

RUIYUAN
瑞 远

浙江瑞遠智控科技股份有限公司

Zhejiang RuiYuan Intelligent Control Technology Company Limited*

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

Stock code : 8249

FIRST
QUARTERLY
REPORT
2021

* For identification purposes only

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GEM has been positioned as a market designed to accommodate small and mid-sized 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.

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This report, for which the directors (the “Directors”) of Zhejiang RuiYuan Intelligent Control Technology 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 or deceptive; (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.*

This report will remain on the GEM website at 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 at www.ruiyuanhk.com.

2021 FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of Zhejiang RuiYuan Intelligent Control Technology Company Limited* (the “Company”) is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2021 (the “Reporting Period”) together with the unaudited comparative figures for the corresponding period in 2020 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2021

	Note	(Unaudited)	
		For the three months ended 31 March	
		2021	2020
		RMB'000	RMB'000
Revenue	4	10,487	8,117
Cost of sales		(10,221)	(7,986)
Gross profit		266	131
Other income	4	–	5
Selling expenses		(65)	(47)
Administrative expenses		(428)	(739)
Loss from operations		(227)	(650)
Finance costs	5	(1,337)	(897)
Loss before tax		(1,564)	(1,547)
Income tax credit	6	–	–
Loss and total comprehensive loss for the period		(1,564)	(1,547)
Loss per Share			
— Basic (cents per share)	7	(0.31)	(0.31)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2021

	Attributable to owners of the Company					
	Share Capital RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	50,000	40,449	274,106	25,040	(438,279)	(48,684)
Loss and total comprehensive loss for the period	-	-	-	-	(1,547)	(1,547)
At 31 March 2020	50,000	40,449	274,106	25,040	(439,826)	(50,231)
At 1 January 2021	50,000	40,449	291,319	25,040	(446,775)	(39,967)
Loss and total comprehensive loss for the period	-	-	-	-	(1,564)	(1,564)
At 31 March 2021	50,000	40,449	291,319	25,040	(448,339)	(41,531)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

I. 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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances in the PRC.

2. BASIS OF PREPARATION

The unaudited condensed 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 condensed consolidated results for the three months ended 31 March 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

The condensed consolidated results for the three months ended 31 March 2021 are unaudited and have been reviewed by the audit committee of the Company.

The Group has not early adopted the new and revised standards and amendments to standards that have been issued but are not yet effective for the three months ended 31 March 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

The application of the new and revised standards in the current period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

4. REVENUE AND OTHER INCOME

The revenue, which is also the Group's turnover, represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, and is set out below:

	Unaudited	
	For the three months	
	ended 31 March	
	2021	2020
	RMB'000	RMB'000
Turnover		
Sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances	10,487	8,117
Timing of revenue recognition		
At point in time	10,487	8,117
Other income		
Government grants	—	4
Sundry income	—	1
	—	5

5. FINANCE COSTS

For the three months ended 31 March 2021, finance costs amounted to approximately RMB1,337,000 (2020: RMB897,000), primarily arising from the imputed interest on loan from a major shareholder.

6. INCOME TAX CREDIT

The taxation charges represent:

	Unaudited	
	For the three months	
	ended 31 March	
	2021	2020
	RMB'000	RMB'000
Current taxation:		
— PRC income tax	—	—
Taxation charges	—	—

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.

According to the normal statutory PRC EIT law and relevant rules, from 1 January 2019 to 31 December 2021, qualified small and thin-profit enterprises with an annual taxable income of RMB1 million or less is applicable to the effective EIT rate of 5%. Where its annual taxable income exceeds RMB1 million but does not exceed RMB3 million (inclusive), the RMB1 million portion will be subject to an effective EIT rate of 5%, whereas the excess portion will be subject to the effective EIT rate of 10%.

For the period ended 31 March 2021 and 2020, certain subsidiaries of the Company have been qualified as small and thin-profit enterprises which can enjoy preferential tax rate in the related period.

No provision for Hong Kong profits tax was made for the period ended 31 March 2021 and 2020 as the Group did not generate any assessable profits arising in Hong Kong for that periods.

7. LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to shareholders for the three months ended 31 March 2021 of approximately RMB1,564,000 (2020: RMB1,547,000) and 500,000,000 shares (2020: 500,000,000 shares) in issue during the period respectively.

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

8. DIVIDEND

No dividend was distributed during the Reporting Period. The Board does not recommend the payment of dividend for the three months ended 31 March 2021 (for the three months ended 31 March 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The principal activities of the Group are sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances in the PRC, and to process and manufacture mechanical parts, castings and forgings and general purpose parts.

The Group's activities are primarily operated in the PRC and the Group's revenue is mainly attributable to customers in PRC.

In 2021, the Group took the initiative to develop the business of industrial electronic intelligent control equipment, mechanical equipment, industrial control numerical control ("CNC") system, and general parts processing and manufacturing. At present, the Group purchased a batch of multi-axis drilling machine, grinding machine and radial drilling machine and other equipment, for metal castings and metal products (such as bed, bed legs, headstock, pressure film, briquetting, nut and other castings and forgings) processing, manufacturing and production. The Company's CNC machine tool and optical machine will apply to different fields, including raw materials, production and processing, the Company will soon launch a variety of high-end CNC machine tool and optical machine products to enhance the enterprise's own product innovation and market expansion. In addition, the Company's industrial automation control system and electronic equipment products will also be upgraded to improve the performance and competitiveness of the products. The Group will continue to purchase a series of processing equipment to develop new products.

The Group has signed letters of intent for cooperation with a number of agent dealers, mainly metal casting and forging factories and precision machinery companies. The suppliers mainly include manufacturers of metal casting and forging parts, while the customers of the Company include trading enterprises and production companies. The Company's marketing team will continue to expand business in Hangzhou, Jiaxing, Shanghai, Shaoxing, Nanjing, Wuxi, Huai'an, Linhai, Quzhou and other cities, continues to increase new sales customers, and actively explore more cities' markets.

Revival of the Novel Coronavirus ("COVID-19") outbreak in early 2020, travel restrictions and delays in restarting business resulted in a weakening of the overall economy and a significant decline in the Company's operating performance. In the first quarter of 2021, the market economy has recovered and tends to be stable. The Group is gradually expanding its existing business and developing new business, and actively making use of its capacity advantages to expand its scale and business under the latest market conditions.

Financial review

For the three months ended 31 March 2021, the Group recorded a turnover of approximately RMB10,487,000 (2020: RMB8,117,000), representing an increase of approximately RMB2,370,000. The reason for the increase is that compared to the COVID-19 outbreak in 2020, the current market has been leveling off, so the Group's operating performance has increased over the same period last year.

For the three months ended 31 March 2021, loss attributable to shareholders was approximately RMB1,564,000 (2020: RMB1,547,000), representing an increase of loss of approximately RMB17,000. Such increase in loss was attributable to the increase of Finance costs, which increased by RMB440,000 from the same period last year.

For the three months ended 31 March 2021, the gross profit margin was 2.5% (2020: 1.6%). At present, the administrative expenses and loss from operations have decreased compared with last year. The Group has upgraded the products in terms of the performance of the original products, reduced the selling cost, and increased the gross profit margin of the products. The Group will continue to implement cost control to mitigate the impact of price competition caused by fierce competition in the electronics industry.

For the three months ended 31 March 2021 administrative expenses recorded a decrease of approximately RMB311,000 over the previous period, due to the decrease in expenses incurred by the Group in the market expansion. In order to reduce the related expenses, the Group will continue to implement cost management.

Finance Costs

For the three months ended 31 March 2021, the finance costs amounted to approximately RMB1,337,000 (2020: RMB897,000) arising from the imputed interest on loan from a major shareholder.

Contingent Liabilities

Case No. LBTC 3663/2016 (the “Labour Tribunal Proceedings”)

On or around 7 November 2016, a former employee (the “Former Employee”) who was terminated by the Company on or around 5 October 2016 (the “Termination Date”), commenced proceedings in the Labour Tribunal against the Company and its former subsidiary, Hong Kong Wan Li Enterprise Co. Ltd. (“HK Wan Li”) (together, the “Respondents”), claiming a total amount of approximately of 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; and (vii) failure to pay bonus. Pursuant to the Order of the Labour Tribunal dated 5 May 2017, the Labour Tribunal Proceedings are presently stayed indefinitely with costs reserved.

As of the date hereof, the Company is not aware of any further development to the Labour Tribunal Proceedings since 5 May 2017.

Taking into account the possible outcome and their obligations for the above cases, 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 and no further provision was made thereafter.

Since the above case is still in progress, the Directors would continue to exercise their due care in monitoring the progress of the cases and would assess the adequacy of provision of claim and the financial impact on the Group as and when appropriate. The Directors believe that the amount of approximately RMB86,000 as at 31 March 2021 (2020: RMB86,000) represents the best estimate of the Group's liability having taken legal advice.

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

Event after the Reporting Period

As at the date of this report, the Group has no significant events after the Reporting Period.

Prospect

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 2021. Going forward, the Group will explore business opportunities on intelligence control system for heavy industrial uses such as application for industrial robotics.

Dividend

No dividend was distributed during the Reporting Period. The Board does not recommend the payment of dividend for the three months ended 31 March 2021 (for the three months ended 31 March 2020: Nil).

RIGHTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS TO ACQUIRE SHARES

During the three months ended 31 March 2021, none of the Directors, chief executive (the "Chief Executive") (if any) or supervisors (the "Supervisors") of the Company 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 (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), or had exercised any such right.

PLEDGE OF SHARES BY SUBSTANTIAL SHAREHOLDER

As disclosed in the announcement of the Company dated 29 December 2017 (the "Announcement"), the Company was notified that, an aggregate of 322,675,000 domestic shares of the Company (the "Pledged Shares") held by Zhejiang RuiYuan Intelligent Robot Company Limited* ("RuiYuan Robot"), the Company's controlling shareholder (as defined in the GEM Listing Rules), has been pledged to an independent third party for serving RuiYuan Robot's own purpose and fulfilling its responsibility. The Pledged Shares represented approximately 64.535% of the total issued share capital of the Company as at the date of the Announcement. The pledge of the Pledged Shares did not fall within the scope of Rule 17.19 of the GEM Listing Rules.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS

So far as known to the Directors, at 31 March 2021, the interests and short position of each Director, 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 SFO), as required pursuant to Section 352 of the SFO to be recorded in the register referred to therein or as otherwise notified to be Company and the Stock Exchange pursuant to the minimum standards of dealing of securities by directors and supervisor of listed issuers as referred to in Rule 5.46 of the GEM Listing Rule, were as follows:

Long positions in shares

Name of Director/ Chief Executive/ Supervisor	Number of Shares interested (Note 1)	Nature of interest	Approximate percentage of shareholding interested in same class of securities	Approximate percentage of shareholding interested in the registered capital
Director				
Mr. He Keng	370,000,000 Domestic Shares (Note 2)	Interest of controlled corporation	100%	74.00%
	1,000 H Shares (Note 3)	Beneficial owner	0.0008%	0.0002%
Ms. Zou Jing	4,225,000 H Shares	Beneficial owner	3.25%	0.845%

Notes:

- (1) Domestic shares of a nominal value of RMB0.10 each (the "Domestic Shares"), in the registered capital of the Company, are subscribed for or credited as fully-paid in Renminbi. "H share(s)" represent overseas listed foreign share(s) of a nominal value of RMB0.10 each ("H Share(s)") in the registered capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars.
- (2) On 11 July 2016, Zhejiang RuiYuan Intelligent Robot Company Limited* (浙江瑞遠智能機器人股份有限公司) ("RuiYuan Robot") entered into a share transfer agreement with Wan Li Group Company Limited* (萬里控股集團股份有限公司) ("Wanli"), Mr. Qi Yong Qiang ("Mr. Qi") and other parties, pursuant to which, among other things, RuiYuan Robot agreed to acquire (i) 306,900,000 Domestic Shares held by Wanli and 15,775,000 Domestic Shares held by Mr. Qi (collectively the "First Batch Sale Shares") and (ii) 47,325,000 Domestic Shares held by Mr. Qi (the "Second Batch Sale Shares"). After completion of the transfer of the First Batch Sale Shares and the Second Batch Sale Shares, Mr. He Keng and parties acting in concert with him owned an aggregate of 370,000,000 Domestic Shares, representing 74% of the entire issued share of the Company as at 31 March 2021.
- (3) As a result of the mandatory cash offer following the sale and purchase of the First Batch Sale Shares and the Second Batch Sale Shares (the "Mandatory Cash Offer"), which closed at 4 pm on 14 September 2016, Mr. He Keng acquired valid acceptances in respect of 1,000 H Shares. Accordingly, Mr. He Keng was interested in 1,000 H Shares as at 31 March 2021.

Save as disclosed above, at no time during the three months ended 31 March 2021 did the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) have any interests in, or had they 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 2021 was the Company or any of its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Furthermore, at no time during the three months ended 31 March 2021 was there any arrangement whose objects are, or one of whose objects is, to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or its associated corporation.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2021, the persons or companies (other than the Director or chief executive of the Company) have interests and/or long positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO, and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of Substantial Shareholder	Total number of Shares interested	Nature of interest	Approximate percentage of shareholding interested in same class of securities	Approximate percentage of shareholding interested in the registered capital
RuiYuan Robot	370,000,000 Domestic Shares (Notes 2, 3 and 4)	Beneficial owner	100%	74.00%
Hangzhou Qindie Electronic Equipment Company Limited* ("Hangzhou Qindie")	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100%	74.00%

Name of Substantial Shareholder	Total number of Shares interested	Nature of interest	Approximate percentage of shareholding interested in same class of securities	Approximate percentage of shareholding interested in the registered capital
Zhuji Jinfu Electrical Equipment Company Limited* ("Zhuji Jinfu")	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100%	74.00%
Shaoxing Qinyuan Electronic Technology Company Limited ("Shaoxing Qinyuan")	47,325,000 Domestic Shares (Notes 2 and 6)	Nominee	12.79%	9.47%
Mr. He Keng	370,000,000 Domestic Shares (Notes 2, 5 and 6) 1,000 H Shares (Note 7)	Interest of controlled corporation Beneficial owner	100% 0.0008%	74.00% 0.0002%
Mr. Tang Jingfeng	370,000,000 Domestic Shares (Notes 2, 5 and 6)	Interest of controlled corporation	100%	74.00%
Mr. Zhao Zhongxin	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100%	74.00%
Mr. He Yanggen	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100%	74.00%
Martin Currie China Hedge Fund Limited	14,245,000 H Shares	Investment manager	10.96%	2.85%
Martin Currie Investment Management Limited	14,245,000 H Shares	Investment manager	10.96%	2.85%

* For identification purposes only

Notes:

- (1) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, are subscribed for or credited as fully-paid in Renminbi. "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.
- (2) On 11 July 2016, RuiYuan Robot entered into a share transfer agreement with Wanli, Mr. Qi and other parties, pursuant to which, among other things, RuiYuan Robot agreed to acquire (i) the First Batch Sale Shares from Wanli and Mr. Qi and (ii) the Second Batch Sale Shares from Mr. Qi. After completion of the transfer of the First Batch Sale Shares and the Second Batch Sale Shares, RuiYuan Robot and parties acting in concert with it owned an aggregate of 370,000,000 Domestic Shares, representing 74% of the entire issued share of the Company as at 31 March 2021.
- (3) As disclosed in the announcement of the Company dated 29 December 2017, RuiYuan Robot has pledged its 322,675,000 domestic shares of the Company (representing 64.535% of the total issued share capital of the Company) to an independent third party for serving RuiYuan Robot's own purpose and fulfilling its responsibilities.
- (4) RuiYuan Robot is a joint stock company incorporated in the PRC with limited liability and is owned as to 55% by Hangzhou Qindie and as to 45% by Zhuji Jinfu.
- (5) Hangzhou Qindie is a company incorporated in the PRC and is owned as to 51% by Mr. He Keng and as to 49% by Mr. Tang Jingfeng. Zhuji Jinfu is a company incorporated in the PRC and is owned as to 50% by Mr. Zhao Zhongxin and as to 50% by Mr. He Yanggen.
- (6) Shaoxing Qinyuan, to whom the second Batch Sale Shares were transferred, is the nominee for RuiYuan Robot and a company that is owned as to 60% by Mr. He Keng and 40% by Mr. Tang Jingfeng.
- (7) After Mandatory Cash Offer closed, Mr. He Keng acquired valid acceptances in respect of 1,000 H Shares. Accordingly, Mr. He Keng was interested in 1,000 H Shares.

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed "Directors', Chief Executives' and Supervisors' Interests and Short Positions" in the shares of the Company above) holding any 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, or which were required to be recorded in the register kept pursuant to section 336 of the SFO as at 31 March 2021.

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

During the Reporting Period, 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.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding transactions in securities of the Company by the Directors and Supervisors (the "Code of Conduct"). Having made specific enquiry with all Directors and Supervisors, the Directors and Supervisors confirmed that they had complied with the required standard of dealings and the Code of Conduct during the three months ended 31 March 2021.

CORPORATE GOVERNANCE

For the three months ended 31 March 2021, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 15 to the GEM Listing Rules except the following deviation from code provision A.2.1:

Mr. He Keng is the chairman of the Board. 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 holds meetings from time to time to discuss issues affecting the operations of the Company.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") since 1 June 2003 with written terms of reference (updated on 15 March 2017 and 28 December 2018) 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, namely Mr. Kwok Kim Hung Eddie, who is the chairman of such committee, Mr. Zhou Weibo and Ms. Sheng Ting.

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 2021.

By order of the Board
**Zhejiang RuiYuan Intelligent Control
Technology Company Limited***
He Keng

Chairman and Executive Director

Ningbo, The PRC, 10 May 2021

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

EXECUTIVE DIRECTORS

Mr. He Keng (*Chairman*)

Ms. Wu Shanhong

Mr. Chen Weiqiang

Ms. Zou Jing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Weibo

Ms. Sheng Ting

Mr. Kwok Kim Hung Eddie

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