宁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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 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 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 and its subsidiaries (collectively referred to as the "Group"). The Directors, have made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) 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 the Company presents the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2013 and the audited consolidated statement of financial position of the Group as at 31 December 2013, together with the audited comparative figures for the corresponding previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Revenue	4	**47,039**	9,180
Cost of sales		**(48,307)**	(14,823)
Gross loss		**(1,268)**	(5,643)
Other income	4	**711**	2,778
Impairment loss recognised in respect of other receivables and paid in advances		**(2,360)**	–
Impairment loss recognised in respect of property, plant and equipment		**–**	(1,225)
Impairment loss recognised in respect of an amount due from a former related company		**–**	(16)
Reversal of trade payables	10	**47,325**	–
Reversal of other payables and accruals		**44,658**	–
Selling and distribution expenses		**(464)**	(584)
Written off of trade receivables		**(2,842)**	–
Administrative expenses		**(11,318)**	(8,458)
Finance costs		**(912)**	(1,365)
Gain on disposal of a subsidiary		**–**	6,377
Reversal for claims, net		**–**	770
Profit (loss) before taxation		**73,530**	(7,366)
Income tax expense	6	**–**	–
Profit (loss) for the year	7	**73,530**	(7,366)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**15**	–
Translation reserve released upon disposal of a subsidiary		**–**	(5,535)
Total other comprehensive income (expenses) for the year		**15**	(5,535)
Total comprehensive income (expenses) for the year		**73,545**	(12,901)

	Notes	2013 RMB'000	2012 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		**72,255**	(7,322)
Non-controlling interests		**1,275**	(44)
		73,530	(7,366)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		**72,270**	(12,857)
Non-controlling interests		**1,275**	(44)
		73,545	(12,901)
Earnings (loss) per share (RMB' cents)	*8*		
Basic		**14.45**	(1.46)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,845**	4,672
Investment properties		**1,094**	1,152
Prepaid lease payment		**4,357**	4,599
		10,296	10,423
CURRENT ASSETS			
Inventories		**2,549**	4,420
Prepaid lease payment		**242**	242
Trade receivables	*9*	**5,092**	3,647
Prepayments, deposits and other receivables		**2,647**	1,010
Amount due from a related company		**150**	–
Paid in advances		**1,102**	2,977
Bank balances and cash		**2,510**	6,604
		14,292	18,900
CURRENT LIABILITIES			
Trade payables	*10*	**3,813**	48,856
Other payables and accruals		**8,999**	50,400
Receipt in advances		**2,490**	826
Amount due to a director		**759**	427
Amount due to a major shareholder		**18,709**	33,041
Dividends payables		**4,440**	4,440
Other borrowings		**11,000**	9,500
Bank borrowings		**19,000**	–
		69,210	147,490
NET CURRENT LIABILITIES		**(54,918)**	(128,590)
NET LIABILITIES		**(44,622)**	(118,167)
CAPITAL AND RESERVES			
Share capital		**50,000**	50,000
Reserves		**(95,753)**	(168,023)
Equity attributable to owners of the Company		**(45,753)**	(118,023)
Non-controlling interests		**1,131**	(144)
CAPITAL DEFICIENCY		**(44,622)**	(118,167)

NOTES:

1. GENERAL INFORMATION

Ningbo WanHao Holdings 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 consolidated financial statements are presented in Renminbi ("RMB"). Other than the subsidiary incorporated in Hong Kong whose functional currency is Hong Kong Dollars ("HKD"), 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

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given consideration to the future liquidity of the Group.

At 31 December 2013, the Group had net current liabilities of approximately RMB54,918,000 and a capital deficiency of approximately RMB44,622,000. 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 liabilities 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 31 December 2013 on the basis that:

(i) the Directors anticipates that the Group will generate positive cash flows from its future operations;

(ii) successfully obtain new working capital from a major shareholder that will provide continuous financial support of the Group;

(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")

The Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusion.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual period beginning on or after 1 January 2016, with earlier application permitted.

The directors of the Company anticipate that, except as described below, the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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* to be subsequently measured at amortised cost or fair value. Specifically, 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 values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. REVENUE AND OTHER INCOME

Revenue 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:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	**46,105**	4,037
Sales of controller systems for mobile phones and income from sales and assembly of mobile phones	**934**	5,143
	47,039	9,180
Other income		
Bank interest income	**7**	3
Government grants *(Note i)*	**150**	120
Rental income *(Note ii)*	**422**	253
Reversal of impairment loss recognised in respect of trade receivables	**–**	47
Sales of scrap materials	**19**	830
Sundry income	**8**	190
Waiver of amounts due to directors	**–**	416
Waiver of trade and other payables	**105**	919
	711	2,778

(i) The amount relates to government grants received during the year ended 31 December 2013 and 2012, which were granted for postdoctoral researchers state-funded programme. In addition, the government grants received for the year ended 31 December 2013 included solatium payments received from Yuyao City.

(ii) Rental income

	2013	2012
	RMB'000	*RMB'000*
Gross rental income from investment properties	**422**	253
Less: outgoings (included in administrative expenses)	**(54)**	(23)
Net rental income	**368**	230

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 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. The Directors consider the business from a product perspective.

Specially, 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 — wholesalers.

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

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**	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue						
— External sales	**46,105**	4,037	**934**	5,143	**47,039**	9,180
Segment results	**1,645**	(6,282)	**29,203**	(7,083)	**30,848**	(13,365)
Unallocated income						
Bank interest income					**7**	3
Gain on disposal of a subsidiary					**–**	6,377
Government grant					**150**	120
Rental income					**422**	253
Reversal for claims, net					**–**	770
Reversal of other payables and accruals					**44,658**	–
Waiver of amount due to ex-director					**–**	416
Others					**8**	190
Unallocated expenses						
Amortisation on prepaid lease payment					**(242)**	(242)
Depreciation on investment property					**(58)**	(58)
Finance costs					**(912)**	(1,365)
Impairment loss on paid in advance and other receivables					**(596)**	–
Others unallocated expenses					**(755)**	(465)
Profit (loss) before taxation					**73,530**	(7,366)

Segment results represent losses incurred by each segment without allocation of central administration costs including bank interest income, finance costs, loss on disposal of property, plant and equipment, amortisation of prepaid lease payment, gain on disposal of subsidiaries and reversal for claims, net. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

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**	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**14,123**	7,429	**2,112**	9,297	**16,235**	16,726
Unallocated corporate assets					**8,353**	12,597
Total assets					**24,588**	29,323
Segment liabilities	**9,970**	46,068	**5,332**	54,014	**15,302**	100,082
Unallocated corporate liabilities					**53,908**	47,408
Total liabilities					**69,210**	147,490

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

- all assets are allocated to operating segments other than investment properties, amount due from a related company, prepaid lease payment 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 and bank borrowings, dividends payables and amount due to a director/a major 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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)*	**3,614**	–	**–**	–	**–**	1,405	**3,614**	1,405
Depreciation of property, plant and equipment	**2,507**	475	**830**	604	**–**	–	**3,337**	1,079
Inventories directly written off	**2,055**	–	**740**	–	**–**	–	**2,795**	–
Impairment loss recognised in respect of other receivables	**–**	–	**–**	–	**596**	–	**596**	–
Impairment loss recognised in respect of paid in advances	**491**	–	**1,273**	–	**–**	–	**1,764**	–
Impairment loss recognised in respect of property, plant and equipment	**–**	539	**–**	686	**–**	1,225	**–**	1,225
Reversal of impairment loss recognised in respect of trade receivables	**–**	(21)	**–**	(26)	**–**	–	**–**	(47)
Reversal of trade payables	**(8,734)**	–	**(38,591)**	–	**–**	–	**(47,325)**	–
Reversal of other payables and accruals	**–**	–	**–**	–	**(44,658)**	–	**(44,658)**	–
Written off of trade receivables	**42**	–	**2,800**	–	**–**	–	**2,842**	–
Waiver of trade and other payables	**(105)**	–	**–**	(919)	**–**	–	**(105)**	(919)
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	**–**	–	**–**	–	**242**	242	**242**	242
Bank interest income	**(7)**	(1)	**–**	(2)	**–**	–	**(7)**	(3)
Depreciation of investment properties	**–**	–	**–**	–	**58**	58	**58**	58
Finances Costs	**912**	600	**–**	765	**–**	–	**912**	1,365
Reversal for claims, net	**–**	–	**–**	–	**–**	(770)	**–**	(770)

Note: Capital expenditure includes property, plant and equipment.

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

	2013	2012
	RMB'000	*RMB'000*
Customer A[1]	**18,254**	N/A[2]
Customer B[1]	**5,618**	N/A[2]
Customer C[1]	**5,019**	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 the PRC.

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. INCOME TAX EXPENSE

Under the Law of the People's Republic of China 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 2013 as the Group did not generate any assessable profits arising in the PRC for the year ended 31 December 2013 (2012: Nil).

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong profits tax has been provided for the year ended 31 December 2013 as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2013 (2012: Nil).

7. PROFIT (LOSS) FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
Profit (loss) for the year has been arrived at after charging:		
Staff costs, excluding chairman/directors' and supervisors emoluments		
— Salaries, wages and other benefits in kind	**2,895**	4,306
— Retirement benefits scheme contributions	**121**	109
Total staff costs	**3,016**	4,415
Amortisation of prepaid lease payment	**242**	242
Depreciation of property, plant and equipment	**3,337**	1,079
Depreciation of investment property	**58**	58
Total depreciation and amortisation	**3,637**	1,379
Auditor's remuneration	**621**	447
Cost of inventories recognised as an expense	**48,307**	14,823
Inventories written off (included in administrative expenses)	**2,795**	–
Research and development expenditure	**36**	1,802
Net foreign exchange losses	**8**	–
Loss on disposal of property, plant and equipment	**–**	8
Written off of property, plant and equipment	**104**	–
Operating lease rentals for rented premises	**539**	1,100

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share (2012: loss) for the year ended 31 December 2013 attributable to owners of the Company is based on the consolidated profit of approximately RMB72,255,000 (2012: loss of approximately RMB7,322,000) and the weighted average number of 500,000,000 shares (2012: 500,000,000 shares) in issue during the year.

No diluted earnings (loss) per share have been presented for the two years ended 31 December 2013 and 2012 as there was no diluted potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**5,128**	3,683
Less: Accumulated impairment losses	**(36)**	(36)
	5,092	3,647

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 if 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 Group does not hold any collateral over these balances.

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

	2013	2012
	RMB'000	*RMB'000*
0–90 days	**4,975**	3,595
91–180 days	**71**	–
181–365 days	**1**	52
Over 365 days	**45**	–
	5,092	3,647

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

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**36**	32,158
Reversal during the year	**–**	(47)
Written off during the year	**–**	(32,075)
At 31 December	**36**	36

At 31 December 2013, included in the impairment loss are individually impaired trade receivables in the Group with an aggregate balance of approximately RMB36,000 (2012: RMB36,000) 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:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days past due	**71**	–
91 to 180 days past due	**1**	52
Over 180 days past due	**45**	–
	117	52

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:

	2013	2012
	RMB'000	*RMB'000*
0–90 days	**2,871**	783
91–180 days	**–**	160
181–365 days	**65**	273
Over 365 days	**877**	47,640
	3,813	48,856

During the year ended 31 December 2013, the Group made a reversal for trade payables of approximately RMB47,325,000 (2012: Nil) 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 there are no current or future liabilities from these payables. Details of the reversal are set out in the announcement of the Company dated 7 March 2014.

11. OTHER BORROWINGS

The loan was obtained from 余姚市萬里典當有限公司, a subsidiary of major shareholder 浙江萬里控股集團股份有限公司 and is unsecured, interest-free and repayable within one year.

12. CONTINGENT LIABILITIES

Prior to 19 December 2011, the Company advanced from a former related company, 西安瑞聯近代電子材料有限責任公司 ("西安瑞聯"), amounts totalling approximately RMB113,794,000 ("Advanced Amount"). 西安瑞聯, 中國瑞聯實業集團有限公司 ("中國瑞聯"), a former shareholder of the Company, and the Company together entered into a debt transfer agreement on 19 December 2011 and a supplement agreement on 20 December 2011, pursuant to which the Advanced Amount were undertaken by 中國瑞聯 for the Company.

On 15 October 2013, 西安瑞聯 filed a claim through the Beijing First Intermediate People's Court against 中國瑞聯 as the first defendant and the Company as the second defendant for repayment of the Advanced Amount with overdue interest totalling approximately RMB123,611,000.

Based on the PRC lawyer's advice, the Directors are of the opinion that the Company has strong grounds to defend the claim and therefore, no provision is made in the consolidated financial statements for the year ended 31 December 2013.

INDEPENDENT AUDITOR'S REPORT

The following paragraphs extracted from the Independent Auditor's Report on the Group's consolidation financial statements for the year ended 31 December 2013.

BASIS FOR DISCLAIMER OF OPINION: FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

As explained in Note 2 to the consolidated financial statements, the Group had net current liabilities of approximately RMB54,918,000 and a capital deficiency of approximately RMB44,622,000 as at 31 December 2013. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the positive cash flows expected to be generated from the Group's future operations and successfully obtain new working capital, and to raise funds by way of issuing additional equity or debt securities and to negotiate with certain bankers to obtain additional banking facilities in order to meet the Group's future working capital and financial requirements.

We consider that appropriate disclosures have been made. However, the uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis are so extreme, we have disclaimed our opinion on material uncertainty relating to the going concern basis.

The consolidated financial statements do not include any adjustments that would be necessary should the Group failed to operate as a going concern. Had the going concern basis not been used, adjustments would have to be made to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY THE CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 29 April 2014 to Friday, 30 May 2014 (both days inclusive), during the period no transfer of shares can be registered. In order for the unregistered holders of GEM H Shares to be qualified for attendance at the Annual General Meeting, all transfer documents accompanied by the relevant GEM H share certificates must be lodged with the Company's H share registrar, Tricor Abacus Limited, at 22/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 28 April 2014.

Holders of Domestic Shares and GEM H Shares whose names appear on the register of shareholders of the Company at 4:30 p.m. on Monday, 28 April 2014 are entitled to attend and vote at the meeting convened by the above notice and may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

Turnover

For the year ended 31 December 2013, the Group recorded revenue of approximately RMB47,039,000 (2012: RMB9,180,000), representing an increase of approximately RMB37,859,000 over the previous year. The increase in the Group's revenue is due to our marketing efforts during the year.

The Group's activities are divided into 2 reportable segments — namely (i) sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances, and (ii) sales of controller systems for mobile phones and income from sales and assembly of mobile phones. Accordingly, analysis by reportable segments is provided in note 5.

The Group's activities are primarily operated in the PRC. All of the Group's revenue is attributable to customers in the PRC as explained in note 5.

Gross loss margin is 2.7% (2012: 61.5%). Revenue increases by RMB37,859,000 due to our marketing efforts during the year. The decrease in gross loss is mainly due to the result of the economy of scale and the Group has adopted tighter cost control to mitigate the impact of price competition caused by intense competition in the mobile phone industry.

During the year ended 31 December 2013, the Group has made the reversal of trade payables RMB47,325,000 (2012: Nil) and the reversal of other payables and accruals RMB44,658,000 (2012: Nil) as other income after seeking for advice from PRC lawyers. Please also refer to the Group's announcement dated 7 March 2014 for details.

Other revenues recorded a decrease by RMB2,067,000 are mainly due to the decrease in the sales of scrap materials (2013: RMB19,000; 2012: RMB830,000), the decrease in waiver of amounts due to directors (2013: Nil; 2012: RMB416,000) and the decrease in waiver of trade and other payables (2013: RMB46,000; 2012: RMB919,000).

Selling and distribution expenses recorded a decrease by RMB120,000 as a result of tighter cost control, while administrative expenses recorded an increase by RMB2,860,000 over the previous year. The increase in administrative expenses are mainly due to the increase in depreciation expense (2013: RMB2,663,000; 2012: RMB333,000), the increase in inventories written off (2013: RMB2,795,000; 2012: Nil), the decrease in staff costs (2013: RMB1,779,000; 2012: RMB2,462,000) and the decrease in research & development cost (2013: RMB36,000; 2012; RMB1,802,000) during the year. For the year ended 31 December 2013, finance costs amounted to approximately RMB912,000 (2012: RMB1,365,000), which represented a decrease of RMB453,000 over the previous year. The amount represents interest incurred for bank borrowings during the year.

For the year ended 31 December 2013, profit/(loss) attributable to owners of the Company amounted to RMB72,255,000 (2012: RMB(7,322,000)).

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

The Group did not have any significant investment and acquisition during the year ended 31 December 2013.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2013, the Group had current assets of approximately RMB14,292,000 (2012: RMB18,900,000), representing a decrease of RMB4,608,000 compared with last year. The decrease was mainly attributable to the decrease in balance and cash by RMB4,094,000.

As at 31 December 2013, the Group had current liabilities of approximately RMB69,210,000 (2012: RMB147,490,000), which represented a decrease of RMB78,280,000. The decrease is mainly due to the reversal of trade payables RMB47,325,000 (2012: Nil) plus reversal of other payables and accruals RMB44,658,000 (2012: Nil) during the year.

Finance and banking facilities

As at 31 December 2013, the Group had bank balances and cash of approximately RMB2,510,000 (2012: RMB6,604,000), short-term bank borrowings of approximately RMB19,000,000 (2012: RMBNil).

As at 31 December 2013, the Group had other borrowings of approximately RMB11,000,000 (2012: RMB9,500,000).

Gearing ratio

The Group's gearing ratio as at 31 December 2013 was 122.0% (2012: 32.4%), which is expressed as a percentage of the total bank and other borrowings over the total assets.

Contingent liabilities

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

Capital structure and financial resources

As at 31 December 2013, the Group had net liabilities of approximately RMB44,622,000 (2012: RMB118,167,000). The Group's operations and investments are financed principally by its internal resources, bank borrowings, other borrowings and shareholders' equity.

Foreign exchange risk

The Group's income and expenses were mainly denominated in RMB. Since the existing bank borrowings are repayable in RMB, 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 72 employees (2012: 74 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

STAFF QUARTERS

Workers and staff of the Group are provided with accommodation at Yuyao City. The Directors confirm that, apart from the above accommodation, there was no other housing benefit provided by the Group to its staff.

RELATIONSHIP WITH EMPLOYEES

The Group has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Group maintains good relationship with its employees.

PROSPECTS

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.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2013, 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 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.

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 announcement, 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 2013. All of them have appropriate professional qualifications and/or accounting and/or related financial management expertise. Mr. Kwok Kim Hung, Eddie, is the chairman of the Audit Committee.

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 and interim accounts, and monitoring the accounting and internal control system in use throughout the Group. The Audit Committee held 5 meetings during the year ended 31 December 2013.

By Order of the Board
Ningbo WanHao Holdings Company Limited
Zhu Guo An
Chairman

Ningbo, the PRC, 21 March 2014

As at the date hereof, the executive Directors are Mr. Zhu Guo An, Mr. Qi Yong Qiang and Mr. Zhu Chun Rong; the non-executive Directors are Mr. Jiang Guo Ping, Mr. Zheng Xin and Mr. Zhu Guo Dan; and the independent non-executive Directors are Mr. Kwok Kim Hung Eddie, Mr. Jiang Mei Yin and Mr. Lu Xiang Tai.

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