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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)

**FURTHER INFORMATION TO THE
AUDITED ANNUAL RESULTS ANNOUNCEMENT**

References are made to the announcements of Jiu Rong Holdings Limited (the “Company”) dated 31 March 2020 and 21 May 2020 in relation to the unaudited annual results of the Company for the year ended 31 December 2019 (the “2019 Unaudited Annual Results Announcement”) and the audited annual results of the Company for the year ended 31 December 2019 (the “2019 Audited Annual Results Announcement”).

The Board of Directors would like to elaborate the audit adjustments made by auditors as follows:

(1) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December 2019 Unaudited Annual Results Announcement HK\$'000	Audit Adjustments HK\$'000	For the year ended 31 December 2019 Audited Annual Results Announcement HK\$'000
	Notes			
REVENUE	1	1,167,190	(558,492)	608,698
Cost of sales	1	(1,059,815)	558,492	(501,323)
Gross profit		107,375		107,375
Other income and gains		25,960		25,960
Selling and distribution costs		(19,368)		(19,368)
Administrative expenses		(46,204)		(46,204)
Other operating expenses		(2,287)		(2,287)
Equity-settled share option expenses		(27,359)		(27,359)
Fair value changes of investment properties		46,736		46,736
Finance costs		(34,404)		(34,404)
Share of loss of an associate		(2,524)		(2,524)
PROFIT BEFORE TAX		47,925		47,925
Income tax expense	2	(19,619)	(2,065)	(21,684)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		28,306	(2,065)	26,241
Other comprehensive loss for the year, net of tax:				
Items that will not be reclassified to profit or loss:				
Fair value changes of equity investments at fair value through other comprehensive income		(1,948)		(1,948)
Items that may be reclassified to profit or loss:				
Share of associates' exchange differences on translating foreign operations		(4,092)		(4,092)
Exchange differences on translation of foreign operations	2	(2,815)	392	(2,423)
		(6,907)	392	(6,515)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(8,855)	392	(8,463)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		19,451	(1,673)	17,778

(2) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 Unaudited Annual Results Announcement HK\$'000	Audit Adjustments HK\$'000	As at 31 December 2019 Audited Annual Results Announcement HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment		412,547		412,547
Investment properties		592,018		592,018
Right-of-use assets		6,517		6,517
Investment in an associate		157,373		157,373
Deferred tax assets		119		119
Equity investments at fair value through other comprehensive income		35,968		35,968
Prepayments, deposits and other receivables		13,500		13,500
		1,218,042		1,218,042
CURRENT ASSETS				
Inventories		20,190		20,190
Properties held for sale		202,157		202,157
Trade and notes receivables		408,019		408,019
Prepayments, deposits and other receivables		48,452		48,452
Investments at fair value through profit or loss		20,643		20,643
Tax recoverable		360		360
Pledged bank deposits		23,392		23,392
Cash and cash equivalents		109,248		109,248
		832,461		832,461
CURRENT LIABILITIES				
Trade and notes payables		858,950		858,950
Other payables and accruals		26,107		26,107
Lease liabilities		1,685		1,685
Contract liabilities	3	39,012	212,350	251,362
Bank and other loans	3	492,262	(212,350)	279,912
Deferred government grant		5,960		5,960
		1,423,976		1,423,976
NET CURRENT LIABILITIES		(591,515)		(591,515)
TOTAL ASSETS LESS CURRENT LIABILITIES		626,527		626,527
NON-CURRENT LIABILITIES				
Lease liabilities		4,562		4,562
Deferred government grant		36,554		36,554
Deferred tax liabilities	2	63,920	1,503	65,423
		105,036	1,503	106,539
NET ASSETS		521,491	(1,503)	519,988
EQUITY				
Equity attributable to owners of the Company				
Issued capital		547,200		547,200
Reserves	2	(25,709)	(1,503)	(27,212)
TOTAL EQUITY		521,491	(1,503)	519,988

Notes

1: For certain sales of spare parts related to new energy vehicle business, the Group's roles mainly include handling the sales and purchases orders and provide processing services. The Group acted as an agent's role instead of as a principal. As such, audit adjustments were proposed to record these sales and the corresponding costs of sales on a net basis instead of on a gross basis.

2: During the year, the Group changed from cost model to fair value model for measuring its investment properties in the PRC. However, these investment properties were stated at cost less accumulated depreciation in the PRC subsidiary's accounts. The depreciation recorded in the PRC subsidiary's book was deducted in calculating the PRC corporate tax. A deferred tax liabilities and related exchange difference were recorded for such temporary difference in the Group's consolidated financial statements.

3: The Group received deposits from customers during year 2019 and such deposits were incorrectly classified as other loans in the Unaudited Annual Results Announcement. Audit adjustment was proposed to re-classify such amounts to contract liabilities.

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

Hong Kong, 22 May 2020

As at the date of this announcement, Mr. Siu Chi Ming and Mr. Yin Jianwen are the Executive Directors; Mr. Wang Ning, Mr. Chen Zheng and Mr. Yuan Qian Fei are the Independent Non-executive Directors.