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JIU RONG HOLDINGS LIMITED

久融控股有限公司

(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2358)

MAJOR TRANSACTION

DISPOSAL OF

MITSUMARU EAST KIT (GROUP) LIMITED

THE AGREEMENT

On 20 July 2015 (after trading hours), the Company entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares and the Sale Loan at the Consideration of HK\$23,000,000 in cash.

The Target Group is engaged in the design, assembly and installation of water meter. Following the Disposal, the Remaining Group will cease to engage in design, assembly and installation of water meter through Wuhan Sunbow and will continue with its research and development, manufacturing and sales of digital television, high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio for the Disposal under the Listing Rules is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.08 of the Listing Rules and is subject to announcement, reporting and Shareholders' approval requirements under the Listing Rules. As no Shareholder has a materially different interest in the Disposal, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal.

GENERAL

A circular containing details of the Agreement and other information required under the Listing Rules together with the notice of the EGM is expected to be despatched to the Shareholders on or before 10 August 2015.

The Board is pleased to announce that on 20 July 2015 (after trading hours), the Company entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares and the Sale Loan at the Consideration of HK\$23,000,000 in cash.

Details of the Agreement are set out below.

THE AGREEMENT

Date

20 July 2015

Parties

- (i) The Company as the vendor; and
- (ii) China Water Affairs Group Limited as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, immediately before signing the Agreement, the Purchaser is a third party independent of the Company and its respective connected persons (as defined in the Listing Rules). The Purchaser is principally engaged in water supply and sewage treatment businesses in the PRC.

Assets to be disposed of

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell, the Sales Shares and the Sale Loan. As at 31 March 2015, there was a shareholders' loan of approximately HK\$11,480,000 due to the Company from the Target Group and the Sale Loan will be assigned to the Purchaser upon Completion.

The Sale Shares represent the entire issued share capital of the Target Company.

Consideration

The Consideration shall be HK\$23,000,000, which shall be settled by the Purchaser in cash on Completion.

Conditions

Completion is conditional upon:

1. all necessary consents and approvals required to be obtained on the part of the Company in respect of the sale of Sale Shares and the Sale Loan having been obtained including but not limited to the passing by the Shareholders of ordinary resolution(s) to approve the Agreement and the transaction contemplated thereunder;
2. all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the acquisition of Sale Shares and the Sale Loan having been obtained;
3. there does not exist any matter, fact or circumstance which constitutes, or may constitute a breach of the warranties provided by the Company or the terms of the Agreement;
4. the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Group; and
5. (if required) all necessary waiver, consent, approval, authorisation, permission, order and exemption from the relevant government or regulatory authorities or other third party in relation to the Agreement and the transactions contemplated thereunder having been obtained.

Conditions (3) and (4) above are waivable by the Purchaser under the Agreement while all the other conditions are incapable of being waived. The Purchaser has no current intention to waive such conditions as at the date of this announcement. If the above conditions are not satisfied on or before 31 October 2015 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall cease and determine.

Completion

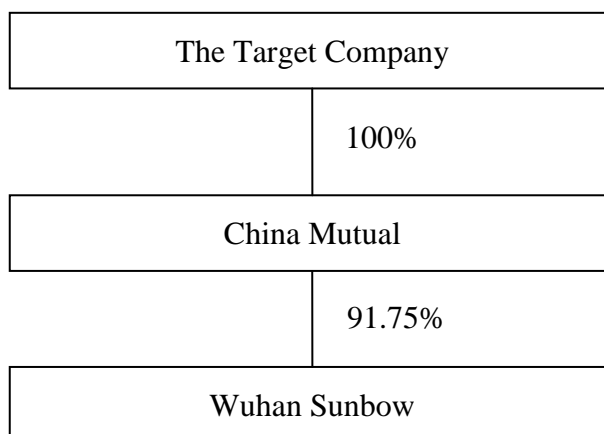
Completion shall take place within three (3) business days after the date of fulfillment of the conditions under the Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands. The principal activities of the Target Group are engaged in the sales, design, assembly and installation of water meters and provision of related services through Wuhan Sunbow.

Target Group structure

Set out below is the group structure of the Target Group:



Set out below is the unaudited consolidated financial information of the Target Group in accordance with the Hong Kong accounting standards:

	For the three months ended 31 March 2015 (unaudited) <i>HK\$ '000</i>	For the year ended 31 December 2014 (unaudited) <i>HK\$ '000</i>	2013 (unaudited) <i>HK\$ '000</i>
Turnover	1,457	49,861	42,303
Profit/(loss) before tax	(9,174)	10,461	9,075
Profit/(loss) after tax	(9,174)	7,834	7,537

	As at 31 March 2015 (unaudited) <i>HK\$'000</i>	As at 31 December 2014 (unaudited) <i>HK\$'000</i>	As at 31 December 2013 (unaudited) <i>HK\$'000</i>
Total assets	48,720	59,540	35,078
Total (liabilities)	(37,152)	(38,802)	(22,133)
Net assets	11,568	20,738	12,945
Non-controlling interests	(1,519)	(2,266)	(2,915)
Net assets attributable to equity holders of the Company	10,049	18,472	10,030

REASONS FOR THE DISPOSAL

At present, the Group is principally engaged in (i) the research and development, manufacturing and sales of digital television (“TV”), high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry (“TV Business”); and (ii) the sales, design, assembly and installation of water meters and provision of related services.

CWA Group was the largest customer of the Group’s water meter business as disclosed in the 2014 annual report of the Company. During the year ended 31 December 2014, the Group had continuing connected transaction with the CWA Group for the sale of water meters amounting to approximately HK\$44.44 million, representing 89.13% of the total water meters sales in 2014. Taking into account the CWA Group has decreased its demand of water meters from the Group from 1 January 2015 to 31 May 2015, the cash proceeds receivable and possible gain arising from the Disposal and the opportunity to reallocate resources after the Disposal to other business segment which may have better growth potential, the Directors are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

The Consideration is determined after arm’s length negotiations between the Company and the Purchaser taking into account factors including the net assets of the Target Group as at 31 March 2015. For illustration purpose and based on the net assets of Target Group attributable to equity holders of the Company as at 31 March 2015 of approximately HK\$10,148,000 and the Sale Loan of HK\$11,480,000 and the Consideration, the Disposal is expected to result in a gain of approximately HK\$1,372,000 for the Group.

Upon Completion, the Group shall cease to hold any interest in the Target Group and the Target Group shall cease to be subsidiaries of the Company. The proceeds from the Disposal will be applied as general working capital of the Group.

BUSINESS OF THE REMAINING GROUP AFTER THE DISPOSAL

Following the Disposal, the Remaining Group will cease to engage in the sales, design, assembly and installation of water meters and provision of related services through Wuhan Sunbow and will continue to engage in its existing TV Business.

The TV Business is carried out under SOYEA Jiu Rong which is an indirect wholly owned subsidiary acquired by the Group in December 2013. Since completion of the acquisition of SOYEA Jiu Rong, SOYEA Jiu Rong has made material profit contribution to the Remaining Group. Going forward, SOYEA Jiu Rong will try to secure more orders to generate sustainable profit to the Remaining Group.

LISTING RULES IMPLICATIONS

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GENERAL

A circular containing details of the Agreement and other information required under the Listing Rules together with the notice of the EGM is expected to be despatched to the Shareholders on or before 10 August 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 20 July 2015 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“China Mutual”	China Mutual Investment Limited, a company incorporated in Hong Kong with limited liabilities and a direct wholly owned subsidiary of the Target Company
“Company”	Jiu Rong Holdings Limited, a company incorporated in the Cayman Islands with limited liabilities, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code : 2358)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Consideration”	the aggregate consideration of HK\$23,000,000 for the Sale Shares and the Sale Loan under the Agreement
“CWA” or “Purchaser”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code : 855)
“CWA Group”	CWA and its subsidiaries
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Remaining Group”	the Group immediately after Completion
“Sale Loan”	any and all obligations, indebtedness or liabilities due by the Target Group to the Company on Completion, whether

	actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, of which will be assigned by the Company to the Purchaser upon Completion by way of loan assignment agreement
“Sale Shares”	100 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Agreement
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“SOYEA Jiu Rong”	數源久融技術有限公司 (SOYEA Jiu Rong Technology Co., Limited*), a company established under the laws of the PRC with limited liability and is an indirect wholly owned subsidiary of the Company as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mitsumaru East Kit (Group) Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company, China Mutual and Wuhan Sunbow
“Wuhan Sunbow”	武漢盛博科技有限公司 (Wuhan Sunbow Science & Technology Co., Limited*), a company established under the laws of the PRC with limited liability, 91.75% of the registered capital of which is held by China Mutual
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Jiu Rong Holdings Limited
Siu Chi Ming
Executive Director

Hong Kong, 20 July 2015

* *for identification purposes only*

As at the date of this announcement, Mr. Siu Chi Ming, Mr. Yin Jianwen and Ms. Wang Liping are the Executive Directors; Ms. Au Shui Ming Anna, Mr. Tsang Ho Ka Eugene and Mr. Wu Yinong are the Independent Non-executive Directors.