



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2358)

2015
Interim Report



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Corporate Information

DIRECTORS

Executive Directors

Mr. Siu Chi Ming
Mr. Tang Chin Wan (resigned on 1 June 2015)
Ms. Wang Liping
Mr. Yin Jianwen (appointed on 1 June 2015)

Independent Non-executive Directors

Ms. Au Shui Ming, Anna
Mr. Wu Yinong
Mr. Tsang Ho Ka, Eugene

AUDIT COMMITTEE

Ms. Au Shui Ming, Anna (*Chairman*)
Mr. Tsang Ho Ka, Eugene
Mr. Wu Yinong

NOMINATION COMMITTEE

Mr. Wu Yinong (*Chairman*)
Ms. Au Shui Ming, Anna
Mr. Tsang Ho Ka, Eugene

REMUNERATION COMMITTEE

Mr. Tsang Ho Ka, Eugene (*Chairman*)
Ms. Au Shui Ming, Anna
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. Tang Chin Wan (resigned on 1 June 2015)
Mr. Yin Jianwen (appointed on 1 June 2015)

AUTHORISED REPRESENTATIVES

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

Mr. Siu Chi Ming
Mr. Tang Chin Wan (resigned on 1 June 2015)
Mr. Yin Jianwen (appointed on 1 June 2015)

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

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Central, Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 2358

WEBSITE

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

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 2015 (the “Period”) together with the comparative figures for the corresponding period of 2014.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Notes	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	3	99,942	143,713
Cost of sales		(87,330)	(119,208)
Gross profit		12,612	24,505
Other income and gains	4	1,110	2,121
Selling and distribution costs		(8,942)	(4,918)
Administrative expenses		(24,832)	(13,592)
Other operating expenses		(143)	(222)
Finance costs	5	(546)	(308)
(Loss)/Profit before income tax	6	(20,741)	7,586
Income tax credit/(expense)	7	207	(1,890)
(Loss)/Profit for the period		(20,534)	5,696
Other comprehensive income for the period			
Exchange differences on translating foreign operations		8	(1,980)
Other comprehensive income for the period		—	—
Total comprehensive (loss)/income for the period		(20,526)	3,716
(Loss)/Profit attributable to:			
– Owners of the Company		(19,677)	5,590
– Non-controlling interests		(857)	106
		(20,534)	5,696
Total comprehensive (loss)/income attributable to:			
– Owners of the Company		(19,669)	3,610
– Non-controlling interests		(857)	106
		(20,526)	3,716
(Loss)/Profit per share	8		
– Basic and diluted		HK(0.52) cents	HK0.15 cents

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,056	4,576
Intangible assets		13,655	15,387
Goodwill		16,417	16,417
Deferred tax assets		19	19
Total non-current assets		34,147	36,399
CURRENT ASSETS			
Inventories		33,395	29,048
Trade and notes receivables	11	155,042	162,240
Amounts due from non-controlling shareholders		92	124
Prepayments, deposits and other receivables		8,843	9,716
Pledged bank deposits		–	2,332
Cash and cash equivalents		22,327	55,741
Total current assets		219,699	259,201
CURRENT LIABILITIES			
Trade and notes payables	12	66,535	77,128
Other payables and accruals		8,025	13,921
Bank loans	13	8,888	8,888
Other loans	14	–	756
Tax payable		915	4,690
Total current liabilities		84,363	105,383
Net current assets		135,336	153,818
Total assets less current liabilities		169,483	190,217
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,451	1,659
		1,451	1,659
Net assets		168,032	188,558
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	380,000	380,000
Reserves	17	(213,377)	(193,708)
		166,623	186,292
Non-controlling interests		1,409	2,266
Total equity		168,032	188,558

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Unaudited								
	Attributable to owners of the Company								
	Issued capital HK\$'000	Share premium account* HK\$'000	Con-tributed surplus* HK\$'000	Statutory surplus reserve* HK\$'000	Foreign currency translation reserve* HK\$'000	Accu-mulated losses* HK\$'000	Sub-Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
For the six months ended 30 June 2015 (unaudited)									
At 1 January 2015	380,000	53,826	4,990	1,109	(713)	(252,920)	186,292	2,266	188,558
Total comprehensive loss for the period	-	-	-	-	8	(19,677)	(19,669)	(857)	(20,526)
Transfer to statutory surplus reserve	-	-	-	1,020	-	(1,020)	-	-	-
At 30 June 2015	380,000	53,826	4,990	2,129	(705)	(273,617)	166,623	1,409	168,032
For the six months ended 30 June 2014 (unaudited)									
At 1 January 2014	380,000	53,826	4,990	-	64	(267,818)	171,062	2,970	174,032
Total comprehensive income for the period	-	-	-	-	(1,980)	5,590	3,610	106	3,716
At 30 June 2014	380,000	53,826	4,990	-	(1,916)	(262,228)	174,672	3,076	177,748

* 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 2015

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Net cash outflow from operating activities	(32,658)	(37,767)
Net cash outflow from financing activities	(756)	(11)
Net decrease in cash and cash equivalents	(33,414)	(37,778)
Cash and cash equivalents at beginning of the period	55,741	98,042
Cash and cash equivalents at end of the period	22,327	60,264

Notes to the Condensed Consolidated Financial Statements

30 June 2015

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the Interim Financial Statements are consistent with those set out in the consolidated financial statements of the Group for the year ended 31 December 2014, the New HKFRSs which have become effective in this Period have no material impact on the accounting policies in the Group's condensed consolidated interim financial statements for the Period.

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

Notes to the Condensed Consolidated Financial Statements

30 June 2015

3. SEGMENT INFORMATION

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

Reportable segments

The Group has two reportable segments during the Period (30 June 2014: two segment). The following summary describes the operations in the Group's reportable segments:

- Water Meter Business – the sale, design, assembly and installation of water meters and provision of remote water metering management system, after sales and related services of water meters.
- TV Business – manufacturing and sales of digital television ("TV"), high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication TV and internet in the digital audio visual industry.

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

Six months ended 30 June 2015	TV Business (Unaudited) HK\$'000	Water Meter Business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reporting segment revenue from external customers	95,489	4,453	99,942
Reporting segment loss	(4,827)	(10,389)	(15,216)
Reporting segment assets	198,979	35,898	234,877
Six months ended 30 June 2014	TV Business (Unaudited) HK\$'000	Water Meter Business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reporting segment revenue from external customers	127,963	15,750	143,713
Reporting segment gain	4,832	4,837	9,669
Reporting segment assets	265,583	30,173	295,756

Notes to the Condensed Consolidated Financial Statements

30 June 2015

3. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit or (loss)		
Total reporting segment (loss)/profit	(15,216)	9,669
Unallocated corporate expenses	(5,490)	(3,965)
Unallocated finance costs	(35)	(8)
Consolidated (loss)/profit before income tax	(20,741)	5,696

4. OTHER INCOME AND GAINS

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

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Bank interest income	317	821
Others	793	1,300
	1,110	2,121

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Interest on loans wholly repayable within five years		
– Other loans	192	214
Bank charges	354	94
	546	308

Notes to the Condensed Consolidated Financial Statements

30 June 2015

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Depreciation of property, plant and equipment	415	245
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	8,790	12,014
Pension scheme contributions	21	26
	9,226	12,285
Foreign exchange loss, net	397	173

7. INCOME TAX (CREDIT)/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 2014: 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	
	2015 HK\$'000	2014 HK\$'000
Current tax for the Period – PRC	–	1,890
Deferred tax	(207)	–
	(207)	1,890

8. (LOSS)/PROFIT PER SHARE

The calculation of basic (loss)/profit per share for the Period is based on the loss for the Period attributable to owners of the Company of HK\$19,677,000 (30 June 2014: profit of HK\$5,590,000) and 3,800,000,000 (30 June 2014: 3,800,000,000) ordinary shares in issue during the Period.

The diluted profit/(loss) per share for both the six months ended 30 June 2015 and 2014 are the same as the respective basic profit/(loss) per share as the impact of potential ordinary shares have an anti-dilutive effect on the basic loss per share for these periods.

Notes to the Condensed Consolidated Financial Statements

30 June 2015

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (30 June 2014: HK\$Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, approximately HK\$94,000 (30 June 2014: approximately HK\$737,000) was spent on acquisition of plant and equipment. There was disposal of property, plant and equipment of approximately HK\$214,000 during the Period (30 June 2014: approximately HK\$1,144,000).

11. TRADE AND NOTES RECEIVABLES

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Trade receivables	147,254	149,268
Note receivables	7,788	12,972
	155,042	162,240

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 (2014: 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 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Within 180 days	103,874	109,978
181 days to 1 year	25,693	37,600
Over 1 year	17,687	1,690
	147,254	149,268

Notes to the Condensed Consolidated Financial Statements

30 June 2015

12. TRADE AND NOTES PAYABLES

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Trade payables	57,532	51,283
Notes payables	9,003	25,845
	66,535	77,128

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 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Within 180 days	29,196	50,859
181 days to 1 year	28,072	244
1 to 2 years	264	111
Over 2 years	–	69
	57,532	51,283

13. BANK LOANS

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Bank loans	8,888	8,888

Notes to the Condensed Consolidated Financial Statements

30 June 2015

13. BANK LOANS (CONTINUED)

The borrowings are repayable as follows:

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
On demand or within one year	8,888	8,888
Less: Amount due for settlement within 12 months (shown under current liabilities)	(8,888)	(8,888)
Amount due for settlement after 12 months	—	—

At the end of reporting period, borrowings of the Group denominated in RMB amounted to approximately HK\$8,888,000 (31 December 2014: HK\$8,888,000). The average interest rates were 7.8% per annum (2014: 7.8%).

As at 30 June 2015, the Group's bank loans were secured by (i) pledged of certain of the Group's trade receivables amount up to RMB8,000,000 (equivalence to approximately HK\$10,086,000), (ii) personal guarantee from a non-controlling shareholder amount up to RMB8,000,000 (equivalence to approximately HK\$10,086,000), (iii) personal guarantee from a subsidiary of China Water amount up to RMB8,000,000 (equivalence to approximately HK\$10,086,000), (iv) equity interests of 6.75% of a subsidiary of the Group held by a non-controlling shareholder, and (v) equity interests of 91.75% of a subsidiary of the Group. The bank loan has been repaid on 14 August 2015.

14. OTHER LOANS

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Unsecured other loans from:		
<i>Interest bearing</i>		
– non-controlling beneficial shareholder of a subsidiary (note (a))	—	756
	—	756

All other loans are repayable within one year.

Note:

- (a) The loan from the non-controlling beneficial shareholder of a subsidiary of the Company is unsecured, bore interest at a fixed rate of 5.76% per annum.

Notes to the Condensed Consolidated Financial Statements

30 June 2015

15. SHARE CAPITAL

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each	500,000	500,000
Issued and fully paid:		
3,800,000,000 ordinary shares of HK\$0.1 each	380,000	380,000

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 2015 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 2015

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 2014: 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 2015:

- (a) During the Period, total compensation paid to the Directors of the Company was approximately HK\$960,000 (30 June 2014: approximately HK\$900,000).

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 27 August 2015.

Management Discussion and Analysis

FINANCIAL REVIEW

Overall Financial Results

During the Period, the Group achieved approximately HK\$99,942,000 in turnover, representing a significant decrease of approximately 30% from that of approximately HK\$143,713,000 during the same period of last year. Gross profit was approximately HK\$12,612,000, comparing to the gross profit of approximately HK\$24,505,000 during the corresponding period of last year. The overall gross profit ratio decreased from approximately 17.05% to approximately 12.62%. Loss for the Period attributable to owners of the Company was approximately HK\$19,677,000 (for the corresponding period of last year: profit of approximately HK\$5,590,000). Basic loss per share was approximately HK0.52 cents (for the corresponding period of last year: profit of approximately HK0.15 cents). As at 30 June 2015, the balance of cash and cash equivalents was approximately HK\$22,327,000 (31 December 2014: approximately HK\$55,741,000).

Turnover

For the Period under review, the Group recorded a turnover of approximately HK\$99,942,000 which is contributed by the Water Meter Business and TV Business.

During the Period, the Group's business has two segments (30 June 2014: two segment). Details of the segment information are set out in note 3 of the Interim Financial Statements.

Gross Profit Margin

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

Financial Position and Liquidity

	30 June 2015	31 December 2014
Current ratio	2.60	2.46
Quick ratio	2.21	2.18
Gearing ratio*	0.19	0.13

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

As at 30 June 2015, the Group had bank and other loan of approximately HK\$8,888,000 (31 December 2014: approximately HK\$9,644,000).

The cash and cash equivalents was approximately HK\$22,327,000 (31 December 2014: approximately HK\$55,741,000). The current ratio and quick ratio were approximately 2.60 and 2.21 (31 December 2014: approximately 2.46 and 2.18) respectively. The gearing ratio of approximately 19% on 30 June 2015 (31 December 2014: 13%).

The maturity profile of bank and other loans is detailed in note 13 and 14 to the Interim Financial Statements.

Management Discussion and Analysis

Capital Structure and Foreign Exchange Risk

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

The Group's monetary assets, loans and transactions are principally denominated in Renminbi ("RMB") and HK\$ (30 June 2014: 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 2015, the total number of employees in the Group was 244 (31 December 2014: 276). The total amount of employee wages and salaries incurred during the Period was approximately HK\$8,790,000 (30 June 2014: approximately HK\$12,014,000). 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 2015 (30 June 2014: HK\$Nil).

BUSINESS REVIEW AND OUTLOOK

The Company's business operation has gone through a lot of challenges in the first half of 2015, the Group record approximately HK\$99,942,000 (2014: approximately HK\$143,713,000) in turnover from TV Business and Water Meter Business for the six months ended 30 June 2014, representing a decrease of 30% as compared with last year's corresponding period. The Group recorded operating loss of approximately HK\$20,534,000 (2014: profit of approximately HK\$5,696,000) and loss attributable to owners of the Company of approximately HK\$19,677,000 (2014: profit of approximately HK\$5,590,000).

Taken into account the unsatisfactory performance of the Water Meter Business which recorded turnover of approximately HK\$4,453,000 for the Period, representing a decrease of over 70% compared to last year's corresponding period, the Board decided to dispose of the Water Meter Business at a consideration of HK\$23,000,000 (the "Disposal") and it is expected a gain of approximately HK\$1,372,000 will be recorded. For details of the Disposal, please refer to the announcement and circular of the Company dated 20 July 2015 and 21 August 2015 respectively.

In order to maximize shareholder's wealth, despite closely monitoring the exiting TV Business of the Group, the Company has been leveraged on the expertise, experiences, research and development of SOYEA Jiu Rong, commenced trading of TV Business through its wholly owned subsidiary Ace Earn Limited in August 2015 and developed four mobile apps: the first one is for remote monitoring and reading of electronic and water meter which is under trial run with users of approximately 1,000 households in Hangzhou; the second one is for controlling video transmission among mobile phones, computers and televisions which is under trial run with customer such as Zhe Jiang Sheng Gong Zhong Xin Xi Chan Ye Limited (浙江省公眾信息產業有限公司), a subsidiary of China Telecom in Hangzhou; the third one is for smart hotel management with customer such as Zhe Jiang Da Hui Yi Zhan Limited (浙江達慧驛站有限公司), a leading internet hotel management platform in the PRC; and the fourth one is for smart city management covering Hang Zhou Shang Chen District Qing Bo street. The Directors will continue to closely evaluate the performance of the above mentioned business and will actively explore new business or investment opportunities in order to enhance the value of the Group which will be in the interests of the Company and shareholders as a whole.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2015, 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)	15.79%
Ms. Wong Sin Fung (Note 1)	Interest of controlled corporation	600,000,000(L)	15.79%
SOYEA Technology Co., Limited	Beneficial owner	266,616,000(L)	7.02%

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 2015.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

As at 30 June 2015, 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 2015.

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 2015.

Compliance on Corporate Governance Practices

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

Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

Audit Committee

The Audit Committee has reviewed with the management of the Company the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Interim Financial Statements for the six months ended 30 June 2015 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 2015 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 Ms. Au Shui Ming, Anna, Mr. Wu Yinong and Mr. Tsang Ho Ka, Eugene.

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

Hong Kong, 27 August 2015