亞洲資產（控股）有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

Interim Report 30 June 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xie Xuan *(Chairman)*
Dr. Feng Ke
Mr. Huang Haitao
Mr. Liao Haifei

Independent Non-executive Directors

Mr. Wu Jixue
Mr. Zheng Hongliang
Dr. Wang Yi

COMPLIANCE OFFICER

Mr. Xie Xuan

AUDIT COMMITTEE

Dr. Wang Yi *(Chairman)*
Mr. Wu Jixue
Mr. Zheng Hongliang

REMUNERATION COMMITTEE

Mr. Wu Jixue *(Chairman)*
Mr. Xie Xuan
Mr. Zheng Hongliang

NOMINATION COMMITTEE

Mr. Zheng Hongliang *(Chairman)*
Mr. Xie Xuan
Dr. Wang Yi

COMPANY SECRETARY

Ms. Ying Yuk Sim

AUTHORISED REPRESENTATIVE

Ms. Ying Yuk Sim
Mr. Xie Xuan

AUDITORS

CHENG & CHENG LIMITED

SOLICITORS

As to Cayman Islands Law
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WEBSITE

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STOCK CODE

08025

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board of directors (the "Board") of Asian Capital Resources Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I write to report with deep regret, the Company received notice from the Stock Exchange of Hong Kong on 25 June 2021 that the Listing Committee of the Exchange had decided that the Company has failed to maintain a sufficient level of operations and assets as required under GEM Rule 17.26 to warrant the continued listing of its shares, and that trading in the Company's shares will be suspended under GEM Rule 9.04(3).

The Board had exercised the right to have the decision referred to the GEM (Listing Committee) for review on 30 June 2021, accordingly, the Company's shares remain trading on the Exchange until the review is completed in due course.

Continuing obligations

In pursuant to Chapter 13 of the Listing Rules on Equity Securities, the management has endeavored to best of their ability, to ensure that highest standards of disclosure had been made. The management addressed promptly whenever the Exchange made enquiries concerning information relevant to the operations of the Company, including challenges faced by the Company during each reporting periods, including and not limited to the relevant regulatory changes and remedies that the Company had adopted in order to rejuvenate the operations of the Company. I had in the various Chairman's Statements of the past financial years, been updating the shareholders of the unfavourable effects to the Company's pursuits, caused by the various crises, and the remedial actions taken by the executives to lessen the damages towards the Company's operations. I am pleased to report that respectable milestones had been achieved by the management team towards stabilizing the negative effects arising from past years due to the pandemic and regulatory changes, and hopefully the directions adopted can bring better and sustainable results for the Group.

Report on the Consultancy Business

Based on the disclosures made in 10 September 2014, relating to the acquisition of equity interest in investment and management and consultancy business, of which the transaction was approved by the shareholders with the view that the acquisition is in line with the diversification strategy of the Group, by using the IPTV and media value-added services as "feeder enterprise" to the consultancy and management advisory agreements, in line with the growth strategy of the Company at that time.

As discussed in the circular, "according to the 2013 Annual Report, the Group has faced with intensified competition and increased concentration in the IPTV industry as well as the challenging macro-economic conditions in the PRC in 2013 and the management was able to focus on its strategy of diversification".

The acquired licensed entity's business in 2014 can be summarized as stages of financing, entrusted loan and consultation, as follows:

(1) The Consulting entity shall, acted as the private equity investment manager, initiates set up private equity investment entity based on limited partnership and raising funds from high net-worth investors through private equity, of which the consulting entity will act as General Partner for the Partnership Fund, and

(2) The entity shall provide entrusted loan to target enterprises to achieve interest and benefits.

The financing and consultancy and management model had provided the Company with reasonably growth following the acquisition until major regulatory changes in PRC which forced the Group to modified the revenue model in order to comply with the changes, which had detrimental effects over the business in pursuits, especially in the real estate and foreign direct investment sectors.

Based on the report from Anjie Law Firm in PRC on year 2018, of which the management took reference, it reconfirmed the needs of strategy and structural change, in order to comply with the Regulatory modification which affects the consultancy business of the Company.

It was reported that "China Issue New Rules to Regulate Shadow Banking- an interpretation of CBRC's Measures on Entrusted Loans", and the modification is clearly for the best interest of the Shareholders of the Company as a whole.

Anjie Law Firm reported that “entrusted loan is a special term in Chinese financial market, which refers to a loan provided by a corporate lender to corporate borrower through a commercial bank, who acted as trustee of the lender. Since the global financial crises of 2008, China’s shadow banking grew dramatically to provide loans to borrowers who cannot get credit from Banks, and such activities played a positive role for economic growth, despite the growing concern on its risks, which can be multi-faceted, hidden, complex, and contagious.

In January, 2018, China Banking Regulatory Commission (CBRC) released the Measures for the Administration of Entrusted Loans by Commercial Banks to regulate entrusted loans and monitor risks thereof. In order to enhance the Governance of the Company, the Board had tirelessly endeavored to seek alternative legally acceptable structure to ensure that the consultancy and asset management businesses can be sustainable and will be able to have continuous growth. On August 30, 2017, China’s State Council released another consultation paper for: interim regulations for Administration of Private Investment Fund and once adopted, will afford the CSRC with sufficient statutory grounds to enact further detailed rules involving administrative penalties and to take enforcement actions to issue these administrative penalties to violators and was recommended in 2017/2018 periods, foreign managers such as Shenzhen Yaxin Equity Investment Management Company Ltd.* (深圳亞信股權投資管理有限公司) would need to reassess their PRC presence at that time in order to continue to be in compliance.

At the end of 2019, Asset Management Association of China (“AMAC”) issued another critical document, the Notice for the Recordation of Privately Offered Investments Funds, which aims to enhance compliance operations and improve industry integrity by strengthening the requirements for participants of private investment funds and standardizing the fund manager’s fund raising activities.

In strict compliance to the Notice for the Recordation of Privately Offered Investment Funds issued by AMAC on 23 December 2019, and to be specific, the following behaviours are prohibited:

– Engage in credit and loan business of financial institutions in disguise, or directly invest in the credit assets of financial institutions;

– Engage in regular and operational private lending activities, including above activities, through entrusted loans and trust loans;

– By setting up unconditional rigid repurchase to engage in borrowing or saving lending activities in disguise, the fund income is not linked to the operating performance or income of the investment object;

– It is not allowed to invest in enterprises that involving private ending, private financing, capital allocating, micro-financing, micro-lending, p2p/p2B, crowdfunding, real estate development, and

– Engage in the above activities indirectly or in disguise by investing in partnerships, companies, asset management products, etc.

which the Company had ceased to enter into further consultative agreement in compliance to the notice.

In addition, the Company's executives, having been restricted by the Listing Rules, and respective PRC directives and measures over there, immediately embarked to explore alternative asset management structure in Singapore, with aims to secure the newly legislated entity of Variable Capital Company structure for the continuation of the Company's consulting and asset management businesses overseas. In line for the search of best resident structure for providing the consultancy and asset management business to our clients for overseas expansion, the Company recognized that the Hong Kong Government was contemplating to encourage the asset management sector within the City's financial services, and proceed to legislate a new Ordinance under the Limited Partnership Funds structure, which will offer favorable choice of engaging in such business, very much in congruent with the business pursuit of the Company.

Unfortunate for the Company, the legislation process was only completed on August 2020, and throughout the year 2018-2020, the Company encountered tremendous challenges due to the City's social movements and the pandemic, which had seriously disrupted the consummation of sustainable management contracts, which were necessary to demonstrate the growth potential of the consultancy and management pursuits.

I wish to report that the Company had been repositioned the core business focus since 2015 by respecting the following principles of operations:

1. The Company has always respected the governance and regulatory compliance over its business pursuit. The Group remains continuously prudent notwithstanding the performance of the Company had been subject to criticism by both Shareholders and the Regulators for slow progress. The management considered that a conservative approach, which might result in adverse condition for the Company, is far favorable than to engage in risky prepositions that might end up with legal and regulatory breaches, detrimental to the operation of the Company as a whole. As discussed in quarterly financial reports in 2020, the Group's management and consulting business; nevertheless, was only able to navigate through the most challenging year of 2020 with steady services, especially great effect had been given in respect of the assistance provided to our clients on social responsibility obligations during the pandemic years.

2. The Company has been able to remain stable by carrying out value added services and according to report by Karin Wasteson | 01/09/2020 - 3:41pm, that the private equity industry in China has indeed seen years of ongoing growth, but experienced a drop after 2017, which was the similar experience by the company based on the financial reports issued in 2018,2019 and 2020. In addition, McKinsey report of 2020 did not believe this is down to weaker fundamentals of the industry, and the global consulting group predicts the industry opportunities will still be there and is expecting more growth going forward.

3. Growth in the Chinese private equity market is mainly driven by three trends: a continuous growth in average deal size, a shift from minority deals to control investments, and a concentration of LP investments in the top 10 funds, in McKinsey's view.

   "The trend from minority investments to buyouts is paired with an overall slowdown of the Chinese economy. There is a shift in how investors make money in this market. You need to be able to have control in order to add operational value," said Naumann of McKinsey & Co.

4. In order to achieve operational value, funds are increasingly building operational value teams that are purely focusing on how to create operational value. At the time of investment GPs need to have a very clear understanding, in addition to spotting the right industry and management team, of how to add additional value in order to gain an edge over competitors, in Naumann's view. The Company had therefore concentrated in the management and consulting pursuits on growth sector of healthcare and Chinese herbal medicine, backed by Nobel Prize research team; and the digital and media marketing sector, which provides diversification in revenue growth, customers' base and product and procurements suppliers depth for the revenue increase to the Company's business.

   Nevertheless, the Board is pleased to report that ever since the incorporation of the Limited Partnership Ordinance in Hong Kong, the Company had already successful registered two LPFs with targeted asset under management of over $1.5 billion, based on the past planning, which will accrue healthy management fees to the Company for services rendered in future periods.

   In addition, further tax concession for carried interest been announced by the Hong Kong Government, which will provide substantial attractive return to the revenue model under the registered funds, administered by the Company.

5. Since the Group subsidiary had already successful registration as the Foreign invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen since 2015, which offers regulated financial services under such registration and with the success of closing the two registered funds as discussed above, the executives are confident that the benefits deriving from proper and legally administered fund structure, the Company should be well positioned now to acquire more sustainable consultation and management contracts, by giving well recognized management structure, based on the pipe-line deals in discussion.

6. The Company also at this juncture, captured the feeder advantage by the media platform that we are actively in pursuit in Guangzhou and Yancheng, following the installation and the establishment by organic means, the direct management media value added platform, fully in operation.

Report on media and multi-channels marketing services

Recognizing the important of the paradigm shift over a more regulated, multi-channel marketing sector which the Company has been in pursuit, under the radio only platform, the Company entered into the fourth quarter of 2020, in building up a supply-chain and management platform to re-engineer the management of the digital risks and financing management of such services in the Greater Guangzhou area and to better define our organizational accountability. The Company had designed and established a range of effective digital management practices and tools, which are majors for establishing an indispensable brand, and to ensure compliance and sustainable services by the Company in the sector of 'key-opinion leaders' marketing in China.

The results achieved in the past three months since the commencement of the media platforms, brought to the Company a very healthy growth of operational performance to a four-fold increase in turnover.

Report of the Company's latest evidence based submission for the listing committee

The Company had made appropriate disclosures in the financial report, for the year ending 31 December 2020 regarding the management and consultation sector, which had experienced the most challenging year during 2020, and had affected the pipeline of transaction for the contractual arrangement with clients. Such circumstances had caused serious contraction of management and consultation services. However, the Company considers that such reduction was temporary and will recover according to the reference made by research experts.

As Chairman of the company, I wish to express my sincere thanks to the Group executives for the tireless efforts to handle all the challenges, enquiries and transformation of the business models due to market paradigm shift, in order to capture more sustainable revenue and profits for the benefits of the Company and supportive shareholders. I sincerely pray that our turn-around efforts will not be too late, by taking too long due to volatile market circumstances since 2019, in order to obtain a more positive decision from the review committee of the Listing Committee as to whether the Company had truly failed to comply with GEM Rule 17.26, leading to the suspension of the Company at the Exchange, subject to further resumption application under the existing rules.

Xie Xuan
Chairman

Hong Kong
13 August 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board of directors (the "Board") of Asian Capital Resources (Holdings) Limited (the "Company") present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three and six months ended 30 June 2021 together with the comparative figures for the corresponding periods in 2020 as follows:

		For the three months ended 30 June		**For the six months ended 30 June**	
		2021	2020	**2021**	2020
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*2*	**30,582**	3,815	**37,371**	7,063
Cost of services		**(23,577)**	(1,572)	**(26,399)**	(3,890)
Gross profit		**7,005**	2,243	**10,972**	3,173
Other revenue		**314**	30	**439**	61
Staff costs		**(3,082)**	(1,188)	**(5,163)**	(2,194)
Operating lease rentals		**(394)**	(12)	**(885)**	(144)
Other operating expenses		**(4,298)**	(1,468)	**(6,054)**	(2,115)
Depreciation and amortization		**(267)**	(1,950)	**(525)**	(2,274)
Profit/(Loss) from operating activities		**(722)**	(2,345)	**(1,216)**	(3,493)
Finance costs	*9*	**(263)**	(292)	**(490)**	(645)
Profit/(Loss) before taxation		**(985)**	(2,637)	**(1,706)**	(4,138)
Taxation	*3*	**—**	–	**—**	–
Profit/(Loss) for the period		**(985)**	(2,637)	**(1,706)**	(4,138)

		For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	**2021**	2020
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Attributable to:					
Owners of the Company		**1,655**	(2,637)	**1,856**	(4,138)
Non controlling interest		**(2,640)**	–	**(3,562)**	–
		(985)	(2,637)	**(1,706)**	(4,138)
Earnings/(Loss) per share					
Basic	*4*	**0.82 cents**	(1.31) cents	**0.92 cents**	(0.40) cents
Diluted		**0.82 cents**	(1.31) cents	**0.92 cents**	(2.07) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2021** *HK$'000*	Audited As at 31 December 2020 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**10,727**	1,848
Right-of-use assets		**23**	158
Goodwill		**24,041**	24,041
Interests in associates		**4,768**	4,758
Financial assets at fair value through other comprehensive income		**30**	30
Amount due from an investee company		**—**	578
		39,589	31,413
CURRENT ASSETS			
Inventories		**843**	582
Trade and other receivables	*6*	**11,922**	7,543
Cash and cash equivalents		**803**	7,061
		13,568	15,186
CURRENT LIABILITIES			
Trade and other payables	*7*	**22,563**	14,270
Amounts due to associates		**2,497**	2,340
Lease liabilities		**24**	163
Tax payable		**605**	605
		25,689	17,378
NET CURRENT LIABILITIES		**(12,121)**	(2,192)

	Notes	Unaudited As at 30 June 2021 *HK$'000*	Audited As at 31 December 2020 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,468**	29,221
NON-CURRENT LIABILITIES			
Amount due to a director of the Company		**7,019**	7,066
Amount due to a substantial shareholder		**11,252**	11,252
		18,271	18,318
NET ASSETS/(LIABILITIES)		**9,197**	10,903
CAPITAL AND RESERVES			
Share capital	*11*	**20,090**	200,902
Reserves		**(9,130)**	(191,798)
Equity attributable/(capital deficiency) to owners of the Company		**10,960**	9,104
Non-controlling interests		**(1,763)**	1,799
TOTAL EQUITY/(CAPITAL DEFICIENCY)		**9,197**	10,903

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the six months ended 30 June 2021

	Attributable to owners of the Company									
	Issued Share Capital	Share Premium	Capital Reserve	Translation Reserve	Fair value reserve	Convertible bonds equity Reserve	Accumulated Losses	Total	Non-Controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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	24,719	80,647	–	–	–	(3,091)	(4,138)	98,137	–	98,137
As at 30 June 2020	200,902	385,018	26,020	(3,566)	162	–	(590,533)	18,003	(1)	18,002
As at 1 January 2021	200,902	385,212	26,020	(4,232)	(134)	—	(598,664)	9,104	1,799	10,903
Movement of the period	(180,812)	—	180,812	—	—	—	1,856	1,856	(3,562)	(1,706)
As at 30 June 2021	20,090	385,212	206,832	(4,232)	(134)	—	(596,808)	10,960	(1,763)	9,197

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(1,706)**	(4,138)
Adjustments for:		
Interest income	**(1)**	—
Finance costs	**490**	645
Depreciation of property, plant and equipment	**390**	49
Depreciation of right-of-use assets	**135**	135
Written off of amount due from investee company	**578**	—
Impairment loss on goodwill	**—**	2,090
Operating cash flows before changes in working capital	**(114)**	(1,219)
(Increase)/decrease in trade and other receivables	**(4,379)**	357
Increase in inventories	**(261)**	—
Increase/(decrease) in trade and other payables	**8,293**	(4,491)
Cash generated from/(used in) operations	**3,539**	(5,353)
Income tax paid	**—**	(3,228)
Interest received	**1**	—
Net cash generated from/(used in) operating activities	**3,540**	(8,581)

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(9,269)**	(100)
Advances to associates	**(10)**	—
Net cash (used in)/generated from investing activities	**(9,279)**	(100)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/advance from a director of the Company	**(47)**	859
(Repayment to)/net advance from a substantial shareholder	**(487)**	6,387
Advances from/(to) associates	**157**	(72)
Lease liabilities repayment	**(139)**	(283)
Interest paid for leasing liabilities	**(3)**	(25)
Net cash (used in)/generated from financing activities	**(519)**	6,866
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,258)**	(1,815)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**7,061**	5,520
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**803**	3,705

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim 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 2020.

2. REVENUE

The Group's turnover represents the invoiced value of service fees from the provision of management and consultancy services, media service income and marketing services and sales income as follow:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Consultancy fee	**6,264**	3,248	**12,528**	6,496
Media service income	**142**	567	**665**	567
Marketing services and sales income	**24,176**	—	**24,178**	—
	30,582	3,815	**37,371**	7,063

(a) Business segments information reported to the chief operating decision maker, directors of the Company, is based on the type of services rendered by the Group's operating division for the purposes of resources allocation and performance assessment. The Group has two reporting segments, management and consultancy services, multi-media and value-added services.

(b) Geographical segments

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Revenue		
The PRC and outside of Hong Kong	**37,371**	7,063

3. TAXATION

No Hong Kong profits tax and PRC income tax has been provided for the six months ended 30 June 2021 as the Group had no assessable profits for the period. (2020: Nil)

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months and six months ended 30 June 2021 is based on the net profit attributable to owners of the Company of approximately HK$1,655,000 and HK$1,856,000 (2020: net loss of approximately HK$2,637,000 and HK$4,138,000) and 200,902,041 ordinary shares (2020: weighted average number of ordinary shares of 200,902,041 and 1,043,063,723) during the periods.

Diluted loss per share for the three months and six months ended 30 June 2020 was calculated by adjusting the weighted average number of ordinary shares to assume share consolidated of every 10 shares into 1 consolidated share was effected from the first day of the respective periods. The adjusted weighted average number of ordinary shares is 200,902,041 (2020: approximately 200,902,041 and 199,679,649) for the respectively period in 2021.

5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group incurred expenditures on additions to property, plant and equipment with total cost of approximately HK$9,269,000 (2020: approximately HK$100,000) and no property, plant and equipment has been disposed of by the Group for both periods.

6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK$'000	As at 31 December 2020 HK$'000
Trade receivables	**6,558**	3,325
Prepayments, deposits and other receivables	**5,364**	4,218
	11,922	7,543

Trade receivable

	As at 30 June 2021 HK$'000	As at 31 December 2020 HK$'000
0-30 days	**6,503**	3,325
31-60 days	**55**	—
Total	**6,558**	3,325

7. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK$'000	As at 31 December 2020 HK$'000
Trade payable, accruals and other payables	**22,385**	14,092
Contract liabilities	**178**	178
	22,563	14,270

8. AMOUNT DUE TO SUBSTANTIAL SHAREHOLDER

In order to improve the Group's financial position and to sustain the Group's as a going concern, the management had taken the following measures during the period:

(i) Asian Dynamics International Limited ("ADIL"), the substantial shareholder of the Company provided a 18-month stand-by credit facility of HK$20,000,000 to the Company;

(ii) ADIL has agreed to provide continuing financial support to the Group to meet its liabilities as they fall due; and

(iii) ADIL had settled an outstanding amount due under other payables as subordinated loan to the Company.

The directors of the Company considered that, upon obtaining the abovementioned stand-by facilities, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirement.

9. FINANCE COSTS

The finance costs was mainly the interest on amount due to the Company's ultimate holding company, which bears interest at 5% per annum, and interest on finance lease.

10. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2021 (2020: Nil).

11. SHARE CAPITAL

The capital reduction and share sub-division was effective on 14 January 2021 resulting in the reduction of par value of share capital from HK$1.0 each to HK$0.1 each. Details referred to the Company's announcement on 14 January 2021.

12. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current interim period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

OPERATION REVIEW for the six months period ended 30th June, 2021

During the first half of this year, there was a healthy increase in the turnover of the Group from HK$7,063,000 of 2020 to HK$37,371,000 of 2021, an operational improvements of over 429%, and the loss for the period decreased from approximate HK$4,138,000 of 2020 to approximate HK$1,706,000 of 2021, resulting from management tireless effect in restructuring of the revenue stream of the media operations by the introduction of the Bohu service platform, and the securing of additional consultation agreement to expand on the asset management portfolio by securing an supply-chain financing and development Limited Partnership Fund commencing January 2021, in order to complement the development of the value-added marketing services of the Key Opinion Leaders ("KOL") platforms within the Peoples' Republic of China.

The Board has also kept a vigilant control over the operational expenses and practice development expenses in view of the review progress undergone throughout the last two years by the Stock Exchange of Hong Kong, over the Company's compliance to the Rule 17.26, which had been fully and timely disclosed to the shareholders from time to time.

The loss was expected to continuous in the near future due to the intermittent resurgent and interruption of the covid mutated virus, despite the PRC Government and the Hong Kong Government control effects and stringent policies over the prevention of the spreading of the decease. The mutated Delta virus surfaced in China in May, 2021, after many months of strict control undertook by the Government of Guangzhou, had caused certain disruption to the media platform events of KOL's sales training, and marketing initiatives, due to immediate closing of the provincial travels, rendered impossibility for the Group executives and the Customers to deliver the services wanted due to lockdown of Guangzhou provincial exchanges. Nevertheless, the Group had finally realized the investments made during the periods of 2020 and the first quarter of 2021 in the media platform by the rolling out of the risk management programme as well as the engagement platform of the media value-added services, to bring a more promising sustainable revenue model for the core operation of the Group in future years.

The Company had been engaging in equity investment management and consulting services in China which, include growth capital investments through asset management services, syndication of fund(s) from entrepreneurs with full compliance to respective laws, and buyout transactions on their behalf. The Company's consistency in our management personnel, and the experiences and cases performed in the past 15 years, with both successes and failures, had provided a solid foundation for our advices to be of value to the Group's clients.

The Company has always respected the governance and regulatory compliance over her business pursuit. Furthermore the Group remains continuously prudent to ensure that management and consulting clients of the Company will comply with the PRC and international laws while staying vigilant in terms of compliance issues and if applicable, regulations on foreign investment in China and outbound direct investments requirements.

As an extension of the consultative agreement between Guangdong New South Group Co Ltd.* (廣東新南方集團有限公司) and the Company, the launching of the Qinghao Limited Partnership Fund, which leverage on the policies and measures by the Central Government of China to promote the development of traditional Chinese Medicine on-shore and abroad, offers great sustainable opportunities for the Company to secure additional and more profitable consultation contracts from the clients base in the Greater Bay and Guangzhou region. The awarding of Nobel Prize in 2015 to Tu You You, whom one of our secured contract and a Limited Partner represents, also highlighted the contributions of TCM to her research and raised artemisinin to a new status worldwide, giving great confidence to the Company in the pursuit of a successful asset management contracts over the investees companies, which are closely associated to the developments and internationalization of the traditional herbal medicine to better the health care systems, in particular in the developing countries of South East Asia, Australasia and Africa. In addition, as the cross-border e-commerce industry has grown, the media platform and the marketing drive from the Bohu Media Platform developed, shall provide measurable benefits to the success of the Funds value in the near future, thus sufficient potential level of operation to the Company's business by repositioning.

As a result of the peripheral vision of the management, compounded by the industry-specific risk environment of the internet and social media related enterprises, the well structure supply-chain development Limited Partnership Fund offers investors as well as stakeholders of the Fund, a risk mitigated and greater control enterprise platform for the development of the social and commercial e-commerce supply chain financing model for the years to come. The Company had factored into consideration of the various regulatory measures and compliance elements for the best delivery of the ecosystem of operation, within the China's Dual Circulation Economy strategy, and shall bring along substantial improvements over the business opportunities within the regions that the Company served. The management had seen the consultation results of the contract and the successful registration of the fund structure in Hong Kong under the Ordinance offers a very sound asset management environment and beneficial tax incentive to expand and develop the portfolio of the asset management and recurring revenue from the consultancy businesses,

Therefore, as discussed in the last quarterly financial reports of March 31, 2021, the Group's management and consulting business; nevertheless, was able to navigate through the most challenging year of 2020 and 2021 first half, with steady services, especially in respect of the assistance provided to our clients on social responsibility obligations during the pandemic years. However, the Company was unable to strengthen the working capital of the Group to re-capitalise the financial position of the Group for expansion and business developments due to the review process of the Stock Exchange of Hong Kong, but the management is committed to enhance the capital and asset capacity, including the amount of assets under management to give continuous and rewarding supports to the Company's operation for the interest of all stakeholders. Furthermore, the uncertain environment in the direct investment sector, because of resulting resurgence of the covid pandemic over the various parts of the World, the performance of those contracts of services consummated are continuously been reviewed with cautious optimism, which based on the view of the Board, can have adverse impact to the reasonable estimates of the Goodwill value attached to the management and consulting sector as reported, and shareholders should take into consideration of the Auditors' report in this sector. Moving forward, the Company will endeavor to rebuild the assets and value improvements throughout the second half of 2021, when the review of the Exchange directives is providing a more clearer strategic developments to the Company's operations for future years.

Despite all the above obstacles, the Group is pleased to report that the business focus of the Company in management and consultancy services and multi-channel media value-added services are beginning to take better shapes because of the executives' efforts and the none "tunneling vision" due to past performance of the Company. In addition, on 31 July 2020 the CSRC issued consultation papers on Measures for the Supervision and Administration of Public offered Securities Investment Fund Managers and the more favorable enacted Company's Law in foreign direct investments and the Company believes that the Measures and Implementation Provisions aim to revise and improve the old measures for fund management companies issued in 2012. The key changes provide better and a clearer rule base supports that the Company operates under, and are beneficial to the strategic growth plan of the Company, as a whole.

To complete the strategic plan of the Company notwithstanding any disruptions which might surface in the foreseeable period, we are pleased to report that the Group had continued to commit to research, develop and explore investment opportunities which are strategic to its business operations and which will provide meaningful return of the Company's shareholders.

Digital Marketing and digital platform service and operation:

As reported in the past, In recognizing that migration is necessary to provide the VAS services to the Group's enterprise clients, the Company proceeded to upgrade the marketing and enterprise relationship management (ERM) services by radio only platform, to digital and analytic transformations, which had already been widely undertaken by many technologies' companies.

Recognizing the important of the paradigm shift over a more regulated, supervised and license mandatory operating environment for the multi-channel marketing sector, the Company entered into the fourth quarter of 2020, in building up a supply-chain and management platform to re-engineer the management of the digital risks and financing operations to provide services to the greater Guangzhou area and to define organizational accountability. We are pleased to report that the operational results of this sector provide a very strong encouragement to the management that the changes adopted has been proven meaningful and rewarding for the Shareholders. In addition, in line with the business model of the media platform of Guangzhou, the management is able to secure more contracts of services in this model in Yenching, Jiangsu, and additional service contracts with the clients over that region by Bohu are in progress, which when completed, estimates to give a good return from the investment made.

Operational risk analysis and governance:

Throughout the first six months of 2021, the Company had been unremittingly delivered to the Stock Exchange of Hong Kong answers relating to the past performance and future prospects of the Company, and endeavored to the best of the available resources, to observe various regulatory and business model changes due to the (i) tightening of regulatory oversight, (ii) changes over the direct investment law of the Peoples' Republic of China, (iii) the introduction of the Limited Partnership Fund Ordinance in Hong Kong to enable the asset management and consultancy services to have Regulatory oversight over certain types of asset management activities, and (iv) the recent regulatory challenges faced by Ant Group Co. Limited on issues related to financing and multi-channel marketing deliveries, together with (v) the introduction of the International Accounting Standards of revenue recognition which have impact over the contract negotiation on industries as telecommunications, asset management, real estate and software industries, and the Rule 17.26 enquiries as disclosed by the Company on May, 2021, To ensure best interest for the shareholders is being protected together with discharging the fiduciary duties of the Company's executives in good faith.

We are pleased to state that throughout the first six months of this year, certain critical milestones had been achieved as instigated by the management following the various challenges and crises encountered. However, due to the operational risk brought by the prolonged administrative measures to deal with the global pandemic, together with restrictions imposed over work-life balance and travel mobility, many initiatives of the Group faced delays in registration, causing disruption or inability to move forward as planned. However, the management had committed to mitigate to the best of their ability the risk associated with the operation and rejuvenate the businesses of the Group to normal and stable conditions. Shareholders however, in view of the inquiries made by the Stock Exchange of Hong Kong, shall be careful when trading the company's share during the most uncertain time of the history of the Company, as disclosed in May 21, 2021 by the Company at the request of the Exchange Listing Division.

Future Prospects:

The prospect of 2021 might still be clouded by the uncertainties with the global economies, the pandemic resurgence and the various challenges faced by the Company over her pursuits of more sustainable performance for the shareholders. However, the Board feels that it is only for a short-term basis and is confident to the Group existing rejuvenation plan. We are looking forward to provide much promising and favorable reports to the Shareholders in future, and to reward the management and all Stakeholders with tangible performance results in the foreseeable periods.

* For identification purposes only.

FINANCIAL REVIEW

Revenue and profit attributable to shareholders

The consolidated revenue of the Group for the six months ended 30 June 2021 was approximately HK$37,371,000 (2020: HK$7,063,000). The unaudited consolidated loss from operations for the six months ended 30 June 2021 was approximately HK$1,216,000 which as compared with the loss of last year corresponding period of HK$3,493,000. Profit attributable to shareholders for the six months ended 30 June 2021 was approximately HK$1,856,000 as compared to 2020's loss of HK$4,138,000. Loss for the period was attributed to the restricting process of both capital and operations including professional costs for enquiries from the Stock Exchange of Hong Kong, but improved by the austerity programme on overheads introduced by management.

Finance costs

The finance costs of the Group for the six months ended 30 June 2021 was approximately HK$490,000 (2020: HK$645,000) which was decreased by approximately 24% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the six months ended 30 June 2021, the Group's borrowing consists of a loan from the Company's substantial shareholder of approximately HK$11,252,000. The Group had a cash balance of approximately HK$803,000.

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 as at the six months ended 30 June 2021 was HK$20,090,204 (2020: HK$200,902,041) as the capital reduction of HK$1.0 per share to HK$0.1 per share was effective on 14 January 2021.

Gearing Ratio

As at 30 June 2021, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 76.77 % (2020: 62.31%).

Employee and remuneration policies

As at 30 June 2021, the Group employed a total of 50 employees (as at 30 June 2020: 10), of which 4 were located in Hong Kong, 45 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.

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 Event(s) after Reporting Period

Nil

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognizes that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

Compliance with Corporate Governance Code

To ensure compliance with the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code. In the opinion of the Directors, the Company has complied with all the provisions of the Code, for the period ending 30 June 2021, except:

(i) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has set out in written terms the responsibilities between the chairman and chief executive officer. At present, Mr. Xie Xuan, the chairman of the Company, also undertakes the responsibilities of the chief executive officer until a replacement for the chief executive officer is found. The Company considers that under the supervision of its Board and its Independent Non- executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

(ii) under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from the code provision. However, all the Non- executive Directors of the Company are subject to retirement by rotation at annual general meetings pursuant to the articles of association of the Company.

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 to 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 the period ended 30 June 2021.

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.

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 30 June 2021, 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					
	Directly beneficially owned	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**Percentage of the Company's issued Shares as at 30 June 2021**
Directors						
Mr. Xie Xuan	–	–	51,801,473 *(Note1)*	–	51,801,473	25.78%
	–	–	51,801,473	–	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 shareholder, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 30 June 2021, 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 30 June 2021, 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

Name of Shareholder	Capacity	Number of shares	Percentage of the Company's issued Shares as at 30 June 2021
Glamour House Limited	Interest of a controlled corporation *(Note 1)*	**51,801,473**	25.78%
Asian Dynamics International Limited	Beneficial owner	**51,789,613**	25.78%
Century Field Limited	Beneficial owner	**27,630,666**	13.75%

Note 1: 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 30 June 2021, 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.

Management Shareholder

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 30 June 2021 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 30 June 2021.

Board of Directors

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of seven directors, with four executive directors, namely Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; and three independent non-executive directors, namely Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi. They are professionals in different areas and provide independent opinions based on their expertise.

Internal Control

On an annual basis the Directors have reviewed and are satisfied with their ability to comply with the policies installed as part of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions. Furthermore, the Directors are satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programs and budget.

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 Dr. Wang Yi (Chairman of the Committee), Mr. Wu Jixue and Mr. Zheng Hongliang, and has 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 Interim Results Report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 13 August 2021

As at the date of this report 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.