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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 2023

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 2023 (the "Period") together with the comparative figures for the corresponding period of 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Revenue	4	353,372	399,990
Cost of sales		(319,259)	(334,775)
Gross profit		34,113	65,215
Other income and gains	5	7,761	10,592
Selling and distribution costs		(14,639)	(14,164)
Administrative expenses		(27,673)	(25,394)
Other operating expenses		(406)	317
Fair value gain/(loss) on investments at fair value through profit or loss		2,390	(27,839)
Gain on disposal of investments at fair value through profit or loss		9,235	1,403
Finance costs	6	(29,210)	(31,040)
Share of profit of associates		12,306	293
Loss before income tax	7	(6,123)	(20,617)
Income tax expense	8	(865)	(3,165)
Loss after income tax for the period		(6,988)	(23,782)

	Notes	Unaudited	
		2023	2022
		HK\$'000	HK\$'000
Other comprehensive loss for the period, 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		(8,746)	(4,258)
Items that may be reclassified to profit or loss:			
Share of an associate's exchange difference on translating foreign operation		(13,788)	(3,496)
Exchange differences on translation of foreign operations		(3,984)	(6,489)
		(17,772)	(9,985)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(26,518)	(14,243)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(33,506)	(38,025)
Loss per share (HK\$ cents)	9		
– Basic and diluted		(0.13)	(0.43)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	519,557	551,431
Investment properties		749,528	784,004
Right-of-use assets		10,976	13,024
Investment in associates		287,395	291,413
Deferred tax assets		196	119
Equity investments at fair value through other comprehensive income		25,892	36,293
Prepayments, deposits and other receivables		70,084	75,141
		1,663,628	1,751,425
CURRENT ASSETS			
Inventories		8,907	22,627
Properties held for sale		78,298	81,010
Trade and notes receivables	12	526,338	606,418
Prepayments, deposits and other receivables		220,717	272,390
Investments at fair value through profit or loss	3	9,700	97,124
Pledged bank deposits		40,234	29,262
Cash and cash equivalents		9,828	95,970
		894,022	1,204,801
CURRENT LIABILITIES			
Trade and notes payables	13	1,151,383	1,400,346
Other payables and accruals		52,967	54,655
Lease liabilities		1,971	2,527
Contract liabilities		50,584	55,713
Bank and other loans	14	182,423	337,265
Deferred government grant		9,550	9,995
Tax payable		914	5,126
		1,449,792	1,865,627
NET CURRENT LIABILITIES		(555,770)	(660,826)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,107,858	1,090,599

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		9,998	11,423
Deferred government grant		40,234	46,884
Deferred tax liabilities		84,148	88,168
Bank and other loans	14	531,430	468,570
		665,810	615,045
NET ASSETS			
		442,048	475,554
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	547,200	547,200
Reserves	17	(105,152)	(71,646)
TOTAL EQUITY			
		442,048	475,554

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company								
	Issued capital	Share premium account*	Contributed surplus*	Statutory surplus reserve*	Foreign currency translation reserve*	Equity investment revaluation reserve*	Share-based payment reserve*	Accumulated losses*	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2023									
At 1 January 2023 (audited)	547,200	179,968	4,990	18,095	(17,703)	(3,024)	27,359	(281,331)	475,554
Transfer to statutory surplus reserve (unaudited)	-	-	-	1,523	-	-	-	(1,523)	-
Total comprehensive loss for the period (unaudited)	-	-	-	-	(17,772)	(8,746)	-	(6,988)	(33,506)
At 30 June 2023 (unaudited)	547,200	179,968	4,990	19,618	(35,475)	(11,770)	27,359	(289,842)	442,048
For the six months ended 30 June 2022									
At 1 January 2022 (audited)	547,200	179,968	4,990	13,597	15,891	(2,394)	27,359	(186,682)	599,929
Transfer to statutory surplus reserve (unaudited)	-	-	-	4,777	-	-	-	(4,777)	-
Total comprehensive loss for the period (unaudited)	-	-	-	-	(9,985)	(4,258)	-	(23,782)	(38,025)
At 30 June 2022 (unaudited)	547,200	179,968	4,990	18,374	5,906	(6,652)	27,359	(215,241)	561,904

* 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 2023

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Net cash (outflow)/inflow from operating activities	(35,790)	33,851
Net cash inflow/(outflow) from investing activities	38,756	(10,339)
Net cash outflow from financing activities	(88,117)	(2,781)
Net (decrease)/increase in cash and cash equivalents	(85,151)	20,731
Cash and cash equivalents at beginning of the period	95,970	135,168
Net foreign exchange difference	(991)	(6,637)
Cash and cash equivalents at end of the period	9,828	149,262

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

1. BASIS OF PREPARATION

These unaudited 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.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, as modified by revaluation of investment properties, investments at fair value through profit or loss and equity investments at fair value through other comprehensive income which are carried at their fair values. They are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2022. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2022.

The Group has not yet adopted any new and amendments to HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and amendments to HKFRSs on the Group’s results and financial position.

Going concern basis

The Group incurred a loss of approximately HK\$6,988,000 for the six months ended 30 June 2023 and as at 30 June 2023, the Group had net current liabilities of approximately HK\$555,770,000. 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Having taken into account (i) the net cash inflow from the New Energy Vehicles Business in the next twelve months from the end of the financial year; (ii) the Group will negotiate with its bankers for the renewal of the loans when they fall due and obtain new banking facilities, and (iii) the estimated proceeds from the placing of shares (if any), the directors are satisfied that the Group will have sufficient working capital for its present requirements. The directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 2023:

Description	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Listed securities inside Hong Kong	9,700	–	–	9,700
Equity investments at fair value through other comprehensive income				
Listed securities outside Hong Kong	15,877	–	–	15,877
Total recurring fair value measurements	25,577	–	–	25,577

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

3. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosures of level in fair value hierarchy at 31 December 2022:

Description	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Listed securities outside Hong Kong	89,624	–	–	89,624
Listed securities in Hong Kong	7,500	–	–	7,500
Equity investments at fair value through other comprehensive income				
Listed securities outside Hong Kong	25,800	–	–	25,800
Total recurring fair value measurements	122,924	–	–	122,924

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 six reportable segments during the Period (30 June 2022: six segments). The following summary describes the operations in the Group's reportable segments:

(i) *Digital Video Business*

The Group through its wholly owned subsidiaries, Soyea Jiu Rong Technology Co., Ltd.* (数源久融技术有限公司) ("Soyea Jiu Rong") and Zhe Jiang Jiu Rong Intelligent Technology Limited* ("Jiu Rong Intelligent") (浙江久融智能科技有限公司) carries out 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.

(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 and processing services in relation to new energy vehicles spare parts.

(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.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

4. SEGMENT INFORMATION (continued)

Reportable segments (continued)

(iv) *Properties Development*

The Group through its wholly owned subsidiary, Hangzhou Lu Yun Property Limited* (杭州绿云置业有限公司) carries out the properties development of big data industrial park and sale of construction materials 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. The Group invested 46% equity interests of Heilongjiang Xin Luzhou Real Estate Development Limited* (黑龙江新绿洲房地产开发有限公司) (“Xin Luzhou”), Xin Luzhou principal engages in the development of industrial park, commercial and residential properties in Limin Avenue, Limin Development Zone, Harbin, the PRC. In 2022, the Group also invested in Wen Zhou Jing Du Guan Rong Technology Co., Ltd (“Jing Du Guan Rong”)* (温州市景都冠荣科技有限公司) and holds 48% equity interests in this associate. Jing Du Guan Rong principal engages in properties development in Wen Zhou, the PRC.

(v) *Properties Investments*

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

(vi) *General Trading*

The Group through certain wholly owned subsidiaries to conduct handling and agency services for general trading of commodities and goods.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

4. SEGMENT INFORMATION (continued)

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 2023							
	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)	General Trading HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reporting segment revenue from external customers	221,159	118,186	932	1,317	11,359	419	353,372
Reporting segment profit/(loss) before income tax							
- the Company and its subsidiaries	(17,528)	1,726	(2,603)	1,317	(1,324)	419	(17,993)
- associates	-	-	-	12,306	-	-	12,306
	(17,528)	1,726	(2,603)	13,623	(1,324)	419	(5,687)
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Segment assets and liabilities							
As at 30 June 2023							
Reporting segment assets	501,618	566,890	13,178	78,298	909,467	180,086	2,249,537
Reporting segment Liabilities	(470,848)	(485,087)	(5,757)	(23,044)	(350,275)	(778,134)	(2,113,145)
Six months ended 30 June 2022							
	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)	General Trading HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reporting segment revenue from external customers	258,970	108,527	9,447	-	22,825	221	399,990
Reporting segment profit/(loss) before income tax							
- the Company and its subsidiaries	(5,822)	19,035	2,317	-	(5,937)	221	9,814
- associates	-	-	-	-	-	-	-
	(5,822)	19,035	2,317	-	(5,937)	221	9,814
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Segment assets and liabilities							
As at 31 December 2022							
Reporting segment assets	741,383	611,471	22,084	81,010	1,011,291	188,690	2,655,929
Reporting segment liabilities	(380,336)	(490,411)	(21,086)	(34,205)	(369,711)	(1,181,274)	(2,477,023)

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

4. SEGMENT INFORMATION (continued)

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	
	2023	2022
	HK\$'000	HK\$'000
Profit		
Total reporting segment (loss)/profit before income tax	(5,687)	9,814
Unallocated corporate expenses	(436)	(30,431)
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Consolidated loss before income tax	(6,123)	(20,617)

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2023						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)	General trading HK\$'000 (Unaudited)	
Geographical markets							
HK	80,085	-	-	-	-	-	80,085
PRC	141,074	118,186	932	1,317	-	419	261,928
<hr/>							
Total	221,159	118,186	932	1,317	-	419	342,013
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Major products and services							
Sale of digital video products	221,159	-	-	-	-	-	221,159
Provision of New Energy Vehicles charging services income	-	118,186	-	-	-	-	118,186
Provision of big data services income	-	-	932	-	-	-	932
Sales of construction materials	-	-	-	1,317	-	-	1,317
General trading	-	-	-	-	-	419	419
<hr/>							
Total	221,159	118,186	932	1,317	-	419	342,013
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Timing of revenue recognition							
At a point in time	221,159	118,186	932	1,317	-	419	342,013

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

4. SEGMENT INFORMATION (continued)

Segments	Six months ended 30 June 2022							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)	General Trading HK\$'000 (Unaudited)			
	Geographical markets								
	HK	44,327	-	-	-	-	-		44,327
PRC	214,643	108,527	9,447	-	-	221	332,838		
Total	258,970	108,527	9,447	-	-	221	377,165		
Major products and services									
Sale of digital video products	258,970	-	-	-	-	-	258,970		
Provision of New Energy Vehicles charging services income	-	108,527	-	-	-	-	108,527		
Provision of big data services income	-	-	9,447	-	-	-	9,447		
General trading	-	-	-	-	-	221	221		
Total	258,970	108,527	9,447	-	-	221	377,165		
Timing of revenue recognition									
At a point in time	258,970	108,527	9,447	-	-	221	377,165		

5. OTHER INCOME AND GAINS

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Bank interest income	471	1,948
Dividend income	-	1,543
Government grants	5,291	5,206
Loan interest income	310	648
Net foreign exchange difference	424	-
Others	1,265	1,247
	7,761	10,592

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

6. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest expenses on borrowings:		
– Interest expenses on bank loans	25,750	23,812
– Interest on notes payable and loans from third parties	3,005	6,910
– Interest on lease liabilities	455	318
	29,210	31,040

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Depreciation of property, plant and equipment	32,931	27,331
Depreciation of right-of-use assets	1,515	894
Employee benefit expenses (including directors' remuneration):		
– Wages and salaries	26,906	25,412
– Pension scheme contributions	4,333	4,940
	31,239	30,352
Foreign exchange loss, net	423	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 15% and 25% (30 June 2022: 15% and 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	
	2023	2022
	HK\$'000	HK\$'000
Current tax for the Period – PRC	865	3,165
Deferred tax	–	–
	865	3,165

9. 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 approximately HK\$6,988,000 (30 June 2022: loss of approximately HK\$23,782,000) and the weighted average number of 5,472,000,000 (30 June 2022: 5,472,000,000) ordinary shares in issue during the Period.

The diluted earnings per share for both the six months ended 30 June 2023 and 2022 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.

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (30 June 2022: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, approximately HK\$24,510,000 (30 June 2022: approximately HK\$14,370,000) 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 2022: no disposal).

12. TRADE AND NOTES RECEIVABLES

	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Trade receivables	356,390	428,649
Note receivables	169,948	177,769
	526,338	606,418

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 0 to 360 days (31 December 2022: 0 to 360 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 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Within 90 days	31,950	52,175
91 days to 180 days	72,515	23,324
181 days to 1 year	3,373	21,407
Over 1 year	248,552	331,743
	356,390	428,649

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

13. TRADE AND NOTES PAYABLES

	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Trade payables	798,928	512,344
Notes payables	352,455	888,002
	1,151,383	1,400,346

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 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Outstanding balances with ages:		
Within 180 days	53,677	262,614
181 days to 1 year	518,296	22,952
1 to 2 years	157,297	160,819
Over 2 years	69,658	65,959
	798,928	512,344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

14. BANK AND OTHER LOANS

	Notes	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Bank loans	(i)	638,386	687,052
Other loans	(ii)	75,467	118,783
		713,853	805,835

Notes:

- (i) Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 3% to 6.00% per annum (31 December 2022: from 3% to 5.8% per annum).
- (ii) The other loans are unsecured and bear interest at fixed rates 6% per annum (31 December 2022: from 5.8% to 6% per annum).

15. SHARE CAPITAL

	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 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 unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 and up to the date of approval of these unaudited condensed consolidated interim financial statements, no share options have been granted under the Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 in the Period under review (31 December 2022: Nil). The Group had capital commitment of approximately HK\$109,452,000 as at 30 June 2023 (31 December 2022: approximately HK\$148,699,000).

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 2023:

- (a) During the Period, total compensation paid to the Directors of the Company was approximately HK\$780,000 (30 June 2022: approximately HK\$780,000).

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 31 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Results

For the six months ended 30 June 2023, the Group achieved approximately HK\$353,372,000 in turnover, representing a decrease of approximately 11.65% from that of approximately HK\$399,990,000 during the same period of last year which was mainly due to the decrease in trading of electronic applicants and related parts. Gross profit was approximately HK\$34,113,000 comparing to the gross profit of approximately HK\$65,215,000 during the corresponding period of last year. The overall gross profit ratio decreased from approximately 16% to approximately 10%. Loss for the period attributable to owners of the Company was approximately HK\$6,988,000 (loss for the corresponding period of last year: approximately HK\$23,782,000). The decrease in loss was mainly due to the unrealised fair value gain of financial assets of approximately HK\$2,390,000, gain on disposal of investment at fair value through profit and loss of approximately HK\$9,235,000 and share of profit of associates of approximately HK\$12,306,000. Basic loss per share was approximately HK0.13 cents (loss for the corresponding period of last year: approximately HK0.43 cents). As at 30 June 2023, the balance of cash and cash equivalents was approximately HK\$9,828,000 (31 December 2022: approximately HK\$95,970,000).

Turnover

For the Period under review, the Group recorded a turnover of approximately HK\$353,372,000 which is contributed by the Digital Video Business, the New Energy Vehicles Business, the Cloud Ecological Big Data Business, Property Development, Properties Investments and general trading.

During the Period, the Group's business has six segments (30 June 2022: six segments). Details of the segment information are set out in note 4 of the Interim Financial Statements.

Gross Profit Margin

During the Period under review, the gross margin decreased from approximately 16% to approximately 10%.

Financial Position and Liquidity

As at 30 June 2023, the gearing ratio was 1.4 (31 December 2022: 1.3), which was measured on the basis of the Group's net debt divided by the capital plus net debt. The Group had net current liabilities as at 30 June 2023 and 31 December 2022.

For the period under review, the Group generated approximately HK\$35,790,000 (31 December 2022: approximately HK\$80,565,000 inflow) of net cash outflow from its operations. As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$9,828,000 (31 December 2022: approximately HK\$95,970,000).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 and 31 December 2022: 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 2023, the total number of employees of the Group was 462 (30 June 2022: 482). The total amount of employee benefit and expenses incurred during the Period was approximately HK\$31,239,000 (30 June 2022: approximately HK\$30,352,000). 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 2023 (30 June 2022: 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 commercial and residential properties ("Properties Development"); and (5) properties investment for rental income from the big data industrial park ("Properties Investments").

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, following the full-lifting of COVID-19 control measures and prevention policies in the People's Republic of China (the "PRC"), the PRC economy has progressed despite facing numerous challenges and uncertainties, the Group has recorded turnover from: (1) the Digital Video Business of approximately HK\$221,159,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$258,970,000), representing a decrease of approximately 14.60% as compared with last year's corresponding period; (2) the New Energy Vehicles Business of approximately HK\$118,186,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$108,527,000), representing an increase of approximately 8.90% as compared with last year's corresponding period; (3) the Cloud Ecological Big Data Business of approximately HK\$932,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$9,447,000), representing a decrease of approximately 90.13% as compared with last year's corresponding period; (4) the property development of approximately HK\$1,317,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$nil); (5) the properties investments of approximately HK\$11,359,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$22,825,000), representing a decrease of approximately 50.23% as compared with last year's corresponding period and (6) general trading of approximately HK\$419,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$221,000), representing an increase of approximately 89.59%.

As at 30 June 2023, the Group was operating: (1) 93 electric vehicles charging stations in Hangzhou with 3,082 alternating current chargers of 40KW/H and 3,121 direct current chargers of 60KW/H in operation; (2) 5 electric vehicles charging stations in Wuhan with 56 alternating current chargers of 7KW/H and 16 direct current chargers of 60KW/H in operation; and (3) 13 electric vehicles charging stations in Nanjing with 26 alternating current chargers of 40KW/H and 187 direct current chargers of 60KW/H in operation. The Board is of the view that the PRC Government has emphasized on the use of new energy vehicles to reduce carbon emissions and the increase in support to the establishment of the new energy vehicles charging piles and its related operations 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 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; (4) consider fund raising opportunities which can strengthen the financial position; and (5) focus on product quality and cost control and strictly control capital expenditure in order to continuously maintain the Group's competitiveness 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 2023, 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	546,466,000(L)	9.99%

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 Divisions 2 and 3 of Part XV of SFO as at 30 June 2023.

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

As at 30 June 2023, 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 2023.

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 2023.

Compliance on Corporate Governance Practices

For the Period, the Company complied with all the code provisions in the Corporate Governance Code (the "CG Code") except for discussed below. 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.

After the resignation of Mr. Wang Ning and Mr. Yuan Qian Fei on 28 June 2023 but prior to the appointment of Mr. Wong Chi Kin and Mr. Hua Nengdong on 24 August 2023, (i) the number of the INEDs had fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Board did not have at least one of its INEDs possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; (iii) there was a vacancy for chairman of the Audit Committee, the number of members of the Audit Committee had fallen below the minimum number, and no INED who possesses appropriate qualifications or expertise has been appointed as a member of the Audit Committee as required under Rule 3.21 of the Listing Rules; and (iv) there was a vacancy for chairman of the Remuneration Committee and the Remuneration Committee to comprise a majority of INEDs could not be met, which did not fulfil the requirement under Rule 3.25 of the Listing Rules.

The Company should appoint sufficient number of INED and make appropriate appointment to the Audit Committee, the Remuneration Committee and the Nomination Committee within three months from date of insufficient number of INED pursuant to Rules 3.21 and 3.25 of the Listing Rules.

Following the appointment of Mr. Mr. Wong Chi Kin as the independent non-executive directors, the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee and Mr. Hua Nengdong as the independent non-executive directors, the chairman of the Nomination Committee, a member of the Remuneration Committee and a member of the Audit Committee on 24 August 2023, the Company fulfils the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules.

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 financial reporting matters including a review of the Interim Financial Statements for the six months ended 30 June 2023 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 2023 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. Chen Yunxiang and Ms. Chen Shan, the Independent Non-executive Directors are Mr. Chen Zheng, Mr. Wong Chi Kin and Mr. Hua Nengdong.

On Behalf of the Board
Jiu Rong Holdings Limited
Chen Yunxiang
Executive Director

Hong Kong, 31 August 2023