



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8025)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
(For the three months ended 31 March 2020)**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors of Asian Capital Resources (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Asian Capital Resources (Holdings) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of Asian Capital Resources (Holdings) Limited (the “Company”) present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2020 together with the comparative figures for the corresponding period in 2019 as follows:

	<i>Notes</i>	<b>For the 3 months ending 31 March 2020 <i>HK\$'000</i></b>	<b>For the 3 months ending 31 March 2019 <i>HK\$'000</i></b>
Turnover	2	3,248	5,575
Cost of Services		<u>(2,318)</u>	<u>(3,893)</u>
Gross Profit		930	1,682
Other Income		31	104
Staff costs		(1,006)	(1,852)
Depreciation and amortization		(324)	(285)
Operation lease rental		(132)	(778)
Other operating expenses		<u>(647)</u>	<u>(1,782)</u>
Profit/(Loss) from operating activities		(1,148)	(2,911)
Finance costs		<u>(353)</u>	<u>(281)</u>
Profit/(Loss) before taxation		(1,501)	(3,192)
Taxation	4	<u>–</u>	<u>(65)</u>
Profit/(Loss) for the period		(1,501)	(3,257)
Attributable to:			
Equity holders of the Company		(1,501)	(3,257)
Non Controlling Interest		<u>–</u>	<u>–</u>
		<u>(1,501)</u>	<u>(3,257)</u>
Profit/(Loss) per share			
– Basic	5	<u>(0.08) cents</u>	<u>(0.18) cents</u>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2020

	Attributable to equity holders of the Company									
	Issued		Capital Reserve	Translation Reserve	Fair value Reserve	Convertible		Accumulated Loss	Non Controlling interest	Total
	Share Capital	Share Premium				bonds equity Reserve	Reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2019	176,183	304,371	26,020	(3,966)	-	3,091	(530,127)	(24,161)	(1)	(24,162)
Movement of the period	-	-	-	-	-	-	(3,257)	(3,257)	-	(3,257)
As at 31 March 2019	<u>176,183</u>	<u>304,371</u>	<u>26,019</u>	<u>(3,966)</u>	<u>-</u>	<u>3,091</u>	<u>(533,384)</u>	<u>(27,418)</u>	<u>(1)</u>	<u>(27,419)</u>
As at 1 January 2020	176,183	304,371	26,020	(3,566)	162	3,091	(586,395)	(80,134)	(1)	(80,135)
Movement of the period	<u>24,719</u>	<u>80,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,091)</u>	<u>(1,501)</u>	<u>100,774</u>	<u>-</u>	<u>100,774</u>
As at 31 March 2020	<u>200,902</u>	<u>385,018</u>	<u>26,020</u>	<u>(3,566)</u>	<u>162</u>	<u>-</u>	<u>(587,896)</u>	<u>20,640</u>	<u>(1)</u>	<u>20,639</u>

## NOTES:

### 1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”), and accounting principles general accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group’s annual audited consolidated financial statements for the year ended 31 December 2019.

### 2. TURNOVER

The Group’s turnover represents the invoiced value of service fees from the provision of management and consultancy services and media services (intra-Group transactions excluded) as follows:

	For the three months Ended 31 March	
	2020 HK\$’000	2019 HK\$’000
<b>Continuing Operation</b>		
Management and consultancy fee	3,248	4,756
Media service income	–	819
Total turnover	<u>3,248</u>	<u>5,575</u>

### 3. FINANCE COSTS

The finance costs represent the interest on amount due to the Company’s ultimate holding company, which bears interest at 5%.

### 4. TAXATION

Nil

### 5. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 31 March 2020 is based on the net loss from ordinary activities attributable to shareholders of approximately HK\$1,501,000 (2019: HK\$3,257,000) and the weighted average number of ordinary shares of approximately 1,885,225,406 (2019: 1,761,825,563) during the period.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Turnover and loss attributable to shareholders**

The consolidated turnover of the Group for the three months ended 31 March 2020 was approximately HK\$3,248,000 (2019: HK\$5,575,000). Due to the outbreak of global pandemic, income dropped, yet the impact was compensated by a reduction in expenditure.

#### **Financial cost**

The financial cost of the Group for the three months ended 31 March 2020 was approximately HK\$353,000 (2019: HK\$281,000) which increased by approximately 25.62% as compared to that of the same period of last year.

#### **Liquidity, financial resources and capital structure**

For the three months ended 31 March 2020, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$9,553,000. The Group had a cash balance of approximately HK\$2,221,000 (2019: HK\$3,591,000).

The Group continues to adopt a prudent treasury policy to maintain its cash balance either in Hong Kong Dollars, or in the local currencies of the operating subsidiaries, maintaining a minimum exposure to foreign exchange risks.

The issued share capital of the Group for the three months ended 31 March 2020 was HK\$200,902,041 (2019: HK\$176,182,556).

#### **Gearing Ratio**

As at 31 March 2020, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 56.62% (2019: 121.86%).

## **Employee and remuneration policies**

As at 31 March 2020, the Group employed a total of 10 employees (as at 31 March 2019: 29), of which 5 were located in Hong Kong, 4 were located in the PRC and 1 located in USA. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

## **Operational Review**

During the period under review, the Company has been focused on actively consummating and improving businesses opportunities in the private equity services which includes value-added services. Greatest concentration during the first quarter is on social welfares of our business partners and wellness of our employees, due to the coronavirus outbreak, and lockdown implemented by the territories that the Group is operating. Substantial business opportunities were delayed, and greatest efforts were made to complete the audit of the Group for the year ended 31 December 2019 as well as to ensure the group has sufficient cashflow generated to operate its business as a going concern. With the support of the single largest shareholder of the Company, the Board is pleased to state the Company as forecast, does not have any financial difficulties to an extent that may seriously impair the Company's ability to continue its business, despite businesses and billings for the first quarter had been slow and seriously interrupted by the global pandemic.

With the uncertainty of global pandemic of the outbreak of the deadly globally, it has caused a challenging economic environment as well as outlook for the ongoing Asia and global economies. the Group will continue to exert rigorous control over its business operations and strategies, with aims to safeguard the shareholders' assets, and shall be prudent with investments and business activities that are risky.

## **Private Equity Services and Value-add Services**

With the ongoing pandemic that is ravaging the world's economy currently, it has seriously impacted the fund-raising aspect of the Groups' Private Equity services. As previously announced the Group has set up a health and wellness focused partnership and has been able to secure limited partner to commit in our pursuits of sustainable business. However, under the current market conditions, other potential limited partners have been more cautious and are taking risk adverse approach to any new investments. This trend of increased caution is supported from the fact that in addition to the decrease in the new limited partners investing into partnership funds, the uncalled capital of existing funds has also increased in recent years.

Uncalled capital hit a record high of US\$2.5 trillion in December 2019 across all fund types and US\$830 billion for buyouts alone (Source: Bain and Company Private Equity Report 2020). The current trend is that the job has gotten harder for General Partners; they face rampant competition for a limited number of high-quality assets and they still have to cope with the record-high price multiples that pressure returns. However, with the trend of the environmental, social and governance (ESG) movement sweeping the investment world many firms are embracing ESG standards, and a growing number are launching pure impact funds. By already establishing and concentrating on the health focused partnership, it has greatly positioned our Group moving forward and taking advantage this trend.

Leveraging on the data-resources of the Company over the years in China, with experiences in the logistic, media and internet services client base, the Company endeavors to provide, apart from consultancy and capital raising services, a host of ancillary services, including project team consultancy, PRC business networking opportunities, strategic financial advisory services. In addition, our Group has also been setting up a trade platform that also utilizes our data resources that enables us to provide the value-added services to enhance the sales of the limited partners of our established partnership in accordance to the private equities rules and regulations of the People's Republic of China. This is a demonstration of the value-added component that our Group is currently employing while working hand in hand to with the limited partners in value creation.

The corporate direction employed by the Group will substantially enhance the competitive advantage of the Group in the servicing of clients and enterprise over the private equity principles, and shall improve the operations and value of the Company tremendously moving forward.

The prospect of 2020 might be clouded by the uncertainties with the global economy still ravaged by corona virus pandemic. However, the Board feels that it is for only on a short-term basis and it has provided the Group with an opportunity to reposition itself to achieve better return for shareholders in the long run. More specifically, the corona virus has served as proof that the vision of the Group to focus on the health and wellness sector to be of an accurate path. With the emphasis on the health focused partnership as well as big data management and value enhancement preposition offered by Company, it all points towards a mutually promising business for 2020 and years to come in future.

The Group will continue to exert rigorous control over its business operations and strategies while the Board's responsibility remains to produce and deliver sustainable value to shareholders, as it guides the Group through these challenging market conditions.

In addition, apart from the aforementioned operations, the Group continues to research, develop and explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of the Company's shareholders.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

### **Deregistration and Winding-Up of various Subsidiaries in the Group**

The Board has resolved that, in order to reduce the operating costs of the Group, those subsidiaries within the Group which no longer add value to, nor generate any income attributable to the Group, should be deregistered, or voluntarily wound up.

Those subsidiaries which are currently in the deregistration process are: Sinobase Asia Limited.

Those subsidiaries which are currently being voluntarily wound up are: Asian Information Investment Consulting Limited, BuyCollection.com Limited, and Myhome Network Limited.

## **MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

Nil

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Nil

## **CONVERTIBLE BONDS**

On 21 December 2018 the Company, pursuant to the acquisition agreement as described in the Company's circular dated 10 September 2014, issued in aggregate HK\$111,237,682 of zero-coupon convertible bonds convertible at the initial Conversion Price of HK\$0.45 per Share with 24-month maturity, to the Vendors or its nominees.

The Company received request from the holder(s) of the Bonds for a full exercise of the bonds on 23 December 2019, due to executing procedures, the allotment was completed on 10 January 2020.

## DISCLOSURE OF INTERESTS

### (A) Interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares, or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571, (“SFO”) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

- (i) *Long Positions in the Ordinary Shares of HK\$0.10 each (the “Shares”) of the Company*

	Number of issued shares held, capacity and nature of interest					Percentage of the Company’s issued Shares as at 31 March 2020
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
<i>Directors</i>						
Mr. Xie Xuan	–	–	51,801,473 (Note 1)	–	51,801,473	25.78%

*Note 1:* The controlled corporation is Glamour House Limited, which is accustomed to acting in accordance with Mr. Xie Xuan’s instructions who is its sole director, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 31 March 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(B) Interests and short positions of the Substantial Shareholders in the Shares, underlying shares and debentures of the Company**

As at 31 March 2020, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

*(i) Long Positions in the Shares*

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued Shares as at 31 March 2020</b>
Glamour House Limited	Interest of a controlled corporation ( <i>Note 1</i> )	51,801,473	25.78%
Asian Dynamics International Limited	Beneficial owner ( <i>Note 2</i> )	51,789,613	25.78%
Century Field Limited	Beneficial Owner	27,630,666	13.75%

*Note 1:* The controlled corporation is Glamour House Limited, which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

*Note 2:* The controlled corporation is Asian Dynamics International Limited, which is beneficially owned as to 67.18% by Glamour House Limited.

*(ii) Long Position in the Underlying Shares*

Nil

Save as disclosed above, as at 31 March 2020, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

**DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

**COMPETING INTERESTS**

None of the Directors or management shareholders of the Company or their respective associates had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

**MANAGEMENT SHAREHOLDERS**

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited and Mr. Xie Xuan as disclosed above, there was no other person as at 31 March 2020 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 31 March 2020.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the three months ended 31 March 2020.

## **AUDIT COMMITTEE**

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi have adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this announcement and has provided advice and comments thereon.

On behalf of the Board  
**Xie Xuan**  
*Chairman*

Hong Kong, 14 May 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; the independent non-executive directors are Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi.*

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*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.airnet.com.hk](http://www.airnet.com.hk).*