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**Jiu Rong Holdings Limited**  
**久融控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2358)**

**INTERIM RESULTS ANNOUNCEMENT**  
**For the six months ended 30 June 2016**

The board of directors (the "Directors") (the "Board") of Jiu Rong Holdings Limited (the "Company") are pleased to present unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Period") together with the comparative figures for the corresponding period of 2015.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	3	53,850	99,942
Cost of sales		(47,068)	(87,330)
<b>Gross profit</b>		<b>6,782</b>	12,612
Other income and gains	4	463	1,110
Selling and distribution costs		(3,004)	(8,942)
Administrative expenses		(10,024)	(24,832)
Other operating expenses		(38)	(143)
Finance costs	5	(71)	(546)
<b>Loss before income tax</b>	6	<b>(5,892)</b>	(20,741)
Income tax credit	7	197	207
<b>Loss for the period</b>		<b>(5,695)</b>	(20,534)
<b>Other comprehensive income for the period</b>			
Exchange differences on translating foreign operations		(2,032)	8
Other comprehensive income for the period		–	–
<b>Total comprehensive loss for the period</b>		<b>(7,727)</b>	(20,526)
<b>Loss attributable to:</b>			
– Owners of the Company		(5,695)	(19,677)
– Non-controlling interests		–	(857)
		<b>(5,695)</b>	(20,534)
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		(7,727)	(19,669)
– Non-controlling interests		–	(857)
		<b>(7,727)</b>	(20,526)
<b>Loss per share</b>	8		
– Basic and diluted		HK(0.15) cents	HK(0.52) cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	Unaudited As at 30 June 2016 HK\$'000	Audited As at 31 December 2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,673	3,029
Intangible assets		6,125	7,395
Goodwill		11,800	11,800
Deferred tax assets		3,081	3,147
Total non-current assets		23,679	25,371
<b>CURRENT ASSETS</b>			
Inventories		19,509	22,204
Trade and notes receivables	11	91,093	130,667
Prepayments, deposits and other receivables		1,792	1,369
Financial assets at fair value through profit or loss		146	4
Current tax asset		1,055	944
Pledged bank deposits		–	7,252
Cash and cash equivalents		57,054	47,746
Total current assets		170,649	210,186
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	12	55,901	84,174
Other payables and accruals		4,249	9,262
Total current liabilities		60,150	93,436
<b>Net current assets</b>		<b>110,499</b>	116,750
<b>Total assets less current liabilities</b>		<b>134,178</b>	142,121
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		962	1,178
		962	1,178
<b>Net assets</b>		<b>133,216</b>	140,943
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	13	380,000	380,000
Reserves	15	(246,784)	(239,057)
<b>Total equity</b>		<b>133,216</b>	140,943

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements For the six months ended 30 June 2016 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These Interim Financial Statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

This Interim Financial Statements have not been audited by the auditors of the Company, but have been reviewed and approved by the Audit Committee of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the Interim Financial Statements are consistent with those set out in the consolidated financial statements of the Group for the year ended 31 December 2015, the New HKFRSs which have become effective in this Period have no material impact on the accounting policies in the Group's condensed consolidated interim financial statements for the Period.

The Group has not applied the new HKFRSs that have been issued but are not effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Reportable segments

The Group has one reportable segment during the Period (30 June 2015: two segment). The following summary describes the operations in the Group's reportable segments:

- TV Business – 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.

The revenue and gain generated by each of the Group's operating segments and segment assets are summarised as follows:

<b>Six months ended 30 June 2016</b>	<b>TV Business (Unaudited) HK\$'000</b>		<b>Total (Unaudited) HK\$'000</b>
Reporting segment revenue from external customers	<b>53,203</b>		<b>53,203</b>
Reporting segment loss	<b>(3,785)</b>		<b>(3,785)</b>
Reporting segment assets	<b>159,259</b>		<b>159,259</b>
Six months ended 30 June 2015	Continuing operation	Discontinued operation	Total
	TV Business (Unaudited) HK\$'000	Water Meter Business (Unaudited) HK\$'000	(Unaudited) HK\$'000
Reporting segment revenue from external customers	95,489	4,453	99,942
Reporting segment loss	(4,827)	(10,389)	(15,216)
Reporting segment assets	198,979	35,898	234,877

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 3. SEGMENT INFORMATION (CONTINUED)

The Group's segment loss reconciles to the Group's loss before income tax as presented in its Interim Financial Statements as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Total reporting segment loss	<b>(3,785)</b>	(15,216)
Unallocated corporate expenses	<b>(2,105)</b>	(5,490)
Unallocated finance costs	<b>(2)</b>	(35)
Consolidated loss before income tax	<b>(5,892)</b>	(20,741)

## 4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank interest income	<b>(136)</b>	317
Others	<b>(327)</b>	793
	<b>(463)</b>	1,110

## 5. FINANCE COSTS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on loans wholly repayable within five years		
– Other loans	<b>–</b>	192
Bank charges	<b>71</b>	354
	<b>71</b>	546

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	<b>308</b>	415
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	<b>9,066</b>	8,790
Pension scheme contributions	<b>16</b>	21
	<b>9,390</b>	9,226
Foreign exchange loss, net	<b>184</b>	397

## 7. INCOME TAX CREDIT

No provision of Hong Kong Profit Tax has been provided in the Interim Financial Statements as the Group incurred losses for the Period in Hong Kong.

The rate of corporate income tax of the People's Republic of China ("PRC") is calculated at a standard rate of 25% (30 June 2015: 25%) on the estimated assessable profits arising from its operation in the PRC.

The amount of income tax expenses includes in profit or loss represents:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Current tax for the Period – PRC	–	–
Deferred tax	<b>(197)</b>	(207)
	<b>(197)</b>	(207)

## 8. LOSS PER SHARE

The calculation of basic loss per share for the Period is based on the loss for the Period attributable to owners of the Company of HK\$5,695,000 (30 June 2015: loss of HK\$19,677,000) and 3,800,000,000 (30 June 2015: 3,800,000,000) ordinary shares in issue during the Period.

The diluted loss per share for both the six months ended 30 June 2016 and 2015 are the same as the respective basic loss per share as the impact of potential ordinary shares have an anti-dilutive effect on the basic loss per share for these periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 9. DIVIDEND

The Directors do not recommend the payment of any interim dividend For the six months ended 30 June 2016 (30 June 2015: HK\$Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the Period, approximately HK\$6,000 (30 June 2015: approximately HK\$94,000) was spent on acquisition of plant and equipment. There was disposal of property, plant and equipment of approximately HK\$2,000 during the Period (30 June 2015: approximately HK\$214,000).

## 11. TRADE AND NOTES RECEIVABLES

	<b>Unaudited As at 30 June 2016 HK\$'000</b>	Audited As at 31 December 2015 HK\$'000
Trade receivables	<b>89,892</b>	124,851
Note receivables	<b>1,201</b>	5,816
	<b>91,093</b>	130,667

The Group's trading terms with its customers are mainly on credit, except for the new customers, where payment in advance is normally required. The credit period generally ranges from 15 to 185 days (2015: 15 to 185 days). Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables (net of impairment loss) as of the end of reporting period, based on the invoice dates, is as follows:

	<b>Unaudited As at 30 June 2016 HK\$'000</b>	Audited As at 31 December 2015 HK\$'000
Within 180 days	<b>51,826</b>	91,786
181 days to 1 year	<b>24,544</b>	22,033
Over 1 year	<b>13,522</b>	11,032
	<b>89,892</b>	124,851



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 12. TRADE AND NOTES PAYABLES

	<b>Unaudited As at 30 June 2016 HK\$'000</b>	Audited As at 31 December 2015 HK\$'000
Trade payables	<b>38,413</b>	58,928
Notes payables	<b>17,488</b>	25,246
	<b>55,901</b>	84,174

An ageing analysis of the trade payables as at the end of reporting period, based on the invoice date, is as follows:

	<b>Unaudited As at 30 June 2016 HK\$'000</b>	Audited As at 31 December 2015 HK\$'000
Within 180 days	<b>33,271</b>	57,980
181 days to 1 year	<b>4,895</b>	740
1 to 2 years	<b>53</b>	207
Over 2 years	<b>194</b>	1
	<b>38,413</b>	58,928

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 13. SHARE CAPITAL

	<b>Unaudited As at 30 June 2016 HK\$'000</b>	Audited As at 31 December 2015 HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each	<b>500,000</b>	500,000
Issued and fully paid:		
3,800,000,000 ordinary shares of HK\$0.1 each	<b>380,000</b>	380,000

### Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 14 to the Interim Financial Statements.

## 14. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 29 May 2014, the Company approved and adopted a share option scheme (the "Scheme").

The purpose of the Scheme is to provide incentives and/or rewards to any director, consultant, advisor person including full-time or part-time employee of the Company and its subsidiaries, at the sole discretion of the board, for their contribution to, and their continuing efforts to promote the interests of the Company. The schemes became effective on 30 May 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

### The Scheme

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the Period, at 30 June 2016 and up to the date of approval of these Interim Financial Statements, no share options have been granted under the Scheme.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

## 15. RESERVES

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the Company's shares issued in exchange therefore.

In accordance with the relevant regulation in the PRC, the subsidiaries operating in the PRC are required to transfer 10% of their profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of their respective registered capital. The statutory surplus reserve and the expansion reserve are non-distributable, and are subject to certain restrictions set out in the relevant regulations in PRC. These reserves can be used either to offset against accumulated losses or be capitalized as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above mentioned usages.

## 16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group does not have any contingent liability or capital commitment in the Period under review (31 December 2015: HK\$Nil).

## 17. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the Interim Financial Statements, the Group had the following material transactions with related parties during the six months ended 30 June 2016:

- (a) During the Period, total compensation paid to the Directors of the Company was approximately HK\$900,000 (30 June 2015: approximately HK\$960,000).

The Group has not made any impairment in respect of related party receivable nor has any guarantee been given or received during the current or prior period regarding related party transactions.

## 18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

This Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 August 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Overall Financial Results

During the Period, the Group achieved approximately HK\$53,850,000 in turnover, representing a significant decrease of approximately 46% from that of approximately HK\$99,942,000 during the same period of last year. Gross profit was approximately HK\$6,782,000, comparing to the gross profit of approximately HK\$12,612,000 during the corresponding period of last year. The overall gross profit ratio decreased from approximately 12.62% to approximately 12.59%. Loss for the Period attributable to owners of the Company was approximately HK\$5,695,000 (for the corresponding period of last year: loss of approximately HK\$19,677,000). Basic loss per share was approximately HK0.15 cents (for the corresponding period of last year: loss of approximately HK0.52 cents). As at 30 June 2016, the balance of cash and cash equivalents was approximately HK\$57,054,000 (31 December 2015: approximately HK\$47,746,000).

### Turnover

For the Period under review, the Group recorded a turnover of approximately HK\$53,850,000 which is contributed by TV Business.

During the Period, the Group's business has one segment (30 June 2015: two segment). Details of the segment information are set out in note 3 of the Interim Financial Statements.

### Gross Profit Margin

During the Period under review, the drop gross margin was due to the comparatively low margin products and services generated from the TV Business.

### Financial Position and Liquidity

	<b>30 June 2016</b>	31 December 2015
Current ratio	<b>2.84</b>	2.25
Quick ratio	<b>2.51</b>	2.01
Gearing ratio*	<b>0.08</b>	0.14

\* Gearing ratio = Net debt divided by the capital plus net debt

The cash and cash equivalents was approximately HK\$57,054,000 (31 December 2015: approximately HK\$47,746,000). The current ratio and quick ratio were approximately 2.84 and 2.51 (31 December 2015: approximately 2.25 and 2.01) respectively. The gearing ratio was approximately 8% on 30 June 2016 (31 December 2015: 14%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Structure and Foreign Exchange Risk

During the Period, there was no change in the Company's capital structure. The Group generally finances its operations and investing activities principally with internal resources.

The Group's monetary assets, loans and transactions are principally denominated in Renminbi ("RMB") and HK\$ (30 June 2015: RMB, HK\$). The Group is exposed to foreign exchange risk arising from the exposure of US\$ against RMB and HK\$. Considering that the HK\$ is pegged to the US\$, the Group believes its exposure to exchange risk will be confined to RMB against US\$. During the Period, the Group does not intend to hedge its exposure to foreign exchange fluctuations, but will constantly monitor the economic situation and its foreign exchange risk position, and will consider appropriate hedging measures in future as may be necessary and feasible.

## Employees Benefit and Expenses

As at 30 June 2016, the total number of employees of the Group was 165 (31 December 2015: 180). The total amount of employee wages and salaries incurred during the Period was approximately HK\$9,066,000 (30 June 2015: approximately HK\$8,790,000). The Group determines employees' remuneration by the work responsibilities, job performance and professional experience. The Group also provides employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees.

## INTERIM DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: HK\$Nil).

## BUSINESS REVIEW AND OUTLOOK

The Company's business operation was suffered from the global economy downturn in the first half of 2016, the Group record approximately HK\$53,850,000 (2015: approximately HK\$99,942,000) in turnover from TV Business for the six months ended 30 June 2016, representing a decrease of approximately 46% as compared with last year's corresponding period. The Group recorded operating loss of approximately HK\$5,695,000 (2015: approximately HK\$20,534,000) and loss attributable to owners of the Company of approximately HK\$5,695,000 (2015: approximately HK\$19,677,000).

In order to maximize shareholder's wealth, despite closely monitoring the exiting TV Business (including trading of TV business carried out by Ace Earn Limited) of the Group, the Directors has been actively exploring new businesses or investment opportunities in order to enhance the value of the Group which will be in the interests of the Company and shareholders as a whole. As a result of the business development of the Group in the first half of 2016, the Directors are pleased to announced that SOYEA Jiu Rong has stepped into the sewage treatment management business that SOYEA Jiu Rong has entered into a management contract with 杭州臨安市於潛城鎮建設開發有限公司 on 1 July 2016 for the management and operation of the 於潛鎮 sewage plant of daily capacity of 10,000m<sup>3</sup> from 1 July 2016 to 31 December 2016, such business can diversify businesses and broaden revenue base of the Group; and the management believed leveraging on the management and operation of the 於潛鎮 sewage plant, the Group will be able to further penetrate to the sewage treatment industry in the coming future.

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE**

As at 30 June 2016, none of the Directors and Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Division 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### **Purchase, Redemption or Sale of Listed Securities of the Company**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

### **Directors' Compliance with Model Code**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards of the Model Code throughout the six months ended 30 June 2016.

### **Compliance on Corporate Governance Practices**

For the Period, the Company complied with all the code provisions in the Corporate Governance Code. The Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

# DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

## **Audit Committee**

The Audit Committee has reviewed with the management of the Company the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Interim Financial Statements for the six months ended 30 June 2016 with the Directors.

## **Publication of Interim Results Announcement and Interim Report**

The interim results announcement and interim report of the Group for the six months ended 30 June 2016 are available for viewing on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.irasia.com/listco/hk/2358](http://www.irasia.com/listco/hk/2358).

## **Board of Directors**

As at the date of this report, the Executive Directors are Mr. Siu Chi Ming, Mr. Yin Jianwen and Ms. Wang Liping, the Independent Non-executive Directors are Mr. Chen Guowei, Mr. Yuan Qian Fei and Mr. Wu Yinong.

On Behalf of the Board  
**Jiu Rong Holdings Limited**  
**Siu Chi Ming**  
*Executive Director*

Hong Kong, 30 August 2016