Jiu Rong Holdings Limited
久融控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2358)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "**Board**") of directors (the "**Directors**") of Jiu Rong Holdings Limited (the "**Company**") are pleased to announce the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 (the "**Year**") together with the comparative figures for the corresponding year of 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
CONTINUING OPERATIONS			
REVENUE	3	**139,312**	225,991
Cost of sales		**(122,679)**	(203,132)
Gross profit		**16,633**	22,859
Other income and gains	4	**2,977**	3,351
Selling and distribution costs		**(8,252)**	(8,503)
Administrative expenses		**(22,224)**	(40,000)
Other operating expenses		**(21,594)**	(12,171)
Finance costs	5	**–**	(1,202)
LOSS BEFORE TAX		**(32,460)**	(35,666)
Income tax (expense)/credit	7	**(2,857)**	3,666
		(35,317)	(32,000)
DISCONTINUED OPERATION			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATION		**–**	(7,711)
LOSS FOR THE YEAR	6	**(35,317)**	(39,711)

	Notes	2016 HK$'000	2015 HK$'000
Other comprehensive loss for the year, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(5,200)**	(7,142)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	652
		(5,200)	(6,490)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(5,200)**	(6,490)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(40,517)**	(46,201)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations		**(35,317)**	(32,000)
Loss from discontinued operation		**–**	(6,920)
Loss attributable to owners of the Company		**(35,317)**	(38,920)
Non-controlling interests			
Loss from discontinued operation		**–**	(791)
Loss attributable to non-controlling interests		**–**	(791)
		(35,317)	(39,711)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(40,517)**	(45,349)
Non-controlling interests		**–**	(852)
		(40,517)	(46,201)
LOSS PER SHARE (HK$ cents)	9		
From continuing and discontinued operation			
– Basic		**(0.86)**	(1.02)
– Diluted		**(0.86)**	(1.02)
From continuing operations			
– Basic		**(0.86)**	(0.84)
– Diluted		**(0.86)**	(0.84)
From discontinued operation			
– Basic		**N/A**	(0.18)
– Diluted		**N/A**	(0.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**17,638**	3,029
Intangible assets		**–**	7,395
Goodwill		**–**	11,800
Deferred tax assets		**–**	3,147
		17,638	25,371
CURRENT ASSETS			
Inventories		**14,016**	22,204
Trade and notes receivables	10	**81,356**	130,667
Prepayments, deposits and other receivables		**16,152**	1,369
Financial assets at fair value through profit or loss		**–**	4
Current tax asset		**8**	944
Pledged bank deposits		**5,756**	7,252
Cash and cash equivalents		**117,364**	47,746
		234,652	210,186
CURRENT LIABILITIES			
Trade and notes payables	11	**41,807**	84,174
Other payables and accruals		**15,985**	9,262
Current tax liability		**12**	–
		57,804	93,436
NET CURRENT ASSETS		**176,848**	116,750
TOTAL ASSETS LESS CURRENT LIABILITIES		**194,486**	142,121
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**–**	1,178
		–	1,178
NET ASSETS		**194,486**	140,943
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**456,000**	380,000
Reserves		**(261,514)**	(239,057)
TOTAL EQUITY		**194,486**	140,943

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the functional currency of the Company. The functional currencies of its principal subsidiaries include Renminbi ("**RMB**") and HK$.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 year and prior years.

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

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold upon delivery of goods, after allowances for returns and trade discounts and business/sales tax where applicable.

(A) Reportable segments

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two (2015: two) reportable segments. The segments are managed separately as each business segment offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

(i) Digital Video Business: manufacturing and sales of digital television ("**TV**"), high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry.

(ii) New Energy Vehicles Business: The Group through its wholly owned subsidiary, Jiu Rong New Energy Science and Technology Limited ("**Jiu Rong New Energy**") to carry out the construction, application and management of new energy vehicles and related products, charging facilities and intelligent management systems.

Discontinued operation

(i) Water Meter Business

The Group through its non-wholly owned subsidiary, Wuhan Sunbow Science & Technology Co. Limited ("**Sunbow**") to carry out the design, assembly and installation of water meter in the Peoples' Republic of China (the "**PRC**"). The water meter business was discontinued in October 2015 following the completion of the disposal of Mitsumaru East Kit (Group) Limited and its subsidiaries (the "**Disposal**") on 31 October 2015. For details of the Disposal, please refer to the announcement and circular of the Company dated 20 July 2015 and 22 August 2015 respectively.

(a) Business segments

	For the year ended 31 December 2016		
	Digital Video Business HK$'000	**New Energy Vehicles Business HK$'000**	**Total HK$'000**
Reportable segment revenue:			
Sales to external customers	**136,981**	**2,331**	**139,312**
Reportable segment (loss)/profit	**(31,978)**	**2,496**	**(29,482)**
Depreciation of property, plant and equipment	**(625)**	**(192)**	**(817)**
Amortisation of intangible assets	**(2,209)**	**–**	**(2,209)**
Income tax expense	**(2,845)**	**(12)**	**(2,857)**
Reversal of impairment of inventories	**3,719**	**–**	**3,719**
Impairment of goodwill	**(11,800)**	**–**	**(11,800)**
Reversal of impairment of trade receivables	**1,172**	**–**	**1,172**
Impairment of intangible assets	**(4,868)**	**–**	**(4,868)**
Impairment of property, plant and equipment	**(1,774)**	**–**	**(1,774)**
Additions to property, plant and equipment	**97**	**17,824**	**17,921**

	For the year ended 31 December 2016		
	Digital Video Business HK$'000	**New Energy Vehicles Business HK$'000**	**Total HK$'000**
Reportable segment assets	**136,428**	**83,955**	**220,383**
Reportable segment liabilities	**(51,343)**	**(3,914)**	**(55,257)**

	For the year ended 31 December 2015		
	Continuing operation	Discontinued operation	
	Digital Video Business HK$'000	Water meter HK$'000	Total HK$'000
Reportable segment revenue:			
Sales to external customers	225,991	5,845	231,836
Reportable segment loss	(25,161)	(7,711)	(32,872)
Interest expenses	(1,168)	(444)	(1,612)
Depreciation of property, plant and equipment	(670)	(195)	(865)
Amortisation of intangible assets	(3,390)	–	(3,390)
Income tax credit	3,666	–	3,666
Impairment of inventories	(7,759)	(1,076)	(8,835)
Impairment of trade receivables	(4,390)	–	(4,390)
Impairment of intangible assets	(4,080)	–	(4,080)
Additions to property, plant and equipment	120	–	120

	For the year ended 31 December 2015		
	Continuing operation	Discontinued operation	
	Digital Video Business HK$'000	Water meter HK$'000	Total HK$'000
Reportable segment assets	199,761	–	199,761
Reportable segment liabilities	(87,872)	–	(87,872)

(b) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:*

Year ended 31 December	**2016 HK$'000**	2015 HK$'000
Revenue		
Reportable segment revenue	**139,312**	231,836
Elimination of discontinued operation	**–**	(5,845)
Consolidated revenue	**139,312**	225,991
Profit or loss		
Reportable segment loss	**(29,482)**	(32,872)
Unallocated corporate expenses	**(2,978)**	(10,505)
Elimination of discontinued operation	**–**	7,711
Consolidated loss before tax from continuing operations	**(32,460)**	(35,666)

At 31 December	**2016 HK$'000**	2015 HK$'000
Assets		
Reportable segment assets	**220,383**	199,761
Unallocated cash and cash equivalents	**31,869**	20,836
Other unallocated corporate assets	**38**	14,960
Consolidated total assets	**252,290**	235,557
Liabilities		
Reportable segment liabilities	**(55,257)**	(87,872)
Unallocated corporate liabilities	**(2,547)**	(6,742)
Consolidated total liabilities	**(57,804)**	(94,614)

(B) Geographical information

The Group is domiciled in the PRC. The following tables provide an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets ("**Non-current assets**").

	Revenue from external customers	
	2016	2015
	HK$'000	HK$'000
Continuing operations		
PRC	**132,496**	225,991
Others	**6,816**	–
	139,312	225,991
Discontinued operation		
PRC	**–**	5,845
Consolidated total	**139,312**	231,836

	Non-current assets	
	2016	2015
	HK$'000	HK$'000
PRC	**17,634**	22,215
Hong Kong	**4**	9
	17,638	22,224

(C) Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out below:

	Segment	Notes	**2016** **HK$'000**	2015 HK$'000
Customer A	Digital Video business	(i)	**N/A**	32,363
Customer B	Digital Video business	(ii)	**20,131**	N/A
Customer C	Digital Video business		**22,822**	33,219
Customer D	Digital Video business	(i)	**N/A**	25,780
Customer E	Digital Video business	(ii)	**14,397**	N/A

Note:

(i) Revenue from this customer did not exceed 10% of total revenue in current year.

(ii) Revenue from these customers did not exceed 10% of total revenue in 2015.

4. OTHER INCOME AND GAINS

	2016 **HK$'000**	2015 HK$'000
Bank interest income	**650**	552
Gain on disposal of financial assets at fair value through profit or loss	**331**	4
Compensation income	**28**	65
Loan interest income from related companies	**–**	59
Gain on disposal of property, plant and equipment	**8**	4
Government grants	**264**	2,540
Gain on disposal of subsidiaries	**–**	1,996
Gain on foreign exchange	**–**	200
Reversal of impairment of trade receivables	**1,172**	–
Others	**524**	66
	2,977	5,486
Representing:		
– Continuing operations	**2,977**	3,351
– Discontinued operation	**–**	2,135
	2,977	5,486

5. FINANCE COSTS

	2016 **HK$'000**	2015 HK$'000
Interest expenses on borrowings:		
– Interest on loans from third parties	**–**	1,646
	–	1,646
Representing:		
– Continuing operations	**–**	1,202
– Discontinued operation	**–**	444
	–	1,646

6. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2016	2015
	HK$'000	HK$'000
Cost of inventories sold	**122,679**	207,331
Staff costs (including directors' remuneration):		
Wages and salaries	**12,158**	15,540
Pension scheme contributions		
– Defined contribution scheme	**1,994**	2,912
Other staff benefits	**443**	520
	14,595	18,972
Auditors' remuneration	**530**	720
Depreciation of items of property, plant and equipment	**822**	865
Amortisation of intangible assets	**2,209**	3,390
Minimum lease payments under operating lease in respect of		
– Land and buildings	**798**	1,099
Exchange losses, net	**35**	–
Gain on disposal of subsidiaries	**–**	(1,996)
Gain on disposal of financial assets at fair value through profit or loss	**(331)**	(4)
(Reversal of)/impairment of trade receivables	**(1,172)**	4,390
Impairment of goodwill	**11,800**	–
Impairment of intangible assets	**4,868**	4,080
Impairment of property, plant and equipment	**1,774**	–
(Reversal of)/Impairment of inventories	**(3,719)**	8,835

7. INCOME TAX (EXPENSE)/CREDIT

No provision of Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group incurred losses for the current and prior years in Hong Kong.

PRC corporate income tax is calculated at a standard rate of 25% (2015: 25%) on the estimated assessable profits arising from its operation in the PRC.

The amount of income tax expenses/(credit) includes in profit or loss represents:

	2016	2015
	HK$'000	HK$'000
Current – the PRC		
– Charge for the year	**12**	–
– Under-provision in prior years	**936**	
Deferred tax	**1,909**	(3,666)
	2,857	(3,666)
Representing:		
– Continuing operations	**2,857**	(3,666)
– Discontinued operation	**–**	–
	2,857	(3,666)

The income tax expenses/(credit) of continuing operations for the year can be reconciled to the loss for the year multiplied by applicable tax rate as follows:

	2016	2015
	HK$'000	HK$'000
Loss before tax	**(32,460)**	(35,666)
Tax calculated at the domestic tax rate of 16.5% (2015: 16.5%)	**(5,356)**	(5,885)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(731)**	(2,172)
Tax effect of revenue not taxable for tax purposes	**(166)**	(1,800)
Tax effect of expenses not deductible for tax purposes	**3,177**	1,235
Tax effect of tax losses not recognised	**4,997**	4,956
Under-provision in prior years	**936**	–
Income tax expenses/(credit)	**2,857**	(3,666)

At 31 December 2016, the Group has unused tax losses of approximately HK$82,173,000 (2015: HK$66,058,000) available for offset against future profits. In year 2015, tax assets of approximately HK$3,276,000 has been recognised in respect of HK$13,102,000 unused tax loss. In the current year, no deferred tax asset has been recognised in respect of the unused tax losses of approximately HK$82,173,000 due to the unpredictability of the respective future profit streams. The said unrecognised tax losses may be carried forward for five years or indefinitely depends on the respective tax jurisdictions.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2016 and 2015.

9. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss (2015: loss) per share attributable to owners of the Company is based on the loss (2015: loss) for the year attributable to owners of the Company of approximately HK$35,317,000 (2015: HK$38,920,000) and the weighted average number of approximately 4,123,934,000 (2015: 3,800,000,000) ordinary shares in issue during the year.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2016 (2015: No diluted effect).

(b) From continuing operations

Basic loss per share

The calculation of basic loss (2015: loss) per share attributable to owners of the Company is based on the loss (2015: loss) for the year attributable to owners of the Company of approximately HK$35,317,000 (2015: HK$32,000,000) and the weighted average number of approximately 4,123,934,000 (2015: 3,800,000,000) ordinary shares in issue during the year.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2016 (2015: No diluted effect).

(c) From discontinued operation

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year ended 31 December 2015 attributable to owners of the Company of approximately HK$6,920,000 and the weighted average number of approximately 3,800,000,000 ordinary shares in issue in 2015.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2015.

10. TRADE AND NOTES RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**80,677**	124,851
Notes receivables	**679**	5,816
	81,356	130,667

The Group's trading terms with its customers are mainly on credit, except for the new customers, where payment in advance is normally required. The credit period generally ranges from 30 to 120 days (2015: 30 to 90 days). Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of trade receivables, as at the end of the reporting periods based on the goods delivery date, and net of impairments, is as follows:

	2016 HK$'000	2015 HK$'000
Within 90 days	**45,604**	58,129
91 days to 180 days	**8,656**	33,657
181 days to 1 year	**15,025**	22,033
Over 1 year	**11,392**	11,032
	80,677	124,851

The ageing of trade receivables which are past due but not impaired are as follows:

	2016 HK$'000	2015 HK$'000
Less than 1 month past due	**2,582**	25,837
1 to 3 months past due	**4,613**	14,350
More than 3 months but less than 12 months past due	**17,981**	17,581
Over 1 year past due	**5,547**	–
	30,723	57,768

Receivables that were past due but not impaired relate to a number of customers that have good settlement records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these receivables.

11. TRADE AND NOTES PAYABLES

	2016	2015
	HK$'000	HK$'000
Trade payables	**25,015**	58,928
Notes payables	**16,792**	25,246
	41,807	84,174

An aged analysis of trade payables, based on the invoice date, is as follows:

	2016	2015
	HK$'000	HK$'000
Outstanding balances with ages:		
Within 180 days	**21,639**	57,980
181 days to 1 year	**1,233**	740
1 to 2 years	**1,954**	207
Over 2 years	**189**	1
	25,015	58,928

As at 31 December 2015, the notes payables were secured by (i) pledged bank deposits, (ii) certain notes receivables, and (iii) personal guarantee from a director amount up to RMB10,000,000 (equivalence to approximately HK$12,000,000).

As at 31 December 2016, the notes payables were secured by pledged bank deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Results

The board (the "**Board**") of directors (the "**Directors**") of Jiu Rong Holdings Limited (the "**Company**") is pleased to present this annual report and audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") For the year ended 31 December 2016 (the "**Year**") to the shareholders of the Company.

For the year ended 31 December 2016, the Group achieved a turnover of approximately HK$139,312,000 with a gross profit of approximately HK$16,633,000. The loss for the Year attributable to owners of the Company was approximately HK$35,317,000. Basic loss per share of the Company was approximately HK0.86 cents while basic loss per share for the year ended 31 December 2015 was approximately HK1.02 cents. As at 31 December 2016, balance of cash and cash equivalents of the Group were approximately HK$117,364,000.

Turnover

For the Year under review, the Group recorded a turnover of approximately HK$139,312,000 which was contributed by the Digital Video Business and the New Energy Vehicles Business.

In 2016, the Group's business has two reporting segments under continuing operations (2015: two). Details of the segment information are set out in Note 3 to this announcement.

Business operations

Continuing operations

(i) Digital Video Business

The Group through its wholly owned subsidiary, Soyea Jiu Rong Technology Co., Ltd. ("**Soyea Jiu Rong**") to carry 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.

(ii) New Energy Vehicles Business

The Group through its wholly owned subsidiary, Jiu Rong New Energy Science and Technology Limited ("Jiu Rong New Energy") to carry out the construction, application and management of new energy vehicles and related products, charging facilities and intelligent management systems.

Discontinued operation

(i) Water Meter Business

The Group through its non-wholly owned subsidiary, Wuhan Sunbow Science & Technology Co. Limited ("**Sunbow**") to carry out the design, assembly and installation of water meter in the Peoples' Republic of China (the "**PRC**"). The water meter business was discontinued in October 2015 following the completion of the disposal of Mitsumaru East Kit (Group) Limited and its subsidiaries (the "**Disposal**") on 31 October 2015. For details of the Disposal, please refer to the announcement and circular of the Company dated 20 July 2015 and 22 August 2015 respectively.

Gross Profit Margin

During the Year under review, the gross profit margin remained steady of approximately 12%.

Expenses

During the Year under review, the Group adopted stringent cost controls on its operation. Management of the Group always believes that maintaining a high standard of cost control on expenses were for the benefits of the Group. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives can be achieved.

Financial Position and Liquidity

	31 December 2016	31 December 2015
Current ratio	**4.06**	2.25
Quick ratio	**3.82**	2.01
Gearing ratio	**N/A**	0.14

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

For the Year under review, the Group used approximately HK$4,569,000 (2015: approximately HK$3,214,000) of cash from its operations. As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$117,364,000 (2015: approximately HK$47,746,000).

As at 31 December 2016, surplus in shareholders' equity was approximately HK$194,486,000 (2015: surplus in shareholders' equity of approximately HK$140,943,000). Current assets of the Group amounted to approximately HK$234,652,000 (2015: approximately HK$210,186,000). The current ratio and quick ratio were approximately 4.06 and 3.82 (2015: approximately 2.25 and 2.01), respectively.

As at 31 December 2016, the Group's net cashes amounted to approximately HK$59,560,000 (2015: net debts of approximately HK$45,690,000).

Trade and notes receivables decreased from approximately HK$130,667,000 as at 31 December 2015 to approximately HK$81,356,000 As at 31 December 2016. During the Year under review, the Group provided reversed impairment loss on trade receivables of approximately HK$1,172,000 (2015: provided impairment loss of approximately HK$4,390,000).

Capital Expenditure

The Group's total capital expenditures on property, plant and equipment during the Year under review amounted to approximately HK$17,921,000 (2015: approximately HK$120,000).

Pledge of Assets

As at 31 December 2016, the Group has pledged certain of its bank deposit of HK$5,756,000 (2015: HK$7,252,000) to secure its notes payables.

Material Acquisition

During the Year under review, the Group did not have any material acquisition.

Capital Structure

During the Year under review, the Company completed the placing of shares, on best effort basis, for a maximum of 760,000,000 shares at a price of HK$0.125 per Share under the new general mandate granted to the Directors at the annual general meeting held on 29 May 2015. The placing was completed on 29 July 2016 whereby a total of 760,000,000 placing shares have been successfully placed (the "Placing").

Significant Investment

The Group did not have any significant investments during the Year under review.

Risk of Intense Competition

The Group's Digital Video Business faces intense competition and such competition puts downward pressure on the price of the products of the Digital Video Business. The Group's market position depends on the ability to estimate and manage competition, including the introduction of new or improved products and services, pricing strategies of competitors and preferences of customers. If the Group fails to maintain competitive price of similar products or services or provide distinctive products or services, it may lose its customers to competitors. Moreover, competition may cause reduction in price, gross profit margin and market share of the Group.

Foreign Exchange and Currency Risks

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities and Capital Commitments

The Group does not have any contingent liability in the Year under review (2015: Nil).

The Group had capital commitment of approximately HK$17,197,000 in the Year under review (2015: Nil).

Employees Benefit and Expenses

As at 31 December 2016, there were 161 employees (2015: 180 employees) in the Group. The total amount of employee remuneration incurred for the Year was approximately HK$14,595,000 (2015: approximately HK$18,972,000). 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.

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"); and (2) the construction, application and management of new energy vehicles and related products, charging facilities and intelligent management systems ("New Energy Vehicles Business").

The Digital Video Business of the Group has gone through fierce competitions in 2016 with a significant dropped in turnover, the Group recorded approximately HK$136,981,000 (2015: approximately HK$225,991,000) in turnover for the year ended 31 December 2016, representing a decrease of 39.39% as compared with last year's corresponding period. Taken into account the unsatisfactory results of the Digital Video Business, a one-off impairment of the goodwill, intangible assets and property, plant and equipment of the Digital Video Business of HK$11,800,000, HK$4,868,000 and HK$1,774,000 respectively was recorded, as a result of such impairments, the Group recorded operating loss of approximately HK$35,317,000 (2015: loss of approximately HK$32,000,000) and loss attributable to owners of the Company of approximately HK$35,317,000 (2015: loss of approximately HK$38,920,000).

In order to maximize shareholder's wealth, despite closely monitoring the Digital Video Business, the Group through its indirect wholly owned subsidiary, Jiu Rong New Energy Science and Technology Limited to engage in the New Energy Vehicles Business, the Board is of the view that the New Energy Vehicles Business is with substantial growth potential as the PRC Government has emphasized on the use of new energy vehicles and reduction in carbon emissions in its 13th Five-Year-Plan and considers that the commencement of the New Energy Vehicles Business is able to cope with the 13th Five-Year-Plan policies and to diversify the Group's businesses, the New Energy Vehicles Business as one of the principal businesses of the Group can broaden revenue base of the Group and that will be in the interest of the Company and the Shareholders as a whole.

The electric vehicles charging facilities (including operation of electric vehicles charging piles) and its related intelligent management systems in Hangzhou has commenced operation by the end of 2016. During the year ended 31 December 2016, the Group recorded turnover of approximately HK$2,331,000 (2015: HK$Nil) from the New Energy Vehicles Business. As at the date of this announcement, the Group has already established three different electric vehicles charging facilities stations in Jianggan District and Gongshu District, Hangzhou with a total of approximately 120 electric vehicles charging piles in operation, and an intelligent parking of approximately 10,000m^2 with new energy vehicles charging facilities and intelligent management system in Shangcheng District, Hangzhou. The Group will continue to invest in the New Energy Vehicles Business with the aim to be one of the largest new energy vehicles charging facilities operator 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; (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.

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 year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions and dealing (the "**Code of Conduct**") by Directors on terms no less exacting than the required standard set out in Appendix 10 to Listing Rule (the "**Model Code**"). The Company has made specific enquiry of all Directors as to whether they have complied with the required standard set out in the Model Code and the Code of Conduct during the year ended 31 December 2016.

All the Directors have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the year ended 31 December 2016.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained to safeguard the interests of our shareholders, investors, customers and staff.

The Company has complied with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under the Code Provision A.2.1 of the CG Code, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

   During the Year and up to the date of this report hereof, the posts of chairman and chief executive were vacant. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill, and experience be identified, the Company will make appointments to fill the posts as and when appropriate.

2. Under the Code Provision A.6.7 of the CG Code, the independent non-executive Directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, one executive director and three independent non-executive Directors did not attend the annual general meeting ("**AGM**") held on 26 August 2016.

   However, at the AGM, there were at least two executive Directors presented to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

3. Under the Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the AGM and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the AGM.

   Due to other business engagements, the chairman of the audit and remuneration committees did not attend the AGM.

4. Under Code Provision C.2.5 of the CG Code, the Group should have an internal audit function. During the year, the Group conducted a review on the need for setting up an internal audit department. Given the Group's simple operating structure and the potential cost burden, it was decided that the Group would not set up an internal audit department for the time being and the Board would be directly responsible for risk management and internal control systems of the Group.

The Board has taken remedial steps, actions and measures to make sure that the Company is in all aspects in strict compliance with the Listing Rules and the CG Code.

AUDIT COMMITTEE

The Company has an Audit Committee in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control system and providing advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors of the Company.

The Audit Committee of the Company has reviewed the annual results of the Group for the Year including the accounting principles and practices adopted by the Company.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT

The annual results of the Group for the year ended 31 December 2016 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website of the Company at http://www.irasia.com/listco/hk/2358. An annual report for the year ended 31 December 2016 will be despatched to the shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. Siu Chi Ming
Ms. Wang Liping
Mr. Yin Jianwen

Independent Non-executive Directors:
Mr. Wu Yinong
Mr. Chen Guowei
Mr. Yuan Qian Fei

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

Hong Kong, 28 March 2017