寧波萬豪控股股份有限公司
Ningbo WanHao Holdings Company Limited*

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

(Stock code: 8249)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 Ningbo WanHao Holdings Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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 the Company presents the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2014 and the audited consolidated statement of financial position of the Group as at 31 December 2014, 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 2014

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Revenue	*4*	**43,787**	47,039
Cost of sales		**(41,144)**	(48,307)
Gross profit (loss)		**2,643**	(1,268)
Other income	*4*	**988**	711
Impairment loss recognised in respect of other receivables and paid in advances		**–**	(2,360)
Reversal of trade payables		**–**	47,325
Reversal of other payables and accruals		**–**	44,658
Selling and distribution expenses	*10*	**(9)**	(464)
Written off of trade receivables		**–**	(2,842)
Loss on deregistration of a subsidiary		**(125)**	–
Administrative expenses		**(10,370)**	(11,318)
Finance costs		**(750)**	(912)
(Loss) profit before taxation		**(7,623)**	73,530
Income tax expense	*6*	**(21)**	–
(Loss) profit for the year	*7*	**(7,644)**	73,530
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**19**	15
Total other comprehensive income for the year		**19**	15
Total comprehensive (expenses) income for the year		**(7,625)**	73,545

	Notes	**2014**	2013
		RMB'000	*RMB'000*
(Loss) income for the year attributable to:			
Owners of the Company		**(7,147)**	72,255
Non-controlling interests		**(497)**	1,275
		(7,644)	73,530
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(7,128)**	72,270
Non-controlling interests		**(497)**	1,275
		(7,625)	73,545
(Loss) earnings per share (RMB' cents)	*8*		
Basic		**(1.43)**	14.45
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**181**	4,845
Investment properties		**1,037**	1,094
Prepaid lease payment		**4,115**	4,357
		5,333	10,296
CURRENT ASSETS			
Inventories		**2,325**	2,549
Prepaid lease payment		**242**	242
Trade receivables	9	**6,008**	5,092
Prepayments, deposits and other receivables		**156**	2,647
Tax recoverable		**36**	–
Amount due from a related company		**–**	150
Paid in advances		**500**	1,102
Bank balances and cash		**4,096**	2,510
		13,363	14,292
CURRENT LIABILITIES			
Trade payables	10	**6,072**	3,813
Other payables and accruals		**8,535**	8,999
Receipt in advances		**1,880**	2,490
Amount due to a director		**754**	759
Amount due to a major shareholder		**38,263**	18,709
Dividends payables		**4,440**	4,440
Other borrowings		**11,000**	11,000
Bank borrowings		**–**	19,000
		70,944	69,210
NET CURRENT LIABILITIES		**(57,581)**	(54,918)
NET LIABILITIES		**(52,248)**	(44,622)
CAPITAL AND RESERVES			
Share capital		**50,000**	50,000
Reserves		**(102,881)**	(95,753)
Equity attributable to owners of the Company		**(52,881)**	(45,753)
Non-controlling interests		**633**	1,131
CAPITAL DEFICIENCY		**(52,248)**	(44,622)

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 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

The Group incurred a loss attributable to the owners of the Company of approximately RMB7,147,000 for the year ended 31 December 2014 and, as at that date, the Group had net current liabilities of approximately RMB57,581,000 and a capital deficiency of approximately RMB52,248,000. 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 of the Company (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 2014 on the basis that:

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

(ii) a major shareholder of the Company has committed to provide continuing support to enable the Group to operate as a going concern and meet its liabilities as they fall due for the foreseeable future;

(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 for the first time in the current year the following amendments to HKFRS and a new Interpretation:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief form the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendment have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC)-Int 21 Levies

The Group has applied HK(IFRIC)-Int 21 *Levies* for the first time in the current year. HK(IFRIC)-Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC)-Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRs that have been Issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is 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 subsequently amended in 2010 to include 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 are 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. 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.

Annual Improvements to HKFRSs 2010–2012 Cycle

The annual improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and"market condition", and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

The amendments to the basis for conclusion of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel service to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRS 2010 — 2012 Cycle will have a material effect on the Group's unaudited condensed consolidated financial statements.

Annual Improvements to HKFRS 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle includes a number of amendments to various HKFRSs which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of and accounted for in accordance with HKAS 39 or HKFRS 9 even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRS 2011–2013 Cycle will have a material effect on the Group's unaudited condensed consolidated financial statements.

Annual Improvements to HKFRS 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle includes a number of amendments to various HKFRSs which are summarised below.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's 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:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	**43,787**	46,105
Sales of controller systems for mobile phones and income from sales and assembly of mobile phones	**–**	934
	43,787	47,039
Other income		
Bank interest income	**3**	7
Government grants *(Note i)*	**120**	150
Rental income *(Note ii)*	**580**	422
Reversal of impairment loss recognised in respect of paid in advances	**28**	–
Sales of scrap materials	**91**	19
Sundry income	**8**	8
Waiver of trade and other payables	**158**	105
	988	711

(i) The amounts relate to government grants received during the year ended 31 December 2014 and 2013, which were granted RMB120,000 for postdoctoral researchers state-funded programme. In addition, the government grants of amount RMB30,000 received for the year ended 31 December 2013 included solatium payments received from Yuyao City.

(ii) Rental income

	2014	2013
	RMB'000	*RMB'000*
Gross rental income from investment properties	**580**	422
Less: outgoings (included in administrative expenses)	**(100)**	(51)
Net rental income	**480**	371

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.

Specially, the Group's reportable and operating segments 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	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue						
— External sales	**43,787**	46,105	**–**	934	**43,787**	47,039
Segment results	**(2,690)**	1,645	**28**	29,203	**(2,662)**	30,848
Unallocated income						
Bank interest income					**3**	7
Government grant					**120**	150
Rental income					**580**	422
Reversal of other payables and accruals					**–**	44,658
Reversal of impairment recognised in respect of paid in advances					**28**	–
Waiver of other payables					**90**	–
Others					**98**	8
Unallocated expenses						
Amortisation of prepaid lease payment					**(242)**	(242)
Depreciation of investment properties					**(57)**	(58)
Finance costs					**(750)**	(912)
Impairment loss recognised in respect of other receivables					**–**	(596)
Loss on deregistration of a subsidiary					**(125)**	–
Loss on disposal of plant and equipment					**(53)**	–
Written off of plant and equipment					**(2,164)**	–
Others					**(2,489)**	(755)
(Loss) profit before taxation					**(7,623)**	73,530

Segment results represent losses incurred by each segment without allocation of central administration costs including bank interest income, finance costs, loss on disposal of plant and equipment and prepaid lease payment and loss 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.

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	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**9,170**	14,123	**–**	2,112	**9,170**	16,235
Unallocated corporate assets					**9,526**	8,353
Total assets					**18,696**	24,588
Segment liabilities	**16,487**	9,970	**–**	5,332	**16,487**	15,302
Unallocated corporate liabilities					**54,457**	53,908
Total liabilities					**70,944**	69,210

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, amount due from a related company 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 bank and other borrowings, dividends payables and amounts due to a major shareholder/a director. 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	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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**	3,614	**–**	–	**1,220**	–	**1,247**	3,614
Depreciation of plant and equipment	**1,451**	2,507	**–**	830	**957**	–	**2,408**	3,337
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
Loss on disposal of plant and equipment	**–**	–	**–**	–	**53**	–	**53**	–
Loss on deregistration of a subsidiary	**–**	–	**–**	–	**125**	–	**125**	–
Reversal of impairment loss recognised in respect of paid In advances	**–**	–	**–**	–	**(28)**	–	**(28)**	–
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
Written off of plant and equipment	**–**	–	**–**	–	**2,164**	104	**2,164**	104
Waiver of trade and other payables	**(40)**	(105)	**(28)**	–	**(90)**	–	**(158)**	(105)
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	**–**	–	**–**	–	**(3)**	(7)	**(3)**	(7)
Depreciation of investment properties	**–**	–	**–**	–	**57**	58	**57**	58
Finance costs	**–**	912	**–**	–	**750**	–	**750**	912

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:

	2014	2013
	RMB'000	*RMB'000*
Customer A[1]	**10,418**	18,254
Customer B[2]	**N/A[2]**	5,618
Customer C[2]	**N/A[2]**	5,019

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 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. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Hong Kong profits tax		
— Current year	**5**	–
— Under-provision in previous years	**16**	–
Income tax expense for the year	**21**	–

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 2014 as the Group did not generate any assessable profits arising in the PRC for the year ended 31 December 2014 (2013: 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 2013 as the Group did not generate any assessable profits arising in Hong Kong for that year.

7. (LOSS) PROFIT FOR THE YEAR

	2014	2013
	RMB'000	*RMB'000*
(Loss) profit for the year has been arrived at after charging:		
Staff costs, excluding chairman/directors' emoluments		
— Salaries, wages and other benefits in kind	**2,747**	2,895
— Retirement benefits scheme contributions	**186**	121
Total staff costs	**2,933**	3,016
Amortisation of prepaid lease payment	**242**	242
Depreciation of plant and equipment	**2,408**	3,337
Depreciation of investment properties	**57**	58
Total depreciation and amortisation	**2,707**	3,637
Auditor's remuneration	**397**	621
Cost of inventories recognised as an expense	**41,144**	48,307
Inventories written off (included in administrative expenses)	**–**	2,795
Research and development expenditure	**162**	36
Net foreign exchange losses	**64**	8
Loss on disposal of plant and equipment	**53**	–
Operating lease rentals for rented premises	**540**	539
Written off of plant and equipment	**2,164**	104

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share (2013: earnings) for the year ended 31 December 2014 attributable to owners of the Company is based on the consolidated loss of approximately RMB7,147,000 (2013: profit of approximately RMB72,255,000) and the weighted average number of 500,000,000 shares (2013: 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 2014 and 2013 as there was no diluted potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**6,008**	5,128
Less: Accumulated impairment losses	**–**	(36)
	6,008	5,092

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

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**5,911**	4,975
91–180 days	**17**	71
181–365 days	**31**	1
Over 365 days	**49**	45
	6,008	5,092

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

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**36**	36
Written off during the year	**(36)**	–
At 31 December	**–**	36

At 31 December 2014, included in the impairment loss are individually impaired trade receivables in the Group with an aggregate balance of Nil (2013: approximately 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:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days past due	**–**	71
91 to 180 days past due	**48**	1
Over 180 days past due	**49**	45
	97	117

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:

	2014	2013
	RMB'000	*RMB'000*
0–90 days	**5,222**	2,871
91–180 days	**–**	–
181–365 days	**–**	65
Over 365 days	**850**	877
	6,072	3,813

During the year ended 31 December 2014, the Group made a reversal for trade payables of Nil (2013: approximately RMB47,325,000 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

The loan was obtained from Yuyao Wanli Mortgage Company Limited, a subsidiary of a major shareholder — Wanli Holding Group Company Limited and is unsecured, interest-free and has no fixed term of repayment.

12. CONTINGENT LIABILITIES

(i) During 2005 to 2011, the Company (formerly known as Ningbo Yidong Electronic Company Limited) borrowed from a former related company, Xian Ruilian Electronic Material Company Limited ("Xian Ruilian" or "Plaintiff") of working capital totalling approximately RMB164,968,000. In 2012, the Company was under restructuring, and China Ruilian Holding Corporation ("China Ruilian") agreed to undertake the debt that the Company owed to Xian Ruilian amounting to approximately RMB164,968,000 (Please refer to the "Deed of Wavier" on page 20 of the Company's joint announcement dated 29 May 2012 regarding the acquisition of all the issued H Share in Ningbo Yidong Electronic Company Limited for details).

Some of the debts owed by China Ruilian to Xian Ruilian was offset, and the remaining debts amounting to approximately RMB113,794,000. Pursuant to the Deed of Wavier entered into among the Company, China Ruilian and Xian Ruilian, after 24 May 2012, the date of which the Deed of Wavier become effective, the Company ceased to be a debtor of China Ruilian, it meant that the Company was waiver of obligation. Thus, in fact, the Company shall not bear any debts in this case.

On 15 October 2013, Xian Ruilian filed a claim through the Beijing First Intermediate People's Court ("Court") against China Ruilian as the first defendant for repayment of the advanced amount with overdue interest totalling approximately RMB123,611,000 (including interest of approximately RMB9,817,000) and against the Company as the second defendant.

According to the civil judgment (2013) Yi-Zhong-Min-Chu-Zi No.12432 issued by Beijing No.1 Medium People's Court on 7 May 2014. China Ruilian should repay the advanced amount with overdue interest totalling approximately RMB113,794,000 (including interest accrued) to Xian Ruilian, and there was no requirement for the Company (formerly known as Ningbo Yidong Electronic Company Limited) to bear any debts.

Based on the civil judgment, the Company has not made provision for this claim in the consolidated financial statements for the year ended 31 December 2014.

(ii) In January 2015, Shenzhen Bo Tai Yuan Technology Co., Ltd. ("Plaintiff") filed a claim through the Shenzhen Futian District People's Court ("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.

As Shenzhen WanHao has so far not yet received the summons from the court and therefore could not obtain the details of the case for their defence. The Directors confirmed that Shenzhen WanHao had business with the second defendant for about RMB96,000 only but no business with the Plaintiff. 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 2014.

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 2014.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a consolidated loss attributable for the owners of the Company of approximately RMB7,147,000 for the year ended 31 December 2014, and had consolidated net current liabilities of approximately RMB57,581,000 and a capital deficiency of approximately RMB52,248,000 as at 31 December 2014. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 April 2015 to Friday, 29 May 2015 (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, 27 April 2015.

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, 27 April 2015 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 2014, the Group recorded revenue of approximately RMB43,787,000 (2013: RMB47,039,000), representing a decrease of approximately RMB3,252,000 over the previous year. The decrease in the Group's revenue is due to the intense competition 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. The Group's revenue is mainly attributable to customers in the PRC and Hong Kong.

Gross profit margin was 6.0% (2013: gross loss margin: 2.7%). Revenue decreased by RMB3,252,000 due to the intense competition during the year. The increase in gross profit mainly reflected the Group adopted tighter cost control to mitigate the impact of price competition caused by intense competition in the electronics industry.

The Group recorded other revenue of approximately RMB988,000 (2013: RMB711,000), representing an increase of RMB277,000. For details, please refer to notes 4 to the Consolidated Financial Statements.

Selling and distribution expenses recorded a decrease by RMB455,000 as a result of tighter cost control. Administrative expenses recorded a decrease by RMB948,000 over the previous year. The decrease in administrative expenses were mainly due to the decrease in inventories directly written off (2014: Nil; 2013: RMB2,795,000), the decrease in claims (2014: RMB61,000; 2013: RMB748,000), the increase in staff costs (2014: RMB2,659,000; 2013: RMB1,779,000), the increase in written off of plant and equipment (2014: RMB2,164,000; 2013: RMB104,000). The remaining decrease was a result of tighter cost control over the previous year. Finance costs amounted to approximately RMB750,000 (2013: RMB912,000), which represented a decrease of RMB162,000 over the previous year. The amount represents interest incurred for bank borrowings (which was fully repaid) during the year.

For the year ended 31 December 2014, profit/(loss) attributable to owners of the Company amounted to RMB(7,147,000) (2013: RMB72,255,000).

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

The Group did not have any significant investment and acquisition during the year ended 31 December 2014.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2014, the Group had current assets of approximately RMB13,363,000 (2013: RMB14,292,000), representing a decrease of RMB929,000 compared with last year. The decrease was mainly attributable to the decrease in prepayments, deposits and other receivables by RMB2,491,000 and the increase in bank balances and cash by RMB1,586,000.

As at 31 December 2014, the Group had current liabilities of approximately RMB70,944,000 (2013: RMB69,210,000), which represented an increase of RMB1,734,000. The major changes were repayment of bank borrowings RMB19,000,000 and increase in amount due to a major shareholder by RMB19,554,000 during the year.

Finance and banking facilities

As at 31 December 2014, the Group had bank balances and cash of approximately RMB4,096,000 (2013: RMB2,510,000), with no bank borrowings (2013: RMB19,000,000).

As at 31 December 2014, the Group had other borrowings of approximately RMB11,000,000 (2013: RMB11,000,000).

Gearing ratio

The Group's gearing ratio as at 31 December 2014 was 58.8% (2013: 122.0%), which was 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 2014, the Group had net liabilities of approximately RMB52,248,000 (2013: RMB44,622,000). The Group's operations and investments were financed principally by its internal resources, 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 2014, the Group had 28 employees (2013: 72 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 operation. 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 sourcing is done to fit our production advantages to current market situation.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2014, 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 2014. 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 4 meetings during the year ended 31 December 2014.

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

Ningbo, the PRC, 25 March 2015

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 Meiyin and Mr. Lu Xiang Tai.

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.