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Zhejiang RuiYuan Intelligent Control Technology Company Limited*

浙江瑞遠智控科技股份有限公司

(formerly known as Ningbo WanHao Holdings Company Limited*)

(寧波萬豪控股股份有限公司)

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

(Stock Code: 8249)

NEGATIVE PROFIT ALERT

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary review of the management accounts of the Group for the six months ended 30 June 2017, it is expected that the Group may record an increased net loss attributable to the shareholders of the Company for the six months ended 30 June 2017 as compared to the loss for the six months ended 30 June 2016 and loss for the year ended 31 December 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Zhejiang RuiYuan Intelligent Control Technology Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2017, it is expected that the Group may record an increased net loss

* For identification purpose only

attributable to the shareholders of the Company for the six months ended 30 June 2017 as compared to the loss for the six months ended 30 June 2016 and loss for the year ended 31 December 2016.

The main reasons for the Group to record an increased loss were that:

- (1) the Group incurred additional legal and professional fees in defending, amongst others, the Company and its subsidiary Hong Kong Wan Li Enterprise Company Limited, in the Labour Tribunal of Hong Kong; and
- (2) the products' gross margin of the Group was lowered due to the higher price competition as the Group strived to gain more market shares for its newly developed products and the higher cost of sales in relation to such new products.

Hence, despite a notable growth in the Group's turnover during the six months ended 30 June 2017, it continued to record a net loss for this period.

The information contained in this announcement is only a preliminary assessment by the Board based on the Company's management accounts and the information currently available to the Board, which have not been reviewed or audited by the Company's auditor or the audit committee. As at the date of this announcement, the Company is in the process of finalising the Group's results for the six months ended 30 June 2017. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 June 2017 which is expected to be published on 11 August 2017.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Ningbo, the People's Republic of China, 31 July 2017

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

*This announcement, for which the directors of the Company ("**Directors**") collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

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