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 2015

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 Ningbo Wanhao Holdings Company Limited (the "Company") presents the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2015 and the audited consolidated statement of financial position of the Group as at 31 December 2015, together with the audited comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*4*	**56,427**	43,787
Cost of sales		**(54,477)**	(41,144)
Gross profit		**1,950**	2,643
Other income	*4*	**512**	830
Selling and distribution expenses		**–**	(9)
Gain (loss) on deregistration of a subsidiary		**627**	(125)
Reversal of trade payables		**850**	–
Waiver of other payables, accruals and receipt in advances		**5,938**	158
Administrative expenses		**(5,353)**	(10,370)
Finance costs		**–**	(750)
Profit (loss) before taxation	*6*	**4,524**	(7,623)
Income tax expense	*7*	**–**	(21)
Profit (loss) for the year		**4,524**	(7,644)
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(21)**	19
Total other comprehensive (expenses) income for the year		**(21)**	19
Total comprehensive income (expenses) for the year		**4,503**	(7,625)

	Notes	**2015** **RMB'000**	2014 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		**4,524**	(7,147)
Non-controlling interests		**–**	(497)
		4,524	(7,644)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		**4,503**	(7,128)
Non-controlling interests		**–**	(497)
		4,503	(7,625)
Earnings (loss) per share (RMB' cents)	*8*		
Basic		**0.90**	(1.43)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Plant and equipment		**159**	181
Investment properties		**979**	1,037
Prepaid lease payment		**3,873**	4,115
		5,011	5,333
CURRENT ASSETS			
Inventories		**2,387**	2,325
Prepaid lease payment		**242**	242
Trade receivables	*9*	**1,285**	6,008
Prepayments, deposits and other receivables		**336**	156
Tax recoverable		**36**	36
Paid in advances		**5,314**	500
Pledged bank deposits		**95**	–
Bank balances and cash		**1,373**	4,096
		11,068	13,363
CURRENT LIABILITIES			
Trade payables	*10*	**2,399**	6,072
Other payables and accruals		**1,770**	8,535
Receipt in advances		**4,117**	1,880
Amount due to a director		**11,073**	754
Amount due to a major shareholder		**29,658**	38,263
Dividends payables		**4,440**	4,440
Other borrowings	*11*	**11,000**	11,000
		64,457	70,944
NET CURRENT LIABILITIES		**(53,389)**	(57,581)
NET LIABILITIES		**(48,378)**	(52,248)
CAPITAL AND RESERVES			
Share capital		**50,000**	50,000
Reserves		**(98,378)**	(102,881)
Equity attributable to owners of the Company		**(48,378)**	(52,881)
Non-controlling interests		**–**	633
CAPITAL DEFICIENCIES		**(48,378)**	(52,248)

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

At 31 December 2015, the Group had net current liabilities of approximately RMB53,389,000 and capital deficiency of approximately RMB48,378,000. 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 2015 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 the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

Amendments to HK19, Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the defined benefit plans operated by HK Listco are wholly funded by contributions from the group and do not involve contributions from employees or third parties.

Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the group's related party disclosures as the group does not obtain key management personnel services from management entities.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs 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[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Annual Improvements to HKFRSs 2012–2014 Cycle[4]

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 January 2016, with earlier application permitted.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

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

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

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

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

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

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

The directors of the Company anticipate that the HKFRS 15 may have significant impact on amounts reported in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for the above disclosed, the directors of the Company do not anticipate that the application of the new and revised HKFRSs will have a material impact 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:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	**56,427**	43,787
	56,427	43,787
Other income		
Bank interest income	**4**	3
Government grants *(Note i)*	**120**	120
Rental income *(Note ii)*	**350**	580
Reversal of impairment loss recognised in respect of paid in advances	**–**	28
Sales of scrap materials	**–**	91
Sundry income	**38**	8
	512	830

(i) The amounts relate to government grants received during the year ended 31 December 2015, which were granted RMB120,000 (2014: RMB120,000) for postdoctoral researchers state-funded programme.

(ii) Rental income

	2015	2014
	RMB'000	*RMB'000*
Gross rental income from investment properties	**350**	580
Less: outgoings (included in administrative expenses)	**(118)**	(100)
Net rental income	**232**	480

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 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 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**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue						
— External sales	**56,427**	43,787	**–**	–	**56,427**	43,787
Segment results	**(813)**	(2,690)	**–**	28	**(813)**	(2,662)
Unallocated income						
Bank interest income					**4**	3
Government grant					**120**	120
Rental income					**350**	580
Gain (loss) on deregistration of a subsidiary					**627**	(125)
Reversal of impairment recognised in respect of paid in advances					**–**	28
Waiver of other payables, accruals and receipt in advance					**5,938**	90
Others					**36**	98
Unallocated expenses						
Amortisation of prepaid lease payment					**(242)**	(242)
Depreciation of investment properties					**(58)**	(57)
Finance costs					**–**	(750)
Impairment loss recognised in respect of other receivables and paid in advances					**(94)**	–
Loss on disposal of plant and equipment					**–**	(53)
Written off of plant and equipment					**(2)**	(2,164)
Others					**(1,342)**	(2,489)
Profit (loss) before taxation					**4,524**	(7,623)

Segment results represent profit/(loss) incurred by each segment without allocation of central administration costs including bank interest income, finance costs, loss on disposal of plant and equipment, amortisation of prepaid lease payment, depreciation of investment properties and gain/(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.

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**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**9,481**	9,170	**–**	–	**9,481**	9,170
Unallocated corporate assets					**6,598**	9,526
Total assets					**16,079**	18,696
Segment liabilities	**8,286**	16,487	**–**	–	**8,286**	16,487
Unallocated corporate liabilities					**56,171**	54,457
Total liabilities					**64,457**	70,944

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

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

- all liabilities are allocated to operating segments other than other borrowings, dividends payables and amount due to a 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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure *(Note)*	**27**	27	**–**	–	**–**	1,220	**27**	1,247
Depreciation of plant and equipment	**43**	1,451	**–**	–	**4**	957	**47**	2,408
Impairment loss recognized in respect of trade receivables	**42**	–	**–**	–	**–**	–	**42**	–
Impairment loss recognised in respect of other receivables and paid in advance	**–**	–	**–**	–	**94**	–	**94**	–
Loss on disposal of plant and equipment	**–**	–	**–**	–	**–**	53	**–**	53
(Gain) loss on deregistration of a subsidiary	**–**	–	**–**	–	**(627)**	125	**(627)**	125
Reversal of impairment loss recognised in respect of paid in advances	**–**	–	**–**	–	**–**	(28)	**–**	(28)
Reversal of trade payables	**(850)**	–	**–**	–	**–**	–	**(850)**	–
Written off of plant and equipment	**–**	–	**–**	–	**2**	2,164	**2**	2,164
Waiver of other payables, accruals and receipt in advance	**–**	(40)	**–**	(28)	**(5,938)**	(90)	**(5,938)**	(158)
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)**	–	**–**	–	**(1)**	(3)	**(4)**	(3)
Depreciation of investment properties	**–**	–	**–**	–	**58**	57	**58**	57
Finance costs	**–**	–	**–**	–	**–**	750	**–**	750

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:

	2015	2014
	RMB'000	*RMB'000*
Customer A[1]	**23,640**	N/A[2]
Customer B[1]	**7,443**	N/A[2]
Customer C[1]	**7,320**	N/A[2]
Customer D[1]	**N/A[2]**	10,418

1 Turnover from electronic appliances.

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

Geographical information

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

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. PROFIT (LOSS) BEFORE TAXATION

	2015	2014
	RMB'000	*RMB'000*
Profit (loss) before taxation has been arrived at after charging:		
Staff costs, excluding chairman, directors' and supervisors' emoluments		
— Salaries, wages and other benefits in kind	**1,601**	2,747
— Retirement benefits scheme contributions	**80**	186
Total staff costs	**1,681**	2,933
Amortisation of prepaid lease payment	**242**	242
Depreciation of plant and equipment	**47**	2,408
Depreciation of investment properties	**58**	57
Total depreciation and amortisation	**347**	2,707
Auditor's remuneration	**442**	397
Cost of inventories recognised as an expense	**54,477**	41,144
Impairment loss on trade and other receivables	**85**	–
Impairment loss on paid in advances	**51**	–
Research and development expenditure	**154**	162
Net foreign exchange losses	**–**	64
Loss on disposal of plant and equipment	**–**	53
Operating lease rentals for rented premises	**453**	540
Written off of plant and equipment	**2**	2,164

7. INCOME TAX EXPENSE

	2015	2014
	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 2015 as the Group did not generate any assessable profits arising in the PRC for the year ended 31 December 2015 (2014: 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 2015 as the Group did not generate any assessable profits arising in Hong Kong for that year.

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

	2015	2014
	RMB'000	*RMB'000*
Profit (loss) before taxation	**4,524**	(7,623)
Tax at the applicable statutory tax rate	**1,131**	(1,906)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**61**	(9)
Tax effect of expenses not deductible for tax purposes	**353**	31
Tax effect of unused tax losses not recognised	**–**	1,903
Tax effect of income not taxable for tax purposes	**(1,545)**	–
Under-provision in previous years	**–**	16
Tax reduction	**–**	(14)
Income tax expense for the year	**–**	21

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB4,524,000 (2014: loss of approximately RMB7,147,000) divided by the weighted average number of 500,000,000 shares (2014: 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 2015 and 2014 as there was no diluted potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**1,327**	6,008
Less: Accumulated impairment losses	**(42)**	–
	1,285	6,008

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:

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**330**	5,911
91–180 days	**352**	17
181–365 days	**546**	31
Over 365 days	**57**	49
	1,285	6,008

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

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**–**	36
Recognise during the year	**42**	–
Written off during the year	**–**	(36)
At 31 December	**42**	–

At 31 December 2015, included in the impairment loss are individually impaired trade receivables in the Group with an aggregate balance of RMB42,000 (2014: Nil) 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.

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:

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**33**	5,222
91–180 days	**647**	–
181–365 days	**1,324**	–
Over 365 days	**395**	850
	2,399	6,072

During the year ended 31 December 2015, the Group made a reversal for trade payables of RMB850,000 (2014: 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 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

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

Pursuant to the judgement issued by People's Court of Shenzhen City Guangdong Province dated 8 April 2015, Shenzhen WanHao won the case. However, the plaintiff made an appeal to Intermediate People's Court of Shenzhen City Guangdong Province on 6 November 2015 and the result of the case has not yet come up. The Directors are of the opinion that Shenzhen Wanhao has strong grounds to defend the claim and therefore, no provision is made in the consolidated financial statements for the year ended 31 December 2015.

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 2015.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER IN RELATION TO THE GOING CONCERN BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that as at 31 December 2015 the Group had net current liabilities of approximately RMB53,389,000 and capital deficiency of approximately RMB48,378,000. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

Business Review

In 2015, our major business includes research and development and trading of tablet computers and materials for the motherboard of electronic devices. We also focused on the research and development of heavy motorbikes, routers, ad displayer and financial terminals and the sales of 3G modules and 4G modules achieved steady growth.

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB56,427,000 (2014: RMB43,787,000), representing an increase of approximately RMB12,640,000 over the previous year. The increase in the Group's revenue is mainly due to the additional marketing effort during the year.

Operation review

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 Asia (mainly including the PRC, Hong Kong and Vietnam).

Gross profit margin was 3.5% (2014: gross profit margin: 6.0%). Revenue increased by RMB12,640,000 was due to the additional marketing effort during the year. The decrease in gross profit mainly reflected the impact of intense price competition in the electronics industry.

The Group recorded other revenue of approximately RMB512,000 (2014: RMB830,000), representing a decrease of RMB318,000. For details, please refer to notes 4 to the Consolidated Financial Statements.

The Group recorded waiver of other payables, accruals and receipt in advances of approximately RMB5,938,000 (2014: RMB158,000); reversal of trade payables of approximately RMB850,000 (2014: Nil); gain on deregistration of a subsidiary of approximately RMB627,000 (2014: loss of RMB125,000).

Selling and distribution expenses recorded a decrease by RMB9,000 as a result of tighter cost control. Administrative expenses recorded a decrease by RMB5,017,000 over the previous year. The decrease in administrative expenses were mainly due to the decrease in depreciation (2015: RMB105,000; 2014: RMB2,465,000); the decrease in staff costs (2015: RMB1,681,000; 2014: RMB2,933,000); the decrease in written off of plant and equipment (2015: RMB2,000; 2014: RMB2,164,000), and the increase in legal and professional fee (2015: RMB711,000; 2014: RMB161,000).

Finance costs amounted to Nil (2014: RMB750,000). No finance cost was incurred because the bank borrowings were fully settled during the year 2014.

For the year ended 31 December 2015, profit attributable to owners of the Company amounted to RMB4,524,000 (2014: loss of RMB7,147,000), and we achieved the goal of profitability.

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2015, the Group had current assets of approximately RMB11,068,000 (2014: RMB13,363,000), representing a decrease of RMB2,295,000 compared with last year. The decrease was mainly attributable to the decrease in trade receivables and bank balances and cash by RMB7,446,000 and the increase in paid in advance by RMB4,814,000.

As at 31 December 2015, the Group had current liabilities of approximately RMB64,457,000 (2014: RMB70,944,000), which represented a decrease of RMB6,487,000. The major changes were the increase in amount due to a director; the decrease in amount due to a major shareholder; the decrease in trade payables, other payables and accruals (mainly due to the waiver of other payables and accruals during the year) and the increase in receipt in advances.

Finance and banking facilities

As at 31 December 2015, the Group had bank balances and cash of approximately RMB1,373,000 (2014: RMB4,096,000), with no bank borrowings (2014: RMB Nil).

As at 31 December 2015, the Group had other borrowings of approximately RMB11,000,000 (2014: RMB11,000,000).

Gearing ratio

The Group's gearing ratio as at 31 December 2015 was 68.4% (2014: 58.8%), which was expressed as a percentage of other borrowings over the total assets.

Capital structure and financial resources

As at 31 December 2015, the Group had net liabilities of approximately RMB48,378,000 (2014: RMB52,248,000). 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, and expect that, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 22 employees (2014: 28 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.

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.

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

The Group did not have any significant investment and acquisition during the year ended 31 December 2015.

PROSPECTS

In 2016, the Group expects to build up the internet mindset of marketing, not only relying on the development of module business but also developing MTK, Qualcomm, smart modules and exploring on security systems, in-vehicle information and entertainment products, in-vehicle rearview mirrors, routers and bank financing terminal markets, aiming at wining by the fast play, developing new products and expanding new businesses.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board is pleased to report compliance with the code provisions of the CG Code throughout the year, except where otherwise stated.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board reviews the effectiveness of the Group's material internal controls and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

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 2015. 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 2015.

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

Ningbo, the PRC, 23 March 2016

As at the date hereof, the executive Directors are Mr. Zhu Guo An, Mr. Qi Yong Qiang and Mr. Yu Nian Hua; 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 GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.