

RUIYUAN  
瑞 远

浙江瑞遠智控科技股份有限公司

Zhejiang RuiYuan Intelligent Control Technology Company Limited\*

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

Stock code : 8249

THIRD  
QUARTERLY  
REPORT  
2023

\* For identification purposes only

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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.**

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*This report, for which the directors (the “Directors”) of Zhejiang RuiYuan Intelligent Control Technology Company Limited\* (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This report will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at [www.ruiyuanhk.com](http://www.ruiyuanhk.com).*

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## 2023 THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of Zhejiang RuiYuan Intelligent Control Technology Company Limited\* (the “Company”) hereby announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2023 (the “Reporting Period”) together with the unaudited comparative figures for the corresponding period in 2022 are as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Notes	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	4	4,717	4,707	16,494	19,513
Cost of sales		(4,390)	(3,656)	(15,449)	(16,066)
Gross profit		327	1,051	1,045	3,447
Other income	4	–	6	1	13
Selling expense		(108)	(24)	(202)	(286)
Administrative expense		(566)	(537)	(1,501)	(1,665)
Finance costs	5	–	(1,613)	(2,280)	(4,838)
Loss before taxation		(347)	(1,117)	(2,937)	(3,329)
Income tax expenses	6	(1)	(17)	(1)	(43)
<b>Loss and total comprehensive loss for the period</b>		<b>(348)</b>	<b>(1,134)</b>	<b>(2,938)</b>	<b>(3,372)</b>
<b>Loss per share</b>					
— Basic (RMB cents per share)	7	(0.07)	(0.23)	(0.59)	(0.67)

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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2023

	Attributable to owners of the Company					
	Share capital	Capital reserve	Other reserve	Statutory	Accumulated losses	Total
				surplus reserve		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2022	50,000	40,449	291,319	25,177	(450,946)	(44,001)
Loss and total comprehensive loss for the period	-	-	-	-	(3,372)	(3,372)
At 30 September 2022	50,000	40,449	291,319	25,177	(454,318)	(47,373)
At 1 January 2023	<b>50,000</b>	<b>40,449</b>	<b>291,319</b>	<b>25,465</b>	<b>(455,866)</b>	<b>(48,633)</b>
Loss and total comprehensive loss for the period	-	-	-	-	(2,938)	(2,938)
At 30 September 2023	<b>50,000</b>	<b>40,449</b>	<b>291,319</b>	<b>25,465</b>	<b>(458,804)</b>	<b>(51,571)</b>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

Zhejiang RuiYuan Intelligent Control Technology Company Limited\* (the “Company”) is a joint stock limited liability company incorporated in the People’s Republic of China (the “PRC”) and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the design, manufacture and sales of computer numerical control (“CNC”) machine tools optical and mechanical products, sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances in the PRC.

The unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared under historical cost basis.

### Going concern

During the period ended 30 September 2023, the Group incurred a net loss of approximately RMB2,938,000. At 30 September 2023, the Group had net current liabilities of approximately RMB51,729,000 and capital deficiency of approximately RMB51,571,000. 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 have performed an assessment of the Group’s future liquidity and cash flows, taking into account the following relevant matters:

- (i) The Directors will strengthen to implement measures aiming of improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs; and
- (ii) a major shareholder and a director of the Company confirm to provide adequate financial support to the Group as is necessary to ensure its continuing operation for a period at least twelve months from the date of this report.

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The Directors consider that after taking into account the abovementioned financing plans and financial support of the major shareholder, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements have been prepared 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 unaudited condensed 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 and liabilities as current assets and liabilities respectively. The effect of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

The condensed consolidated results for the nine months ended 30 September 2023 are unaudited but have been reviewed by the audit committee of the Company.

The Group has not early adopted the new and revised standards and amendments to standards that have been issued but are not yet effective for the nine months ended 30 September 2023.

### **3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

#### 4. REVENUE AND OTHER INCOME

	(Unaudited) For the three months ended 30 September 2023		(Unaudited) For the nine months ended 30 September 2023	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>				
Type of goods				
Sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances	1,142	3,153	9,940	16,293
Sales of CNC machine tools optical and mechanical products	3,575	1,554	6,554	3,220
Time of revenue recognition				
At point in time	4,717	4,707	16,494	19,513
<b>Other income</b>				
Bank interest income	–	–	1	1
Government grants	–	4	–	7
Others	–	2	–	5
	–	6	1	13

#### 5. FINANCE COSTS

For the nine months ended 30 September 2023, finance costs amounted to approximately RMB2,280,000 (for the nine months ended 30 September 2022: RMB4,838,000), arising from the imputed interest on loan from a major shareholder.

## 6. INCOME TAX EXPENSE

The taxation expense represents:

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 30 September</b>		<b>(Unaudited)</b> <b>For the nine months</b> <b>ended 30 September</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Current taxation:				
— PRC enterprise income tax	1	17	1	43
Income tax expense	1	17	1	43

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.

For qualified small and thin-profit enterprises, the annual taxable income up to RMB1 million (inclusive) is subject to an effective Enterprise Income Tax ("EIT") rate of 2.5% from 1 January 2021 to 31 December 2022; where the annual taxable income exceeds RMB1 million but does not exceed RMB3 million (inclusive), the amount in excess of RMB1 million is subject to an effective EIT rate of 5% from 1 January 2022 to 31 December 2024.

For the periods ended 30 September 2023 and 2022, certain subsidiaries of the Company have been qualified as small and thin-profit enterprises which can enjoy preferential tax rate in the related period.

No provision for Hong Kong profits tax was made for the periods ended 30 September 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong for those periods.

**7. LOSS PER SHARE**

Loss per share is calculated based on the Group's loss attributable to shareholders for the three months and nine months ended 30 September 2023 of approximately RMB348,000 and RMB2,938,000 (for the three months and nine months ended 30 September 2022: RMB1,134,000 and RMB3,372,000) and 500,000,000 shares (for the nine months ended 30 September 2022: 500,000,000 shares) in issue during the period respectively.

Diluted loss per share is not presented as the Company has no dilutive potential ordinary shares during the respective periods (2022: Nil).

**8. DIVIDEND**

No dividend was distributed during the reporting period. The Board does not recommend the payment of dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Business review**

The Group's major business included engaging in the design, manufacture and sales of CNC machine tools optical and mechanical products, sales of controller systems for electronic equipment and electronic component and subassembly for electronic appliances.

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

In 2022, the Group took the initiative to develop the business of industrial electronic intelligent control equipment, mechanical equipment, industrial CNC system, and general parts processing and manufacturing. At present, the Group purchased a batch of multi-axis drilling machine, grinding machine and radial drilling machine and other equipment, for metal castings and metal products (such as bed, bed legs, headstock, pressure film, briquetting, nut and other castings and forgings) processing, manufacturing and production. The Company's CNC machine tool and optical machine will apply to different fields, including raw materials, production and processing, the Company will soon launch a variety of high-end CNC machine tool and optical machine products to enhance the enterprise's own product innovation and market expansion. In addition, the Company's industrial automation control system and electronic equipment products will also be upgraded to improve the performance and competitiveness of the products. The Group will continue to purchase a series of processing equipment to develop new products.

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

## **Financial review**

For the nine months ended 30 September 2023, the Group recorded a turnover of approximately RMB16,494,000 (for the nine months ended 30 September 2022: RMB19,513,000), representing a decrease of approximately RMB3,019,000.

For the nine months ended 30 September 2023, loss attributable to shareholders was approximately RMB2,938,000 (for the nine months ended 30 September 2022: RMB3,372,000), representing a decrease of loss of approximately RMB434,000. The Group will continue to implement cost control.

For the nine months ended 30 September 2023, the gross profit margin was 6.3% (for the nine months ended 30 September 2022: 17.7%).

For the nine months ended 30 September 2023, administrative expenses was approximately RMB1,501,000, representing a decrease of approximately RMB164,000 compared with the corresponding period of last year. In order to reduce the related expenses, the Group will continue to implement cost management.

## **Contingent liabilities**

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

On or around 7 November 2016, a former employee (the “Former Employee”) who was terminated by the Company on or around 5 October 2016 (the “Termination Date”), commenced proceedings in the Labour Tribunal against the Company and its former subsidiary, Hong Kong Wan Li Enterprise Co. Ltd. (“HK Wan Li”) (together, the “Respondents”), claiming a total amount of approximately of HK\$2,600,000 (equivalent to approximately RMB2,340,000) on a number of grounds, including (i) dismissal by reason of redundancy; (ii) failure to grant statutory holidays; (iii) failure to grant annual leave; (iv) failure to pay long service payment; (v) failure to make payment for overtime work; (vi) failure to pay end of year payment; and (vii) failure to pay bonus. Pursuant to the Order of the Labour Tribunal dated 5 May 2017, the Labour Tribunal Proceedings are presently stayed indefinitely with costs reserved.

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

Taking into account the possible outcome and their obligations for the above case, the Group has made a provision for claim of approximately RMB86,000 (equivalent to approximately HK\$96,000) during the year ended 31 December 2016 and no further provision was made thereafter.

Since the above case is still in progress, the Directors would continue to exercise their due care in monitoring the progress of the case and would assess the adequacy of provision of claim and the financial impact on the Group as and when appropriate. The Directors believe that the amount of approximately RMB86,000 as at 30 September 2023 (2022: RMB86,000) represents the best estimate of the Group's liability having taken legal advice.

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

## **Prospect**

The Group understands that its own competitive capability in product innovation and quality is important to future growth in sales and operation. Operation processes are continuously streamlined. The Group is moving forward with realistic measures and goals and in accordance with feasible plans. The Group has established strategic partnerships with various companies and is now actively expanding the products and sales markets, laying the foundation for the increase in the trading business of intelligent control systems. At present, the Group's products for sale include electronic components, industrial electronic intelligent control system, alternating current servo motors and CNC machine tools optical and mechanical. Such products have gradually been recognized by the market and customers. The application of industrial electronic intelligent control system and CNC machine tools optical and mechanical developed by the Group has been gradually available to the market, making the market and development prospects of the Group promising.

## **Dividend**

No dividend was distributed during the Reporting Period. The Board does not recommend the payment of dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil).

## **Significant event after the Reporting Period**

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

## **RIGHTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS TO ACQUIRE SHARES**

During the nine months ended 30 September 2023, none of the Directors, chief executives (the "Chief Executives") (if any) or supervisors of the Company (the "Supervisors") or their spouse or children under the age of 18 was granted any right to acquire shares of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), or had exercised any such right.

## **PLEDGE OF SHARES BY SUBSTANTIAL SHAREHOLDER**

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

\* For identification purpose only

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

So far as known to the Directors, as at 30 September 2023, the interests and short position of each Director, Chief Executive and Supervisor in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as required pursuant to Section 352 of the SFO to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing of securities by directors and supervisors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rule, were as follows:

### Long positions in shares

Name of Director/ Chief Executive/ Supervisor	Number of Shares interested <i>(Note 1)</i>	Nature of interest	Approximate percentage of shareholding interested in same class of securities	Approximate percentage of shareholding interested in the registered capital
<b>Director</b>				
Mr. He Keng	370,000,000 Domestic Shares <i>(Note 2)</i>	Interest of controlled corporation	100.00%	74.00%
	1,000 H Shares <i>(Note 3)</i>	Beneficial owner	0.0008%	0.0002%
Ms. Zou Jing	4,225,000 H Shares	Beneficial owner	3.25%	0.845%

Notes:

- (1) Domestic share(s) of a nominal value of RMB0.10 each (the "Domestic Share(s)"), in the registered capital of the Company, are subscribed for or credited as fully-paid in Renminbi. H share(s) represent overseas listed foreign share(s) of a nominal value of RMB0.10 each ("H Share(s)") in the registered capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars.

- (2) On 11 July 2016, RuiYuan Robot entered into a share transfer agreement with Wan Li Group Company Limited\* (萬里控股集團股份有限公司) (“Wanli”), Mr. Qi Yong Qiang (“Mr. Qi”) and other parties, pursuant to which, among other things, RuiYuan Robot agreed to acquire (i) 306,900,000 Domestic Shares held by Wanli and 15,775,000 Domestic Shares held by Mr. Qi (collectively the “First Batch Sale Shares”) and (ii) 47,325,000 Domestic Shares held by Mr. Qi (the “Second Batch Sale Shares”). After completion of the transfer of the First Batch Sale Shares and the Second Batch Sale Shares, Mr. He Keng and parties acting in concert with him owned an aggregate of 370,000,000 Domestic Shares, representing 74% of the entire issued share of the Company as at 30 September 2023.
- (3) As a result of the mandatory cash offer following the sale and purchase of the First Batch Sale Shares and the Second Batch Sale Shares (the “Mandatory Cash Offer”), which closed at 4 pm on 14 September 2016, Mr. He Keng acquired valid acceptances in respect of 1,000 H Shares. Accordingly, Mr. He Keng was interested in 1,000 H Shares as at 30 September 2023.

Save as disclosed above, at no time during the nine months ended 30 September 2023 did the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) have any interests in, or had they been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO).

Apart from the above, at no time during the nine months ended 30 September 2023 was the Company or any of its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Furthermore, at no time during the nine months ended 30 September 2023 was there any arrangement whose objects are, to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or its associated corporation.

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

So far as the Directors are aware, as at 30 September 2023, the persons or companies (other than the Directors, Chief Executives or Supervisors) have interests and/or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO, and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

### Long positions in shares

<b>Name of Substantial Shareholder</b>	<b>Number of Shares interested</b> (Note 1)	<b>Nature of interest</b>	<b>Approximate percentage of shareholding interested in same class of securities</b>	<b>Approximate percentage of shareholding interested in the registered capital</b>
RuiYuan Robot	370,000,000 Domestic Shares (Notes 2, 3 and 4)	Beneficial owner	100.00%	74.00%
Hangzhou Qindie Electronic Equipment Company Limited* (杭州沁蝶機電設備有限公司) ("Hangzhou Qindie")	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100.00%	74.00%
Zhuji Jinfu Electrical Equipment Company Limited* (諸暨金福機電設備有限公司) ("Zhuji Jinfu")	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100.00%	74.00%
Shaoxing Qinyuan Electronic Technology Company Limited* (紹興沁遠電子科技有限公司) ("Shaoxing Qinyuan")	47,325,000 Domestic Shares (Notes 2 and 6)	Nominee	12.79%	9.47%
Mr. Tang Jingfeng	370,000,000 Domestic Shares (Notes 2, 5 and 6)	Interest of controlled corporation	100.00%	74.00%
Mr. Zhao Zhongxin	370,000,000 Domestic Shares (Notes 2 and 5)	Interest of controlled corporation	100.00%	74.00%

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<b>Name of Substantial Shareholder</b>	<b>Number of Shares interested</b> <i>(Note 1)</i>	<b>Nature of interest</b>	<b>Approximate percentage of shareholding interested in same class of securities</b>	<b>Approximate percentage of shareholding interested in the registered capital</b>
Mr. He Yanggen	370,000,000 Domestic Shares <i>(Notes 2 and 5)</i>	Interest of controlled corporation	100.00%	74.00%
Martin Currie China Hedge Fund Limited	14,245,000 H Shares	Investment manager	10.96%	2.85%
Martin Currie Investment Management Limited	14,245,000 H Shares	Investment manager	10.96%	2.85%

*Notes:*

- (1) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, are subscribed for or credited as fully-paid in Renminbi. H Share(s) represent overseas listed foreign share(s) of a nominal value of RMB0.10 each in the registered capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars.
- (2) On 11 July 2016, RuiYuan Robot entered into a share transfer agreement with Wanli, Mr. Qi and other parties, pursuant to which, among other things, RuiYuan Robot agreed to acquire (i) the First Batch Sale Shares from Wanli and Mr. Qi and (ii) the Second Batch Sale Shares from Mr. Qi. After completion of the transfer of the First Batch Sale Shares and the Second Batch Sale Shares, RuiYuan Robot and parties acting in concert with it owned an aggregate of 370,000,000 Domestic Shares, representing 74% of the entire issued share of the Company as at 30 September 2023.
- (3) As disclosed in the announcement of the Company dated 29 December 2017, RuiYuan Robot has pledged its 322,675,000 domestic shares of the Company (representing 64.535% of the total issued share capital of the Company) to an independent third party for serving RuiYuan Robot's own purpose and fulfilling its responsibilities.
- (4) RuiYuan Robot is a joint stock company incorporated in the PRC with limited liability and is owned as to 55% by Hangzhou Qindie and as to 45% by Zhuji Jinfu.
- (5) Hangzhou Qindie is a company incorporated in the PRC and is owned as to 51% by Mr. He Keng and as to 49% by Mr. Tang Jingfeng. Zhuji Jinfu is a company incorporated in the PRC and is owned as to 50% by Mr. Zhao Zhongxin and as to 50% by Mr. He Yanggen.
- (6) Shaoxing Qinyuan, to whom the Second Batch Sale Shares were transferred, is the nominee for RuiYuan Robot and a company that is owned as to 60% by Mr. He Keng and 40% by Mr. Tang Jingfeng.

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed "Directors', Chief Executives' and Supervisors' Interests and Short Positions" above holding any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept pursuant to section 336 of the SFO as at 30 September 2023.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Reporting Period.

## COMPETING INTERESTS

During the Reporting Period, none of the Directors, Supervisors and the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

## DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding transactions in securities of the Company by the Directors and Supervisors (the "Code of Conduct"). Having made specific enquiry with all Directors and Supervisors, the Directors and Supervisors confirmed that they had complied with the required standard of dealings and the Code of Conduct during the nine months ended 30 September 2023. In addition, the Company is not aware of any non-compliance of the required standard of dealings and the Code of Conduct by the relevant employees during the Reporting Period.

## CORPORATE GOVERNANCE

For the nine months ended 30 September 2023, the Company has complied with all the code provisions set out in the Corporate Governance Code as stated in Appendix 15 to the GEM Listing Rules except the following deviation from code provision C.2.1:

Mr. He Keng is the Chairman of the Board. The Company has no such title as the chief executive officer and the daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and holds meetings from time to time to discuss issues affecting the operations of the Company.

## AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) since 1 June 2003 with written terms of reference (updated on 15 March 2017 and 28 December 2018) based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Kwok Kim Hung Eddie, who is the chairman of Audit Committee, Mr. Zhou Weibo and Ms. Sheng Ting.

The Audit Committee has reviewed with the senior management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the Group’s unaudited condensed consolidated financial statements for the nine months ended 30 September 2023.

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

Ningbo, The PRC, 8 November 2023

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

### **EXECUTIVE DIRECTORS**

Mr. He Keng (*Chairman*)  
Ms. Wu Shanhong  
Mr. Chen Weiqiang  
Ms. Zou Jing

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Zhou Weibo  
Ms. Sheng Ting  
Mr. Kwok Kim Hung Eddie

\* *For identification purpose only*