



Jiu Rong Holdings Limited
久融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2358)

2018
INTERIM REPORT

CONTENTS

2	Corporate Information
3	Condensed Consolidated Statement of Comprehensive Income
4	Condensed Consolidated Statement of Financial Position
6	Condensed Consolidated Statement of Changes in Equity
7	Condensed Consolidated Statement of Cash Flows
8	Notes to the Condensed Consolidated Financial Statements
21	Management Discussion and Analysis
23	Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares
24	Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Siu Chi Ming

Ms. Wang Liping

Mr. Yin Jianwen

Independent Non-executive Directors

Mr. Wang Ning

Mr. Wu Yinong

Mr. Yuan Qian Fei

AUDIT COMMITTEE

Mr. Yuan Qian Fei (*Chairman*)

Mr. Wu Yinong

Mr. Wang Ning

NOMINATION COMMITTEE

Mr. Wu Yinong (*Chairman*)

Mr. Wang Ning

Mr. Yuan Qian Fei

REMUNERATION COMMITTEE

Mr. Wang Ning (*Chairman*)

Mr. Yuan Qian Fei

Mr. Wu Yinong

Mr. Siu Chi Ming

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat 8, 49th Floor

Office Tower, Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

COMPANY SECRETARY

Mr. Siu Chi Ming

AUTHORISED REPRESENTATIVES

(for the purposes of the listing rules)

Mr. Siu Chi Ming

Mr. Yin Jianwen

AUTHORISED REPRESENTATIVES

(to accept service of process and notices under Part XI of the Hong Kong Companies Ordinance)

Mr. Siu Chi Ming

Mr. Yin Jianwen

AUDITOR

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Unit 701, 7/F, Citicorp Centre

18 Whitfield Road

Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Rooms 1712-16, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

China Everbright Bank Company Limited

Mizuho Bank Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited: 2358

WEBSITE

<http://www.irasia.com/listco/hk/2358>

<http://www.jiurongkg.com>

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 2018 (the "Period") together with the comparative figures for the corresponding period of 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Unaudited Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000
Revenue	4	172,522	142,694
Cost of sales		(120,900)	(114,701)
Gross profit		51,622	27,993
Other income and gains	5	8,917	2,543
Selling and distribution costs		(11,648)	(8,696)
Administrative expenses		(17,105)	(13,572)
Other operating expenses		(663)	(2,533)
Finance costs	6	(12,336)	(1,294)
Profit before income tax	7	18,787	4,441
Income tax expense	8	(4,199)	(1,168)
Profit after income tax for the period		14,588	3,273
Other comprehensive (loss)/income for the period			
Exchange differences on translating foreign operations		(4,664)	2,926
Total comprehensive income for the period		9,924	6,199
Profit attributable to:			
– Owners of the Company		14,588	3,273
Total comprehensive income attributable to:			
– Owners of the Company		9,924	6,199
		9,924	6,199
Earnings per share	9		
– Basic and diluted		HK0.27 cents	HK0.06 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	353,772	293,880
Investment properties		92,728	72,352
Deferred tax assets		4,290	4,080
		450,790	370,312
CURRENT ASSETS			
Inventories		9,368	13,504
Properties for sale under development		576,002	583,114
Trade and notes receivables	12	122,869	116,806
Prepayments, deposits and other receivables		127,618	91,017
Investments at fair value through profit or loss	3	50,555	33,493
Pledged bank deposits		158,578	141,251
Cash and cash equivalents		81,498	123,888
		1,126,488	1,103,073
CURRENT LIABILITIES			
Trade and notes payables	13	196,392	125,653
Contract liabilities		6,219	2,676
Other payables and accruals		70,713	73,488
Bank and other loans	14	754,020	727,652
Deferred government grant		5,774	5,845
Tax payable		1,144	876
		1,034,262	936,190
NET CURRENT ASSETS		92,226	166,883
TOTAL ASSETS LESS CURRENT LIABILITIES		543,016	537,195

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
NON-CURRENT LIABILITIES			
Deferred government grant		43,305	46,762
Deferred tax liabilities		52,398	53,044
		95,703	99,806
NET ASSETS			
		447,313	437,389
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	547,200	547,200
Reserves	17	(99,887)	(109,811)
TOTAL EQUITY			
		447,313	437,389

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Unaudited						
	Attributable to owners of the Company						
	Issued capital	Share premium account*	Contributed surplus*	Statutory surplus reserve*	Foreign currency translation reserve*	Accumulated losses*	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2018 (unaudited)							
At 1 January 2018	547,200	179,968	4,990	1,048	(362)	(295,455)	437,389
Transfer to statutory surplus reserve	-	-	-	1,713	-	(1,713)	-
Total comprehensive income for the period	-	-	-	-	(4,664)	14,588	9,924
At 30 June 2018	547,200	179,968	4,990	2,761	(5,026)	(282,580)	447,313
For the six months ended 30 June 2017 (unaudited)							
At 1 January 2017	456,000	71,886	4,990	1,048	(12,342)	(327,096)	194,486
Transfer to statutory surplus reserve	-	-	-	3	-	(3)	-
Issue of shares on placement	91,200	108,082	-	-	-	-	199,282
Total comprehensive income for the period	-	-	-	-	2,926	3,273	6,199
At 30 June 2017	547,200	179,968	4,990	1,051	(9,416)	(323,826)	399,967

* These reserve accounts comprise the consolidated reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(10,465)	(31,197)
Net cash outflow from investing activities	(58,293)	(3,351)
Net cash inflow from financing activities	26,368	275,892
Net increase/(decrease) in cash and cash equivalents	(42,390)	241,344
Cash and cash equivalents at beginning of the period	123,888	57,054
Cash and cash equivalents at end of the period	81,498	298,398

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and
- Investments at fair value through profit or loss.

(i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) *Investments at fair value through profit or loss*

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

1. BASIS OF PREPARATION (CONTINUED)

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. 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.

3. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

a) Disclosures of level in fair value hierarchy at 30 June 2018:

Description	Fair value measurements as at 30 June 2018 using:			Total 2018 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities outside Hong Kong				
	50,555	–	–	50,555
Listed securities in Hong Kong				
	–	–	–	–
Total recurring fair value measurements				
	50,555	–	–	50,555

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

3. FAIR VALUE MEASUREMENTS (CONTINUED)

a) Disclosures of level in fair value hierarchy at 30 June 2018: (continued)

Description	Fair value measurements as at 31 December 2017 using:			Total 2017 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities outside Hong Kong	33,371	–	–	33,371
Listed securities in Hong Kong	122	–	–	122
Total recurring fair value measurements	33,493	–	–	33,493

4. 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 five reportable segments during the Period (30 June 2017: three segments). The following summary describes the operations in the Group's reportable segments:

(i) *Digital Video Business*

The Group through its wholly owned subsidiary, Soyea Jiu Rong Technology Co., Ltd.* (数源久融技术有限公司) ("Soyea Jiu Rong") carries out 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

Reportable segments (continued)

(ii) New Energy Vehicles Business

The Group through its wholly owned subsidiary, Jiu Rong New Energy Science and Technology Limited* (久融新能源科技有限公司) ("Jiu Rong New Energy") carries out the construction, application and management of new energy vehicles and related products, charging facilities and intelligent management systems.

(iii) Cloud Ecological Big Data Business

The Group through its wholly owned subsidiary, Hangzhou Yunqi Cloud Data Limited* (杭州云栖云数据有限公司) ("Yunqi Cloud Data") carries out the application and management of cloud ecological big data.

(iv) Properties Development

The Group through its wholly owned subsidiary, Hangzhou Changyun Lu Yun Property Limited* (杭州长运绿云置业有限公司) carries out the properties development of big data industrial park in Hangzhou. It is expected that the park will establish a "Cloud Ecological System" to build a new generation of information technology (such as AR/VR, face recognition, digital maps, etc.) and communication technology, such as Internet of Things, big data, cloud computing, (such as 5G, LTE-V, NB-IOT, etc.) throughout the cloud industry park in all aspects, to create the country's first all-intelligent perception, interoperability cloud ecological park.

(v) Properties Investments

The Group through its wholly owned subsidiary, Hangzhou Changyun Lu Yun Property Limited* (杭州长运绿云置业有限公司) to conduct the properties investment for rental income from the big data industrial park in Hangzhou.

* For identification purpose only

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

Six months ended 30 June 2018

	Digital Video Business (Unaudited) HK\$'000	New Energy Vehicles Business (Unaudited) HK\$'000	Cloud Ecological Big Data Business (Unaudited) HK\$'000	Properties Development (Unaudited) HK\$'000	Properties Investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reporting segment revenue from external customers	93,098	74,641	2,844	-	1,939	172,522
Reporting segment profit/(loss) before income tax	1,168	19,292	452	-	(524)	20,388
Reporting segment assets	178,006	504,790	4,126	583,481	127,548	1,397,951

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2017

	Digital Video Business (Unaudited) HK\$'000	New Energy Vehicles Business (Unaudited) HK\$'000	Cloud Ecological Big Data Business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reporting segment revenue from external customers	104,535	37,571	588	142,694
Reporting segment profit before income tax	1,517	3,617	266	5,400
Reporting segment assets	182,039	363,521	54,319	599,879

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

	Unaudited Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Profit		
Total reporting segment profit before income tax	20,388	5,400
Unallocated corporate income/(expenses)	84	(959)
Unallocated finance costs	(1,685)	–
Consolidated profit before income tax	18,787	4,441

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2018						Total HK\$'000 (unaudited)
	Digital Video Business HK\$'000 (unaudited)	New Energy Vehicles Business HK\$'000 (unaudited)	Cloud Ecological Big Data Business HK\$'000 (unaudited)	Properties Development HK\$'000 (unaudited)	Properties Investments HK\$'000 (unaudited)		
Geographical markets							
PRC	76,243	74,641	2,844	-	1,939		155,667
Cuba	16,855	-	-	-	-		16,855
Total	93,098	74,641	2,844	-	1,939		172,522
Major products and services							
Sale of digital video products	93,098	-	-	-	-		93,098
Provision of New Energy Vehicles charging services income	-	74,641	-	-	-		74,641
Provision of big data services income	-	-	2,844	-	-		2,844
Rental and services income	-	-	-	-	1,939		1,939
Total	93,098	74,641	2,844	-	1,939		172,522
Timing of revenue recognition							
At a point in time	93,098	74,641	2,844	-	1,939		172,522
Over time	-	-	-	-	-		-
Total	93,098	74,641	2,844	-	1,939		172,522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

Segments	Six months ended 30 June 2017			
	Digital Video Business HK\$'000 (unaudited)	New Energy Vehicles Business HK\$'000 (unaudited)	Cloud Ecological Big Data Business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Geographical markets				
PRC	84,558	37,571	588	122,717
Cuba	19,977	-	-	19,977
Total	104,535	37,571	588	142,694
Major products and services				
Sale of digital video products	104,535	-	-	104,535
Provision of New Energy Vehicles charging services income	-	37,571	-	37,571
Provision of big data services income	-	-	588	588
Total	104,535	37,571	588	142,694
Timing of revenue recognition				
At a point in time	104,535	37,571	588	142,694
Over time	-	-	-	-
Total	104,535	37,571	588	142,694

5. OTHER INCOME AND GAINS

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

	Unaudited	
	Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Bank interest income	1,324	960
Others	7,593	1,583
	8,917	2,543

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Interest on loans wholly repayable within five years		
– Bank loans	5,473	1,225
– Other loans	6,863	69
	12,336	1,294

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	14,500	7,395
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	10,425	9,790
Pension scheme contributions	19	18
	24,944	17,203
Foreign exchange profit/(loss), net	355	(1,494)

8. INCOME TAX EXPENSE

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 2017: 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:

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Current tax for the Period – PRC	4,199	1,168
Deferred tax	–	–
	4,199	1,168

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the Period is based on the profit for the Period attributable to owners of the Company of HK\$14,588,000 (30 June 2017: HK\$3,273,000) and the weighted average number of approximately 5,472,000,000 (30 June 2017: 5,094,000,000) ordinary shares in issue during the Period.

The diluted earnings per share for both the six months ended 30 June 2018 and 2017 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 earnings per share for these periods.

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (30 June 2017: HK\$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, approximately HK\$83,621,000 (30 June 2017: approximately HK\$267,689,000) was spent on of plant and equipment which was mainly spent on the establishment of electric vehicles charging facilities. There was no disposal of property, plant and equipment during the Period (30 June 2017: no disposal).

12. TRADE AND NOTES RECEIVABLES

	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Trade receivables	121,446	116,806
Note receivables	1,423	–
	122,869	116,806

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 (2017: 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:

	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Within 90 days	34,858	31,853
91 days to 180 days	12,516	28,077
181 days to 1 year	41,541	47,564
Over 1 year	32,531	9,312
	121,446	116,806

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

13. TRADE AND NOTES PAYABLES

	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Trade payables	135,649	105,021
Notes payables	60,743	20,632
	196,392	125,653

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

	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Outstanding balances with ages:		
Within 180 days	59,679	34,577
181 days to 1 year	28,665	65,235
1 to 2 years	47,013	390
Over 2 years	292	4,819
	135,649	105,021

14. BANK AND OTHER LOANS

	Notes	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Bank loans	(i)	216,463	208,329
Other loans	(ii)	537,557	519,323
		754,020	727,652

Notes:

- (i) Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 4.4% to 5.4% per annum (31 December 2017: from 3.9% to 4.8% per annum).
- (ii) The other loans are unsecured.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

15. SHARE CAPITAL

	Unaudited As at 30 June 2018 HK\$'000	Audited As at 31 December 2017 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
Issued and fully paid:		
5,472,000,000 ordinary shares of HK\$0.1 each	547,200	547,200

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 16 to the Interim Financial Statements.

16. 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 2018 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 2018

17. 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.

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group does not have any contingent liability or capital commitment in the Period under review (31 December 2017: HK\$Nil).

19. 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 2018:

- (a) During the Period, total compensation paid to the Directors of the Company was approximately HK\$780,000 (30 June 2017: approximately HK\$820,000).

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.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

This Interim Financial Statements were approved and authorised for issue by the Board of Directors on 10 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Results

During the Period, the Group achieved approximately HK\$172,522,000 in turnover, representing an increase of approximately 20.90% from that of approximately HK\$142,694,000 during the same period of last year. Gross profit was approximately HK\$51,622,000 comparing to the gross profit of approximately HK\$27,993,000 during the corresponding period of last year. The overall gross profit ratio increased from approximately 19.62% to approximately 29.92%. Profit for the Period attributable to owners of the Company was approximately HK\$14,588,000 (for the corresponding period of last year: approximately HK\$3,273,000). Basic profit per share was approximately HK0.27 cents (for the corresponding period of last year: approximately HK0.06 cents). As at 30 June 2018, the balance of cash and cash equivalents was approximately HK\$81,498,000 (31 December 2017: approximately HK\$123,888,000).

Turnover

For the Period under review, the Group recorded a turnover of approximately HK\$172,522,000 which is contributed by the Digital Video Business, the New Energy Vehicles Business, the Cloud Ecological Big Data Business and Properties Investments.

During the Period, the Group's business has five segments (30 June 2017: three segments). 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 gross margin increased from approximately 19.62% to approximately 29.92%.

Financial Position and Liquidity

	30 June 2018	31 December 2017
Current ratio	1.09	1.18
Quick ratio	0.52	0.54
Gearing ratio*	2.60	3.46

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

The cash and cash equivalents was approximately HK\$81,498,000 (31 December 2017: approximately HK\$123,888,000). The current ratio and quick ratio were approximately 1.09 and 0.52 (31 December 2017: approximately 1.18 and 0.54) respectively. The gearing ratio was approximately 2.60 on 30 June 2018 (31 December 2017: 3.46).

Capital Structure and Foreign Exchange Risk

During the period under review, the Capital structure of the Group remained unchanged.

The Group's monetary assets, loans and transactions are principally denominated in Renminbi ("RMB") and HK\$ (30 June 2017: 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 2018, the total number of employees of the Group was 280 (31 December 2017: 292). The total amount of employee wages and salaries incurred during the Period was approximately HK\$10,425,000 (30 June 2017: approximately HK\$9,790,000). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (30 June 2017: HK\$Nil).

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in (1) 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 telecommunication TV and internet in the digital video industry (“Digital Video Business”); (2) the construction, application and management of new energy vehicles and related products, charging facilities and intelligent management systems (“New Energy Vehicles Business”); (3) the application and management of cloud ecological big data industry (“Cloud Ecological Big Data Business”); (4) properties development of big data industrial park and (5) properties investment for rental income from the big data industrial park.

Leveraged on the successful operation of the above-mentioned business of the Group, the Group achieved profit attributable to shareholders of HK\$14,588,000 (six months ended 30 June 2017: HK\$3,273,000) for the six months ended 30 June 2018 representing a significant increase of approximately 345.71% as compared with last year’s corresponding period.

Due to the continuing intense competition of the Digital Video Business industry, the Group has secured an increase in turnover from the Digital Video Business to approximately HK\$93,098,000 (six months ended 30 June 2017: HK\$104,535,000) for the six months ended 30 June 2018.

The development of the New Energy Vehicles Business in 2018 was promising and recorded turnover of HK\$74,641,000 (six months ended 30 June 2017: HK\$37,571,000) for the six months ended 30 June 2018 representing a significant increase of approximately 98.67% as compared with last year’s corresponding period. As at 30 June 2018, the Group has established 14 electric vehicles charging stations in Hangzhou with 3,076 alternating current chargers of 40KW/H, 10 alternating current chargers of 7KW/H and 131 direct current chargers of 60KW/H in operation. The Group is establishing one new energy vehicles charging station in Wuhan and one new energy vehicles charging station in Nanjing respectively. The Board is of the view that the PRC Government has emphasized on the use of new energy vehicles and reduction in carbon emissions in its 13th Five-Year-Plan and hence the New Energy Vehicles Business is with substantial growth potential. The Group will continue to invest in the New Energy Vehicles Business and further establish electric vehicles charging stations in Hangzhou and other provinces in the PRC to capture the electric vehicles charging market shares with the aim to be one of the largest new energy vehicles charging facilities operators in the PRC.

The Group recorded turnover of HK\$2,844,000 (six months ended 30 June 2017: HK\$588,000) from the Cloud Ecological Big Data Business for the six months ended 30 June 2018 representing an significant increase of approximately 383.67% as compared with last year’s corresponding period. Following the completion of the acquisition of 100% equity interest of Hangzhou Changyun Lu Yun Property Limited* (杭州长运绿云置业有限公司), the industrial park in Hangzhou West Lake District Yunqi Cloud-Town (云栖小镇) owned by Hangzhou Changyun Lu Yun Property Limited* (杭州长运绿云置业有限公司), will be the first big data industrial park of the Group. It is expected that the park will establish a “Cloud Ecological System” to build a new generation of information technology (such as AR/VR, face recognition, digital maps, etc.) and communication technology, such as Internet of Things, big data, cloud computing, (Such as 5G, LTE-V, NB-IOT, etc.) throughout the cloud industry park in all aspects, to create the country’s first all-intelligent perception, interoperability cloud ecological park. The Group will co-operate with the local authorities of West Lake District and Yunqi Cloud Town (云栖小镇) as well as famous cloud computing enterprises such as Aliyun (阿里云) and West Lake Electric ((西湖电子) to establish big data industrial park and hence to expand the cloud data business market of the Group.

The Directors will continue to (1) closely evaluate the performance of the above mentioned businesses; (2) invest in the New Energy Vehicles Business, the Cloud Ecological Big Data Business and the properties development of big data industrial park; (3) actively explore new businesses or investments; and (4) consider fund raising opportunities which can strengthen the financial position of the Group in order to enhance the value of the Group which will be in the interests of the Company and shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as the Directors are aware, the following persons have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or who is, directly or indirectly interested in 5% or more in the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Type of interests	Number of Shares	Percentage of interests
Alpha Century Assets Limited (Note 1)	Beneficial owner	600,000,000(L)	10.96%
Ms. Wong Sin Fung (Note 1)	Interest of controlled corporation	600,000,000(L)	10.96%
SOYEA Technology Co., Limited	Beneficial owner	447,786,000(L)	8.18%

Notes:

1. The interest in 600,000,000 shares is deemed corporate interest through Alpha Century Assets Limited.
2. The letter "L" denotes a long position and "S" denotes a short position.

Save as disclosed above, so far as the Directors are aware, no person was interested in or had a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of SFO as at 30 June 2018.

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

As at 30 June 2018, 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 2018.

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 2018.

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.

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 2018 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 2018 are available for viewing on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkex.com.hk and on the website of the Company at 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. Wang Ning, Mr. Yuan Qian Fei and Mr. Wu Yinong.

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

Hong Kong, 10 August 2018