

Turnover from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2016	2015
	RMB'000	*RMB'000*
Customer A[1]	**2,596**	N/A[2]
Customer B[1]	**2,370**	N/A[2]
Customer C[1]	**1,745**	N/A[2]
Customer D[1]	**1,473**	N/A[2]

1 Turnover from electronic appliances.

2 The corresponding revenue does not contribute over 10% of the total sale of the Group in the respective year.

Geographical information

The Group's business is primarily operated in the PRC. All of the Group's revenue is attributable to customers in Asia (mainly including the PRC and Hong Kong).

An analysis of the carrying amount of segment assets by geographical area in which the assets are located has not been presented as they are substantially located in the PRC.

6. (LOSS) PROFIT BEFORE TAXATION

	2016	2015
	RMB'000	*RMB'000*
(Loss) profit before taxation has been arrived at after charging:		
Staff costs, excluding chairman, directors' and supervisors' emoluments		
— Salaries, wages and other benefits in kind	**1,683**	1,601
— Retirement benefits scheme contributions	**70**	80
Total staff costs	**1,753**	1,681
Amortisation of prepaid lease payment	**121**	242
Depreciation of plant and equipment	**39**	47
Depreciation of investment properties	**29**	58
Total depreciation and amortisation	**189**	347
Auditor's remuneration	**541**	442
Cost of inventories recognised as an expense	**12,648**	54,477
Impairment loss on trade and other receivables	**445**	85
Impairment loss on paid in advances	**–**	51
Research and development expenditure	**–**	154
Net foreign exchange losses	**29**	–
Operating lease rentals for rented premises	**183**	453
Written off of plant and equipment	**29**	2

7. INCOME TAX CREDIT

	2016	2015
	RMB'000	*RMB'000*
Hong Kong profits tax		
— Current year	**–**	–
— Over-provision in previous years	**2**	–
Income tax credit for the year	**2**	–

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for PRC Enterprise Income Tax has been provided for the year ended 31 December 2016 as the Group did not generate any assessable profits arising in the PRC for the year ended 31 December 2016 (2015: Nil).

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong profits tax was made for the year ended 31 December 2016 as the Group did not generate any assessable profits arising in Hong Kong for that year.

The income tax credit for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	RMB'000	*RMB'000*
(Loss) profit before taxation	**(2,626)**	4,524
Tax at the applicable tax rate of 25% (2015: 25%)	**(657)**	1,131
Effect of different tax rates of subsidiaries operating in other jurisdictions	**84**	61
Tax effect of expenses not deductible for tax purposes	**477**	353
Tax effect of unused tax losses not recognised	**163**	–
Tax effect of income not taxable for tax purposes	**–**	(1,545)
Over-provision in previous years	**(2)**	–
Utilisation of tax losses previously not recognised	**(67)**	–
Income tax credit for the year	**(2)**	–

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB2,624,000 (2015: profit of approximately RMB4,524,000) divided by the weighted average number of 500,000,000 shares (2015: 500,000,000 shares) in issue during the year.

No diluted (loss) earnings per share have been presented for the two years ended 31 December 2016 and 2015 as there was no diluted potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**6,150**	1,327
Less: Accumulated impairment losses	**(445)**	(42)
	5,705	1,285

The Group allows an average credit period of 90 days to its trade customers.

Impairment loss on trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At the end of each reporting period, the Group's trade receivables were individually determined to impair. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific provision for impairment was recognised.

The aged analysis of trade receivables presented based on the invoice date, net of impairment losses recognised was as follows:

	2016	2015
	RMB'000	*RMB'000*
0–90 days	**3,344**	330
91–180 days	**34**	352
181–365 days	**1,833**	546
Over 365 days	**494**	57
	5,705	1,285

The movements in impairment losses of trade receivables were as follows:

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**42**	–
Recognise during the year	**445**	42
Written off during the year	**(42)**	–
At 31 December	**445**	42

At 31 December 2016, included in the impairment loss are individually impaired trade receivables in the Group with an aggregate balance of approximately RMB445,000 (2015: RMB42,000) which are long outstanding and have been placed in severe financial difficulties and the management assessed that the recovery of the amounts is doubtful. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables which were past due but not impaired are as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days past due	**34**	352
91 to 180 days past due	**1,833**	546
Over 180 days past due	**494**	57
	2,361	955

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE PAYABLES

The average credit period on purchases of goods is 90 days.

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period was as follows:

	2016	2015
	RMB'000	*RMB'000*
0–90 days	**503**	33
91–180 days	**920**	647
181–365 days	**561**	1,324
Over 365 days	**2,383**	395
	4,367	2,399

During the year ended 31 December 2016, the Group made a reversal for trade payables of RMBNil (2015: RMB850,000) which was due to the amounts not being required to be settled for a long period of time and based on the legal opinion from the Group's PRC legal advisors that there were no current or future liabilities from these payables.

11. OTHER BORROWINGS

		2016	2015
	Notes	***RMB'000***	*RMB'000*
Zhu Ji Ke Ying Metal Materials Limited*	*(i)*	**1,520**	–
Yuyao Wanli Mortgage Company Limited*	*(ii)*	**4,700**	11,000
		6,220	11,000

Notes:

(i) Zhu Ji Ke Ying Metal Materials Limited is a related company of the major shareholder, Zhejiang RuiYuan Intelligent Robot Co., Ltd, and the amount is unsecured, interest-free and has no fixed term of repayment.

(ii) The loan was obtained from Yuyao Wanli Mortgage Company Limited, a subsidiary of the former shareholder, Wanli Holding Group Company Limited and the amount is unsecured, interest-free and has no fixed term of repayment.

* *For identification purpose only*

12. CONTINGENT LIABILITIES

(i) In January 2015, Shenzhen Bo Tai Yuan Technology Co., Ltd. ("Plaintiff") filed a claim through the Shenzhen Futian District People's Court against Shenzhen Shi WanHao Wu Lian Technology Limited ("Shenzhen WanHao"), a subsidiary of the Company, as the first defendant and against Shenzhen Yitoa Electronics Technology Co., Ltd. and Jiaxing Ming Ju Da Electronic Technology Co., Ltd as the second defendants relating to a dispute over a debt transfer of RMB113,000 among themselves.

Pursuant to the judgement issued by People's Court of Shenzhen City Guangdong Province dated 8 April 2015, Shenzhen WanHao won the case. However, the plaintiff made an appeal to Intermediate People's Court of Shenzhen City Guangdong Province on 6 November 2015.

On 18 April 2016, the Company received the judgement from the Intermediate People's Court of Shenzhen City Guangdong Province. It was held that the Plaintiff's appeal was rejected and the original judgment was upheld. The Company is not liable in the litigation. The litigation does not have any impact on the current and future profit of the Company.

(ii) On 4 November 2016, a former employee of the Company commenced proceedings in the Labour Tribunal of Hong Kong against the Company and its subsidiary, Hong Kong Wan Li Enterprise Company Limited for claiming a total amount of approximately HK$2,600,000 (equivalent to approximately RMB2,340,000) on a number of grounds, including (i) dismissal by reason of redundancy, (ii) failure to grant statutory holidays, (iii) failure to grant annual leave, (iv) failure to pay long service payment, (v) failure to make payment for overtime work, (vi) failure to pay end of year payment, (vii) failure to pay an additional payment. The Company has vigorously made a defence against the claims.

The first and second mention hearings were held on 2 December 2016 and 1 March 2017 respectively. A judgement was issued by the Labour Tribunal that the claim against the subsidiary was discharged, and the third mention hearing is scheduled to take place on 5 May 2017.

Taking into account the possible outcome and their obligations for the claim, the Group has made a provision for claim of approximately RMB86,000 (equivalent to approximately HK$96,000) for the year ended 31 December 2016.

Since the claim is still in progress, the Directors would continue to exercise their due care in monitoring the progress of the claim and would assess the adequacy of provision of claim and the financial impact to the Group as and when appropriate. The Directors believe that the amount provided represents the best estimate of the Group's liability having taken legal advice.

Save as disclosed above, the Group had no material contingent liabilities.

INDEPENDENT AUDITOR'S REPORT

The following paragraphs extracted from the Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 December 2016:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 3* to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB2,624,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its total assets by approximately RMB51,078,000. These conditions, along with other matters as set forth in Note 3*, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

* *As reproduced in Note 2 of this announcement.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's activities comprise sales of controller systems for consumer electrical and electronic appliances and sales of small electrical appliances. The Group's activities are primarily operated in the PRC and the Group's revenue is mainly attributable to customers in the PRC and Hong Kong.

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB14,337,000 (2015: RMB56,427,000), representing a decrease of approximately RMB42,090,000 over the previous year. While there was a non-recurring item of waiver of other payables, accruals and receipt in advances amounted to RMB5,938,000 in 2015, there was no such item in 2016 and the Group incurred additional legal and professional fees in relation to, amongst others, the mandatory unconditional cash offer by Mr. He Keng and parties acting in concert with him (the "Offeror Group") for all the outstanding H shares in the Company other than those already owned or agreed to be acquired by the Offeror Group in 2016 ("Mandatory Cash Offer"). As such, the Group turned into a loss of approximately RMB2,624,000 in 2016.

Due to the general poor market and increasing competition, the Group strived to survive in the harsh environment by maintaining a simple organizational structure and controlling costs to a minimum level.

PERFORMANCE ANALYSIS

Gross profit margin was 11.8% (2015 gross profit margin: 3.5%). Revenue decreased by RMB42,090,000 due to the poor market conditions during the year and the fact that we ceased to sell low-margin products. This had however resulted in an improvement in gross profit margin in 2016.

The Group recorded other revenue of approximately RMB512,000 in 2015, which included mainly government grants and rental income. In 2016, there were no such incomes and other revenue decreased to RMB5,000 only which represented mainly interest income.

In 2015, the Group recorded waiver of other payables, accruals and receipt in advances of approximately RMB5,938,000; reversal of trade payables of approximately RMB850,000; gain on deregistration of a subsidiary of approximately RMB627,000. There were no such items in 2016, but the Group recorded a gain on disposal of investment properties and prepaid lease payment of approximately RMB2,343,000 in 2016.

Administrative expenses recorded an increase by approximately RMB1,310,000 over the previous year. The increase in administrative expenses were mainly due to the increase in legal and professional fee (2016: RMB2,358,000; 2015: RMB711,000) and the increase in impairment loss on trade receivables by approximately RMB445,000. The additional legal and professional fees were incurred in relation to, amongst others, the Mandatory Cash Offer.

No finance cost was incurred because there were no bank borrowings.

For the year ended 31 December 2016, loss attributable to owners of the Company amounted to approximately RMB2,624,000 (2015: profit of RMB4,524,000).

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2016, the Group had current assets of approximately RMB15,297,000 (2015: RMB11,068,000), representing an increase of approximately RMB4,229,000 compared with last year. The increase was mainly attributable to the increase in trade receivables by approximately RMB4,420,000, the increase in bank balances and cash by approximately RMB1,461,000 and the decrease in prepaid lease payment and paid in advances by approximately RMB1,105,000.

As at 31 December 2016, the Group had current liabilities of approximately RMB66,466,000 (2015: RMB64,457,000), which represented an increase of approximately RMB2,009,000. The major changes were the increase in amount due to a former shareholder; the increase in amount due to a major shareholder; the increase in trade payables, other payables and accruals and the decrease in other borrowings.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

Capital structure and financial resources

As at 31 December 2016, the Group had net liabilities of approximately RMB51,078,000 (2015: RMB48,378,000). The Group's operations and investments were financed principally by its internal resources, amount due from a major shareholder and a former shareholder, other borrowings and shareholders' equity.

Finance and banking facilities

As at 31 December 2016, the Group had bank balances and cash of approximately RMB2,834,000 (2015: RMB1,373,000), with no bank borrowings (2015: Nil).

As at 31 December 2016, the Group had other borrowings of approximately RMB6,220,000 (2015: RMB11,000,000).

Gearing ratio

The Group's gearing ratio as at 31 December 2016 was 40.4% (2015: 68.4%), which was expressed as a percentage of other borrowings over the total assets.

Foreign exchange risk

The Group's income and expenses were mainly denominated in RMB, and expect that, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

OUTLOOK

As the general economic growth in China slowed down in recent years, competition in the controllers systems market becomes keener and keener. In this connection, we will continue to implement stringent cost control measures in 2017. Going forward, the Group will explore business opportunities on intelligence control system for heavy industrial uses such as application for industrial robotics.

CAPITAL EXPENDITURE

As at 31 December 2016, the Group had no significant outstanding capital commitments (2015: Nil).

SIGNIFICANT INVESTMENTS AND ACQUISITION

The Group did not have any significant investment and acquisition during the year ended 31 December 2016 (2015: Nil).

CONTINGENT LIABILITIES

Contingent liabilities of the Group during the year are set out in note 12.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had 15 employees (2015: 22 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employees. Bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

An analysis of employees of the Group by their duties for each of the three years ended 31 December 2014, 2015 and 2016 is set out below

	Headcount for the year ended 31 December		
	2014	2015	**2016**
Sales and marketing	6	5	**6**
Research & Development	3	2	**0**
Production (including quality control)	2	2	**1**
Finance and administration	13	11	**7**
Procurement	4	2	**1**
	28	22	**15**

RELATIONSHIP WITH EMPLOYEES

The Group ensures that all the employees are reasonably remunerated and maintains good relationship with its employees. The Group is committed to providing a safe and healthy workplace for its employees and encourage them to have a work-life balance.

On 4 November 2016, a former employee of the Company (the "Claimant"), filed a claim with the Labour Tribunal of Hong Kong against the Company and its subsidiary, Hong Kong Wan Li Enterprise Company Limited for a compensation of approximately HK$2,600,000. As of the reporting date, the dispute between the Claimant and the Group are still in progress, the result of the case has not yet come up and the Directors are of the opinion that the Company has strong grounds to defend the claim. An amount of RMB86,000 has been made in the consolidated financial statements for the year ended 31 December 2016, details of which are set out in Note 12.

PLEDGE OF ASSETS

As at 31 December 2016, there was a pledge bank deposit amounted to USD14,501 (2015: USD14,500) for issuance of a bank guarantee of USD14,500. Except for this, the Group had no other borrowings or charges on the Group's assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2016, there was no other material acquisition or disposal of subsidiaries by the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2016, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

According to our business nature and pursuant to the relevant laws of the PRC/Hong Kong, there are no specific environmental standards and/or requirements for conducting the Group's business.

KEY RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers. The sales personnel make regular visits and/or phone calls to the customers. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken and feedback from customers will be followed till settlement of the complaint. Thereafter, the cause of such complaint will be studied, analysed and evaluated and recommendations will be in place for improvement.

The Group also maintains good relationship with its suppliers. During the year, no complaint was received from the suppliers and there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a latest date as mutually agreed.

EVENTS AFTER THE BALANCE SHEET DATE

As from 31 December 2016 to the date of this annual report, no significant events have occurred.

DIVIDENDS

The board of Directors (the "Board") does not recommend the payment of a final dividend for the year under review (2015: Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of dealing in securities by Directors of the Group as set out in Rule 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the Rules Governing the GEM Listing Rules. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

During the year ended 31 December 2016, the Company has complied with the code provisions set out in the Code on Corporate Governance Code (effective from 1 April 2012) as stated in Appendix 15 of the GEM Listing Rules except the following deviation (Code Provisions A.2.1):

Mr. He Keng 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.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining adequate system of internal controls and risk management within the Group and for reviewing their effectiveness. The systems of internal controls and risk management are designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. They are also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize risks of failure in operation systems. The Company is committed to implementing a stricter and more regulated internal control and risk management procedures in the new financial year.

In the future, the Group will conduct regular review of the Group's internal control and risk management systems and its effectiveness to ensure the interest of shareholders is safeguarded.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and no restriction against such rights under the laws of the People's Republic of China (the "PRC"), which will oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPETING INTERESTS

None of the Directors, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

As at the date of this report, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees of the Company or its subsidiaries.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises 3 independent non-executive directors, who have reviewed the annual results of the Company for the year ended 31 December 2016. Mr. Kwok Kim Hung Eddie, is the chairman of the Audit Committee who has appropriate professional qualifications and accounting or related financial management expertise.

Our Audit Committee has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the auditors relating to the annual, quarterly and interim results, and monitoring the accounting and internal control system in use throughout the Group. The Audit Committee held 4 meetings during the year ended 31 December 2016.

PUBLICATION OF FINAL RESULTS AND 2016 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www. hkexnews.hk) and the Company (www.ruiyuanhk.com). The 2016 annual report of the Company will be dispatched to the shareholders and available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Zhejiang RuiYuan Intelligent Control Technology Company Limited*
He Keng
Chairman and Executive Director

Ningbo, the People's Republic of China, 29 March 2017

This announcement, for which the directors of the Company ("Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date hereof, the executive Directors are Mr. He Keng, Ms. Wu Shanhong, Mr. Chen Weiqiang and Mr. Ding Cheng; and the independent non-executive Directors are Mr. Zhang Zhuoyong, Mr. Zhang Tieyi and Mr. Kwok Kim Hung Eddie.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company http://www.ruiyuanhk.com.