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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)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (the “**Year**”) together with the comparative figures for the corresponding year of 2021.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>REVENUE</b>	4	<b>837,897</b>	1,282,459
Cost of sales		<b>(752,069)</b>	(1,129,250)
<b>Gross profit</b>		<b>85,828</b>	153,209
Other income and gains	5	<b>25,518</b>	38,444
Selling and distribution costs		<b>(36,558)</b>	(29,633)
Administrative expenses		<b>(62,191)</b>	(59,148)
Other operating expenses		<b>(22,448)</b>	(29,034)
Fair value loss on investments at fair value through profit or loss		<b>(35,627)</b>	(11,095)
Fair value changes of investment properties		–	30,818
Gain/(loss) on disposal of investments at fair value through profit or loss		<b>3,736</b>	(1,018)
Finance costs	6	<b>(56,885)</b>	(64,507)
Share of profit of associates		<b>14,526</b>	7,294

	Notes	2022 HK\$'000	2021 HK\$'000
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(84,101)</b>	35,330
Income tax expense	8	<b>(6,050)</b>	(19,039)
<b>(LOSS)/PROFIT FOR THE YEAR</b>	7	<b>(90,151)</b>	16,291
<b>Other comprehensive (expenses)/income for the year, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value changes of equity investments at fair value through other comprehensive income		<b>(630)</b>	6,904
<b>Items that may be reclassified to profit or loss:</b>			
Share of associates' exchange differences on translating foreign operations		<b>(14,398)</b>	5,734
Exchange differences on translation of foreign operations		<b>(19,196)</b>	8,627
		<b>(33,594)</b>	14,361
<b>OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR, NET OF TAX</b>		<b>(34,224)</b>	21,265
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(124,375)</b>	37,556
<b>(LOSS)/EARNINGS PER SHARE</b>	9		
– Basic (HK cents)		<b>(1.65)</b>	0.30
– Diluted (HK cents)		<b>(1.65)</b>	0.30

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		551,431	612,607
Investment properties		784,004	848,937
Right-of-use assets		13,024	4,941
Investment in associates		291,413	181,711
Deferred tax assets		119	119
Equity investments at fair value through other comprehensive income		36,293	39,838
Prepayments, deposits and other receivables		75,141	–
		<b>1,751,425</b>	1,688,153
<b>CURRENT ASSETS</b>			
Inventories		22,627	36,212
Properties held for sale		81,010	87,332
Trade and notes receivables	11	606,418	731,621
Prepayments, deposits and other receivables		272,390	164,367
Investments at fair value through profit or loss		97,124	137,702
Pledged bank deposits		29,262	–
Cash and cash equivalents		95,970	135,168
		<b>1,204,801</b>	1,292,402
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	12	1,400,346	1,221,021
Other payables and accruals		54,655	55,593
Lease liabilities		2,527	1,913
Contract liabilities		55,713	193,697
Bank and other loans		337,265	345,094
Deferred government grant		9,995	11,030
Tax payable		5,126	10,832
		<b>1,865,627</b>	1,839,180
<b>NET CURRENT LIABILITIES</b>		<b>(660,826)</b>	(546,778)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,090,599</b>	1,141,375
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		11,423	4,062
Deferred government grant		46,884	61,404
Deferred tax liabilities		88,168	92,324
Bank and other loans		468,570	383,656
		<b>615,045</b>	541,446
<b>NET ASSETS</b>		<b>475,554</b>	599,929
<b>EQUITY</b>			
Issued capital		547,200	547,200
Reserves		(71,646)	52,729
<b>TOTAL EQUITY</b>		<b>475,554</b>	599,929

## 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 as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and equity investments at fair value through other comprehensive income which are carried at their fair values.

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. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$90,151,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group had net current liabilities of approximately HK\$660,826,000. 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 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 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.

### **3. 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 (“**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. 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 consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet 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.

## 4. REVENUE AND OPERATING SEGMENT INFORMATION

### (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 six (2021: six) 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:

- (i) Digital Video Business: manufacturing and sales of smart television and 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: 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: application and management of cloud ecological big data industry.
- (iv) Properties Development: properties development of an industrial park and sale of construction materials.
- (v) Properties Investment: properties investment for rental income in an industrial park.
- (vi) General trading

The revenue is analysed as follows:

<b>Revenue</b>	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Sale of digital video products	<b>551,613</b>	965,689
Provision of new energy vehicles charging services income	<b>214,290</b>	235,358
Processing income related to new energy vehicles spare parts	<b>7,110</b>	10,690
Provision of big data services income	<b>36,456</b>	25,104
Sale of construction materials	<b>694</b>	18,552
General trading	<b>3,246</b>	1,862
Revenue from contracts with customers	<b>813,409</b>	1,257,255
Rental income	<b>24,488</b>	25,204
Total revenue	<b>837,897</b>	1,282,459

(i) *Business segments*

	For the year ended 31 December 2022						
	Digital Video Business HK\$'000	New Energy Vehicles Business HK\$'000	Cloud			General trading HK\$'000	Total HK\$'000
			Ecological	Properties	Properties		
			Big Data Business HK\$'000	Development HK\$'000	Investment HK\$'000		
Reportable segment revenue:							
Revenue from external customers	551,613	221,400	36,456	694	24,488	3,246	837,897
Reportable segment (loss)/profit	(114,013)	14,724	319	15,220	7,425	3,246	(73,079)
Depreciation of property, plant and equipment	(7,886)	(58,798)	(128)	-	(160)	-	(66,972)
Government grants	48	11,002	-	-	-	-	11,050
Gain on disposal of investments at fair value through profit or loss	1,942	1,794	-	-	-	-	3,736
Fair value loss on investments at fair value through profit or loss	(29,968)	(159)	-	-	-	-	(30,127)
Income tax expenses	(1,190)	(1,926)	-	-	(2,934)	-	(6,050)
Share of profit of associates	-	-	-	14,526	-	-	14,526
Gain on fair value changes of investment properties	-	-	-	-	-	-	-
Additions to property, plant and equipment	16,126	38,851	153	-	288	-	55,418
	At 31 December 2022						
	Digital Video Business HK\$'000	New Energy Vehicles Business HK\$'000	Cloud			General trading HK\$'000	Total HK\$'000
			Ecological	Properties	Properties		
			Big Data Business HK\$'000	Development HK\$'000	Investment HK\$'000		
Reportable segment assets	741,383	611,471	22,084	81,010	1,011,291	188,690	2,655,929
Reportable segment liabilities	(380,336)	(490,411)	(21,086)	(34,205)	(369,711)	(1,181,274)	(2,477,023)
Investment in associates	-	-	-	291,413	-	-	291,413

For the year ended 31 December 2021

	Cloud						Total HK\$'000
	Digital	New Energy	Ecological	Properties	Properties	General	
	Video	Vehicles	Big Data	Development	Investment	trading	
	Business	Business	Business	Development	Investment	trading	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:							
Revenue from external customers	965,689	246,048	25,104	18,552	25,204	1,862	1,282,459
Reportable segment (loss)/profit	(62,240)	44,508	820	25,846	36,455	1,862	47,251
Depreciation of property, plant and equipment	(1,009)	(50,089)	(47)	-	(110)	-	(51,255)
Government grants	121	26,870	-	-	-	-	26,991
Gain on disposal of investments at fair value through profit or loss	(1,465)	447	-	-	-	-	(1,018)
Fair value loss on investments at fair value through profit or loss	(457)	1,614	-	-	-	-	1,157
Income tax credit/(expense)	(1,959)	(5,629)	154	-	(11,605)	-	(19,039)
Share of profit of an associate	-	-	-	7,294	-	-	7,294
Gain on fair value changes of investment properties	-	-	-	-	30,818	-	30,818
Additions to property, plant and equipment	66,557	122,963	36	-	382	-	189,938

At 31 December 2021

	Cloud						Total HK\$'000
	Digital	New Energy	Ecological	Properties	Properties	General	
	Video	Vehicles	Big Data	Development	Investment	trading	
	Business	Business	Business	Development	Investment	trading	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	925,069	688,271	22,773	87,332	1,032,437	21,437	2,777,319
Reportable segment liabilities	(1,213,199)	(547,703)	(42,821)	(56,765)	(358,690)	(157,997)	(2,377,175)
Investment in an associate	-	-	-	181,711	-	-	181,711

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

<b>Year ended 31 December</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	<b>837,897</b>	1,282,459
<b>Profit or loss</b>		
Total (loss)/profit of reportable segments	<b>(73,079)</b>	47,251
Unallocated corporate expenses	<b>(11,022)</b>	(11,921)
<b>Consolidated (loss)/profit before tax</b>	<b>(84,101)</b>	35,330
<b>At 31 December</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Assets</b>		
Total assets of reportable segments	<b>2,947,342</b>	2,959,030
Unallocated amounts:		
Cash and cash equivalents	<b>1,253</b>	8,417
Other unallocated corporate assets	<b>7,631</b>	13,108
<b>Consolidated total assets</b>	<b>2,956,226</b>	2,980,555
<b>Liabilities</b>		
Total liabilities of reportable segments	<b>(2,477,023)</b>	(2,377,175)
Unallocated corporate liabilities	<b>(3,649)</b>	(3,451)
<b>Consolidated total liabilities</b>	<b>(2,480,672)</b>	(2,380,626)

(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 including property plant and equipment, right-of-use assets and investment properties ("**Non-current assets**").

	<b>Revenue from external customers</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
PRC	<b>837,218</b>	704,013
Hong Kong	<b>679</b>	578,446
<b>Total</b>	<b>837,897</b>	1,282,459

  

	<b>Non-current assets</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
PRC	<b>1,348,420</b>	1,461,489
Hong Kong	<b>39</b>	55
<b>Total</b>	<b>1,348,459</b>	1,461,544

(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	Note	<b>2022</b>	2021
			<b>HK\$'000</b>	HK\$'000
Customer A	Digital Video Business	(i)	<b>277,378</b>	–
Customer B	New Energy Vehicles Business		<b>170,142</b>	209,180
Customer C	Digital Video Business	(ii)	<b>106,168</b>	–
Customer D	Digital Video Business	(iii)	–	461,727

Note:

- (i) No revenue was generated from this customer in 2021.
- (ii) Revenue from this customer did not exceed 10% of total revenue in 2021.
- (iii) No revenue was generated from this customers in 2022.

## (d) Disaggregation of revenue from contracts with customers

Segments	2022					
	Digital	New Energy	Cloud			
	Video	Vehicles	Ecological	Properties	General	
	Business	Business	Big Data	Development	trading	Total
	HK\$'000	HK\$'000	Business	HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Geographical markets</u>						
PRC	551,613	221,400	36,456	694	2,567	812,730
Hong Kong	-	-	-	-	679	679
Total	551,613	221,400	36,456	694	3,246	813,409
<u>Major products/service</u>						
Sale of digital video products	551,613	-	-	-	-	551,613
Provision of new energy vehicles charging services income	-	214,290	-	-	-	214,290
Processing income related to new energy vehicle spare parts	-	7,110	-	-	-	7,110
Provision of big data services income	-	-	36,456	-	-	36,456
Sale of construction materials	-	-	-	694	-	694
General trading	-	-	-	-	3,246	3,246
Total	551,613	221,400	36,456	694	3,246	813,409
<u>Timing of revenue recognition</u>						
At a point in time	551,613	221,400	36,456	694	3,246	813,409

2021

Segments	Digital	New Energy	Cloud	Properties	General	Total
	Video	Vehicles	Ecological			
	Business	Business	Big Data	Development	trading	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Geographical markets</u>						
PRC	387,638	246,048	25,104	18,552	1,467	678,809
Hong Kong	578,051	-	-	-	395	578,446
<b>Total</b>	<b>965,689</b>	<b>246,048</b>	<b>25,104</b>	<b>18,552</b>	<b>1,862</b>	<b>1,257,255</b>
<u>Major products/service</u>						
Sale of digital video products	965,689	-	-	-	-	965,689
Provision of new energy vehicles charging services income	-	235,358	-	-	-	235,358
Processing income related to new energy vehicle spare parts	-	10,690	-	-	-	10,690
Provision of big data services income	-	-	25,104	-	-	25,104
Sale of construction materials	-	-	-	18,552	-	18,552
General trading	-	-	-	-	1,862	1,862
<b>Total</b>	<b>965,689</b>	<b>246,048</b>	<b>25,104</b>	<b>18,552</b>	<b>1,862</b>	<b>1,257,255</b>
<u>Timing of revenue recognition</u>						
At a point in time	965,689	246,048	25,104	18,552	1,862	1,257,255

### *Digital Video Business*

The Group manufactures and sells smart TV and digital 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 audio visual industry. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 360 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### *New Energy Vehicles Business*

The Group provides construction, application and management of new energy vehicles and related products, charging facilities, intelligent management systems and processing services in relation to new energy vehicles spare parts. The New Energy Vehicles charging services income and processing services are recognised when the charging service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service. The charging services incomes are normally made with credit terms of payment on demand.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### *Cloud Ecological Big Data Business*

The Group provides application and management of cloud ecological big data services to customers. The income is recognised when the service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

### *Properties Development*

The Group develops and sells properties to the customers. Sales of a contract are recognised when control of the property has transferred, being when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. Sales of construction materials are recognised when control of the products has transferred.

### General trading

Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Handling and agency service income are recognised when the services are rendered.

Sales to customers are normally made with credit terms of 30 to 360 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 5. OTHER INCOME AND GAINS

	2022 HK\$'000	2021 HK\$'000
Bank interest income	3,725	3,350
Dividend income	1,607	–
Loan interest income from third parties	–	5,640
Interest income from associates	2,523	–
Government grants	11,050	26,991
Reversal of impairment of trade receivable	58	–
Reversal of impairment of inventories	405	–
Gain on disposal of property, plant and equipment	214	1,670
Exchange differences	4,356	–
Others	1,580	793
	<b>25,518</b>	<b>38,444</b>

## 6. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expenses on borrowings:		
– Interest expenses on bank and other loans	48,896	34,560
– Interest on notes payable	7,271	29,132
– Interest on lease liabilities	718	815
Total borrowing cost	<b>56,885</b>	<b>64,507</b>

## 7. (LOSS)/PROFIT FOR THE YEAR

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

	2022 HK\$'000	2021 HK\$'000
Cost of inventories sold	<b>752,069</b>	1,129,250
Staff costs (including directors' remuneration):		
Wages and salaries	<b>46,403</b>	44,655
Pension scheme contributions		
– Defined contribution scheme	<b>8,501</b>	8,405
Other staff benefits	<b>9,647</b>	7,305
	<b>64,551</b>	60,365
Auditors' remuneration	<b>1,120</b>	1,300
Depreciation of property, plant and equipment	<b>66,980</b>	51,263
Depreciation of right of use assets	<b>2,231</b>	1,814
Expenses related to short-term leases	<b>6,213</b>	92
Exchange (gain)/losses, net	<b>(4,356)</b>	13,630
Gain on disposal of property, plant and equipment	<b>(214)</b>	(1,670)
Written off of property, plant and equipment	<b>3,750</b>	15,054
(Gain)/loss on disposal of investments at fair value through profit or loss	<b>(3,736)</b>	1,018
Fair value loss on investments at fair value through profit or loss	<b>35,627</b>	11,095
Trade receivable written off	<b>21,437</b>	–
Reversal of impairment on trade receivables	<b>(58)</b>	(48)
(Reversal of)/impairment of inventories	<b>(405)</b>	339

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at a rate of 16.5% (2021:16.5%) on the estimated assessable profit for the year ended 31 December 2022.

PRC corporate income tax is calculated at a standard rate of 25% (2021: 25%) except for Soyeya Jiu Rong Technology Co., Limited ("**Soyeya Jiu Rong**") and Jiu Rong New Energy Science and Technology Limited ("**Jiu Rong New Energy**") on the estimated assessable profits arising from its operation in the PRC. For the year ended 31 December 2022, Soyeya Jiu Rong and Jiu Rong New Energy have obtained the new high-tech enterprise certificate and entitled for a preferential tax rate of 15% (2021:15%).

The amount of income tax expense includes in profit or loss represents:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Current tax – Hong Kong Profits Tax		
– Provision charge for the year	–	587
	–	587
Current – the PRC		
– Charge for the year	<b>3,095</b>	7,781
Deferred tax	<b>2,955</b>	10,671
	<b>6,050</b>	19,039

The income tax expense for the year can be reconciled to the profit for the year multiplied by applicable tax rate as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
(Loss)/profit before tax	<b>(84,101)</b>	35,330
Tax calculated at the domestic tax rate of 16.5% (2021: 16.5%)	<b>(13,877)</b>	5,829
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(2,116)</b>	4,829
Tax effect of revenue not taxable for tax purposes	<b>(4,526)</b>	(2,035)
Tax effect of expenses not deductible for tax purposes	<b>9,630</b>	3,004
Tax effect of tax losses not recognised	<b>16,939</b>	7,412
Income tax expense	<b>6,050</b>	19,039

At 31 December 2022, the Group has unused tax losses of approximately HK\$277,988,000 (2021: HK\$180,036,000) available for offset against future profits. The said unrecognised tax losses may be carried forward for five years or indefinitely depends on the respective tax jurisdictions. In year 2022, no tax assets has been recognised in respect of the unused tax loss of approximately HK\$277,267,000 (2021: HK\$179,315,000).

## 9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$90,151,000 (2021: profit of HK\$16,291,000) and the weighted average number of approximately 5,472,000,000 (2021: 5,472,000,000) ordinary shares in issue during the year.

Diluted (loss)/earnings per share

The effect of the Company's outstanding share options for the year ended 31 December 2022 and 2021 did not give rise to any dilution effect to the (loss)/earnings per share.

## 10. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2022 and 2021.

## 11. TRADE AND NOTES RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables, net of loss allowances	<b>428,649</b>	477,215
Notes receivables	<b>177,769</b>	254,406
	<b>606,418</b>	731,621

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 (2021: 0 to 360 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:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Within 90 days	<b>52,175</b>	168,347
91 days to 180 days	<b>23,324</b>	43,436
181 days to 1 year	<b>21,407</b>	69,616
Over 1 year	<b>331,743</b>	195,816
	<b>428,649</b>	477,215

As at 31 December 2022, approximately HK\$25,888,000 (2021: HK\$50,694,000) of trade receivables were pledged to a bank to secure bank loans.

Reconciliation of loss allowance for trade receivables:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>1,191</b>	1,110
Decrease in loss allowance for the year	<b>(58)</b>	(48)
Exchange differences	<b>(176)</b>	129
At 31 December	<b>957</b>	1,191

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	<b>Current</b>	<b>Over 30 days past due</b>	<b>Over 90 days past due</b>	<b>Over 180 days past due</b>	<b>Over 365 days past due</b>	<b>Total</b>
At 31 December 2022						
Weighted average expected loss rate	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0.4%</b>	<b>0.2%</b>
Receivable amount (HK\$'000)	<b>90,505</b>	<b>1,137</b>	<b>956</b>	<b>77,950</b>	<b>259,058</b>	<b>429,606</b>
Loss allowance (HK\$'000)	-	-	-	-	<b>(957)</b>	<b>(957)</b>
At 31 December 2021						
Weighted average expected loss rate	0%	0%	0%	0%	1%	0.2%
Receivable amount (HK\$'000)	277,636	8,974	105	9,502	182,189	478,406
Loss allowance (HK\$'000)	-	-	-	-	(1,191)	(1,191)

## 12. TRADE AND NOTES PAYABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>512,344</b>	358,469
Notes payables	<b>888,002</b>	862,552
	<b>1,400,346</b>	1,221,021

As at 31 December 2022, certain notes payables were secured by pledged bank deposits.

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<u>Outstanding balances with ages:</u>		
Within 180 days	<b>262,614</b>	288,545
181 days to 1 year	<b>22,952</b>	3,741
1 to 2 years	<b>160,819</b>	15,147
Over 2 years	<b>65,959</b>	51,036
	<b>512,344</b>	358,469

## 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 2022 (the “**Year**”) to the shareholders of the Company.

For the year ended 31 December 2022, the Group achieved turnover of approximately HK\$837,897,000, representing a decrease of approximately 35% from approximately HK\$1,282,459,000 in last corresponding year. The Group recorded gross profit of approximately HK\$85,828,000, representing a decrease of approximately 44% from approximately HK\$153,209,000 in last corresponding year. The Group achieved loss of approximately HK\$90,151,000. Basic loss per share of the Company was approximately HK1.65 cents while basic profit per share for the year ended 31 December 2021 was approximately HK0.30 cents. As at 31 December 2022, balance of cash and cash equivalents of the Group were approximately HK\$95,970,000 (2021: approximately HK\$135,168,000).

#### Turnover

For the Year under review, the Group recorded turnover of approximately HK\$837,897,000 which was mainly contributed by the Digital Video Business, the New Energy Vehicles Business, Cloud Ecological Big Data Business, Properties Investments, Properties Development and general trading.

In 2022, the Group’s business has six (2021: six) reporting segments.

#### Business Operations

##### (i) *Digital Video Business*

The Group through its wholly owned subsidiaries, Soyeya Jiu Rong Technology Co., Ltd.\* (數源久融技術有限公司) (“**Soyeya Jiu Rong**”) and Zhe Jiang Jiu Rong Intelligent Technology Limited\* (浙江久融智能科技有限公司) (“**Jiu Rong Intelligent**”) carries out the research and development, manufacturing and sales of smart television and 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.

\* For identification purpose only

(iii) *Cloud Ecological Big Data Business*

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

(iv) *Properties Development*

The Group through its wholly owned subsidiary, Hangzhou Lu Yun Property Limited\* (杭州绿云置业有限公司) (“**Lu Yun**”) carries out the properties development of big data industrial park in Hangzhou. It is expected that the park will establish a “Cloud Ecological System” to build a new generation of information technology (such as AR/VR, face recognition, digital maps, etc.) and communication technology, such as Internet of Things, big data, cloud computing, (such as 5G, LTE-V, NB-IOT, etc.) throughout the cloud industry park in all aspects, to create the country’s first all-intelligent perception, interoperability cloud ecological park. The Group completed (i) the acquisition of 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**”) in 2018, Xin Luzhou will be an associate of the Company to principally engage in the development of industrial park, commercial and residential properties in Limin Avenue, Limin Development Zone, Harbin, the PRC; and (ii) the formation of Wen Zhou Jing Du Guan Rong Technology Co., Limited\* (温州市景都冠荣科技有限公司) (“**Jing Du Guan Rong**”) in 2022, Lu Yun is interested in 48% equity interests in Jing Du Guan Rong and Jing Du Guan Rong will be an associate of the Company to principally engaged in the industrial park and Properties Development business to cope with the future business expansion of the Group.

(v) *Properties Investments*

The Group through its wholly owned subsidiary, Lu Yun to conduct the properties investment for rental income from the big data industrial park in Hangzhou.

(vi) *General Trading*

General trading of commodities and goods.

### Gross Profit Margin

During the Year under review, the gross profit margin decreased from approximately 11.95% to 10.24%.

### 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.

\* For identification purpose only

## Financial Position and Liquidity

As at 31 December 2022, the gearing ratio was 1.3 (2021: 1.32), 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 31 December 2022 and 2021.

For the Year under review, the Group generated approximately HK\$80,565,000 (2021: generated approximately HK\$52,757,000) of cash in its operations. As at 31 December 2022, the Group had cash and cash equivalents of approximately HK\$95,970,000 (2021: approximately HK\$135,168,000).

As at 31 December 2022, surplus in shareholders' equity was approximately HK\$475,554,000 (2021: surplus in shareholders' equity of approximately HK\$599,929,000). Current assets of the Group amounted to approximately HK\$1,204,801,000 (2021: HK\$1,292,402,000).

As at 31 December 2022, the Group's net debts amounted to approximately HK\$2,350,277,000 (2021: net debts of approximately HK\$2,234,626,000). Trade and notes receivables decreased from approximately HK\$731,621,000 as at 31 December 2021 to approximately HK\$606,418,000 as at 31 December 2022.

During the Year under review, the Group provided a reversal of impairment loss of approximately HK\$58,000 on trade receivables (2021: HK\$48,000).

## Pledged of Assets

As at 31 December 2022, the Group has pledged certain of its bank deposit of approximately HK\$29,262,000 (2021: Nil), the Group has pledged properties held for sale of approximately HK\$81,010,000 (2021: HK\$87,332,000), investment properties of approximately HK\$714,440,000 (2021: HK\$495,933,000) and trade receivables of approximately HK\$25,888,000 (2021: HK\$50,694,000) to secure bank loans and its notes payables.

## Significant Investments

During the Year under review, the Group completed the formation of Jing Du Guan Rong, Lu Yun invested RMB76,800,000 for 48% equity interests in Jing Du Guan Rong, for details of the formation of Jing Du Guan Rong, please refer to the announcement of the Company dated 6 December 2022.

## Capital Structure

During the Year under review, there was no change in the Company's capital structure.

### 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.

### Risk of Unstable Electricity Supply

The New Energy Vehicles Business relies on stable supplies of electricity to charge electric vehicles, in order to ensure the stable supply of electricity and lower the electricity cost, the charging session mainly scheduled from mid night to 4 a.m. whereas the social demand of electricity and electricity fee is at the lowest level.

### Charging Safety

The most critical risk of the New Energy Vehicles Business is charging safety, the Group has implemented staff manual to guide the staff how to operate the charging piles and the charging piles will stop automatically when abnormal charging incidents happened so as to keep the high safety level.

### 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 (2021: Nil). The Group had capital commitment of approximately HK\$148,699,000 in the Year under review (2021: approximately HK\$178,677,000).

### Employees Benefit and Expenses

As at 31 December 2022, there were 479 employees (2021: 394 employees) in the Group. The total amount of employee remuneration incurred for the Year was approximately HK\$64,551,000 (2021: approximately HK\$60,365,000). 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 smart television and 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 and processing services in relation to new energy vehicles spare parts (“**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**”); (5) properties investment for rental income from the big data industrial park (“**Properties Investments**”); and (6) general trading of commodities and goods (“**General Trading**”).

Year 2022 was still a challenging year with the spread of the COVID-19 which seriously hit the global economy. Among such negative economic impacts, the Group achieved loss of approximately HK\$90,151,000 for the year ended 31 December 2022 (2021: profit of approximately HK\$16,291,000).

The Group has recorded a decrease in turnover from the Digital Video Business to approximately HK\$551,613,000 for the year ended 31 December 2022 (2021: approximately HK\$965,689,000), representing a decrease of approximately 42.88% as compared with last year.

The New Energy Vehicles Business recorded turnover of approximately HK\$221,400,000 for the year ended 31 December 2022 (2021: approximately HK\$246,048,000), representing a decrease of approximately 10.02% as compared with last year. As at 31 December 2022, the Group was operating 92 electric vehicles charging stations in Hangzhou with approximately 3,082 alternating current chargers of 40KW/H and approximately 3,061 direct current chargers of 60KW/H in operation. The Group was also operating 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 13 electric vehicles charging stations in Nanjing with 26 alternating current chargers of 40KW/H and 187 direct current chargers of 60KW/H. The Board is of the view that the PRC Government has emphasized on the use of new energy vehicles and reduction in carbon emissions with 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 Group recorded turnover of approximately HK\$36,456,000 for the year ended 31 December 2022 (2021: approximately HK\$25,104,000) from the Cloud Ecological Big Data Business, representing an increase of approximately 45.22% as compared with last year.

The Group recorded turnover of approximately HK\$24,488,000 for the year ended 31 December 2022 (2021: approximately HK\$25,204,000) from the Properties Investment Business, representing a decrease of approximately 2.84% as compared with last year.

The Directors will continue to exercise prudent in cash flow management to safeguard the Group's assets and will continue to safeguard the Group's healthy operational environment to enable the Group to overcome this period of difficulty and 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.

## **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 2022.

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 2022.

## **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, Mr. Chen Zheng, an independent non-executive Director did not attend the annual general meeting (“**AGM**”) held on 30 June 2022.

At the AGM, there were two executive Directors and two independent non-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 nomination committee 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 2022 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 2022. 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.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is an extract from audited financial report of the Company prepared by ZHONGHUI ANDA CPA Limited, the auditor of the Company, for the year ended 31 December 2022.

## **QUALIFIED OPINION**

We have audited the consolidated financial statements of Jiu Rong Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BASIS FOR QUALIFIED OPINION**

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the trade receivables of approximately USD5,196,000 and Euro15,457,000 (equivalent to approximately HK\$170,190,000 and HK\$177,457,000 as at 31 December 2022 and 2021 respectively). These trade receivables derived from the trading business of Soyea Jiu Rong Technology Company Limited (“**Soyea Jiu Rong**”), an indirect wholly owned subsidiary of the Company) to Cuba. Soyea Jiu Rong received letter of credits from customers with Banco Nacional de Cuba (a state-owned commercial bank which is nationalized by the Government of Cuba) who undertakes to settle the letters of credit at maturity. Due to the shortage of foreign currency and strict control of the use of foreign currency by the Cuba Government, Banco Nacional de Cuba is not able to settle the outstanding amounts when they fall due and without concrete repayment timetable. As a result, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of these trade receivables.

There are no other satisfactory audit procedures that we could adopt to determine whether any allowance for non-recovery of the amount should be made in the consolidated financial statements. Any adjustment to this figure above might have a consequential effect on the consolidated financial performance for the year ended 31 December 2022 and 2021 and the consolidated financial position as at 31 December 2022 and 2021, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSA**s”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$90,151,000 for the year ended 31 December 2022 and as at 31 December 2022 the Group had net current liabilities of approximately HK\$660,826,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statement, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **EXTRACT FROM NOTE 2 TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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.

## **EXPLANATION OF THE QUALIFIED OPINION IN RELATION TO THE TRADE RECEIVABLES**

Despite our staff in Hangzhou office contacted the responsible officers for the Asia's division of Banco Nacional de Cuba through emails and our staff in Cuba office personally visited to Banco Nacional de Cuba for repayment on a monthly basis, yet, due to the shortage of the foreign currency and strict control of the usage of foreign currency by Cuba Government, the Group could only received US\$10,000 and Euro 26,000 from the Banco Nacional de Cuba in 2022.

Taken into account that (i) Banco Nacional de Cuba will continue to issue its confirmation on the outstanding amounts to the Group on a quarterly basis and the current president of Banco Nacional de Cuba undertake to repay its outstanding amounts; and (ii) Banco Nacional de Cuba will not be able to provide a repayment schedule due to the shortage of foreign currency and strict control of the use of foreign currency by the Cuba Government, auditors do agree with the Group that impairment is not an appropriate way and will not solve the audit issues and leads to other audit qualifications unless Banco Nacional de Cuba indicates that it will not settle the outstanding amounts.

The Group really wants to recover all outstanding amounts and remove the audit qualifications and try all its means to liaise with Banco Nacional de Cuba, yet, the current foreign currency shortage of Cuba is a political issue which is out of the Group's control, the Group really cannot provide a specific timeline to address the audit issue. Further announcement(s) will be issued by the Company as and when necessary if there are material developments of the auditors' qualified opinion in relation to the trade receivables.

## **PUBLICATION OF RESULTS ANNOUNCEMENT**

The annual results of the Group for the year ended 31 December 2022 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at <http://www.irasia.com/listco/hk/2358>.

## **BOARD OF DIRECTORS**

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

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

Hong Kong, 31 March 2023