THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asian Capital Resources (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

ACR 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)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO A PROPOSED ACQUISITION OF A MEDIA COMPANY IN THE PRC AND (2) CONNECTED TRANSACTION IN RELATION TO ISSUING OF CONSIDERATION SHARES AND CONVERTIBLE NOTES TO A CONTROLLING SHAREHOLDER

Financial adviser to Asian Capital Resources (Holdings) Limited

VINCO 域高
Grand Vinco Capital Limited

Independent financial adviser to the Independent Board Committee and Independent Shareholders

AmCap
Ample Capital Limited
豐盛融資有限公司

A notice convening an extraordinary general meeting of Asian Capital Resources (Holdings) Limited to be held at Suite 1101, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Hong Kong on Friday, 14 March 2008, at 2:30 p.m. is set out on pages VI-1 to VI-2 of this circular. A form of proxy for the extraordinary meeting is enclosed herewith. Whether or not you are able to attend the said meeting in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or at any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjourned meeting should you so wish.

28 February 2008

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to date information on GEM-listed issuers.

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the proposed acquisition of 100% equity interest in the Target at the Consideration in the sum of HK$157 million
"Agreement "	an agreement dated 24 December 2007 made between the Company and the Vendors in relation to the Acquisition
"Asian Dynamics"	Asian Dynamics International Limited, a company incorporated in the British Virgin Islands, which is the controlling Shareholder of the Company which is beneficially interested in 327,685,431 Shares as at the Latest Practicable Date (representing approximately 51.25% of the entire issued share capital of the Company) and which is beneficially owned by Asian Wealth Incorporated, Denwell Enterprises Limited, Glamour House Limited, Mr. Chan Chi Ming and Mr. Chau Tak Tin
"associates"	has the same meaning as ascribed in the GEM Listing Rules
"Board"	the board of Directors
"BMI"	BMI Appraisals Limited, an independent valuer
"Business Day"	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning number 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which a "Black" rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"Company"	Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued ordinary shares of which are listed on the Growth Enterprise Market of the Stock Exchange
"Completion"	completion of the transactions pursuant to the Agreement
"connected person(s)"	has the same meaning ascribed to it under the GEM Listing Rules

"Consideration"	the sum of HK$157,000,000 to be satisfied as to (i) HK$70,650,000 by allotment and issue of the Consideration Shares; and (ii) HK$86,350,000 by issue of the Convertible Notes
"Consideration Shares"	324,082,568 new Shares to be allotted and issued to the Vendors and/or their designated nominee(s) for the partial settlement of the Consideration pursuant to the Agreement
"Converted Shares"	any new Shares issued upon conversion of any part of the Convertible Notes
"Conversion Price"	HK$0.218 per Share
"Convertible Notes"	HK$86,250,000 of convertible notes to be issued to the Vendors and/or their designated nominee(s) for the partial settlement of the Consideration pursuant to the terms of the Agreement
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things the Agreement and the transactions contemplated thereunder, to be held on Friday, 14 March 2008, notice of which is set out on pages VI-1 to VI-2 of this circular
"Enlarged Group"	the Group as enlarged by the Acquisition
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company together with its subsidiaries
"Guangzhou TV"	Guangzhou Television Broadcast Technology Center Limited (廣州廣播電視科技中心有限公司)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company formed by the Company, comprising Mr. Wu Jixue, Mr. Yang Zhenhong, and Mr. Zhang Daorong, appointed to advise the Independent Shareholders as to whether the terms of the Agreement and transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole

"Independent Financial Adviser"	Ample Capital Limited, a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
"Independent Shareholders"	Shareholders other than Asian Dynamics and its associates
"Last Trading Day"	24 December 2007, being the last trading day of the Shares on the Stock Exchange prior to the suspension of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 27 December 2007
"Latest Practicable Date"	26 February 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Loan"	a loan in the amount of RMB25,000,000 granted from Asian Dynamics to the Vendors
"Lucky Peace"	Lucky Peace Limited, a company incorporated in Samoa with limited liability, and is beneficially wholly-owned by one of the Vendors, Mr. Qiu Yue
"PRC"	The People's Republic of China, excluding Hong Kong, the Macau SAR and Taiwan for the purpose of this circular
"SFO"	Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of nominal value of HK$0.1 each in the share capital of the Company
"Shareholders"	the holders of the Shares of the Company
"Share Transfer"	the transfer of part of the Consideration Shares and Convertible Notes by the Company to Asian Dynamics (being one of the designated nominees of the Vendors) pursuant to the terms of the Agreement in order to settle the Loan

"South Pearl"	South Pearl Limited (廣州南方明珠網絡科技有限公司), a limited liabilities company incorporated in the PRC on 4 September 2000 with registered capital of RMB20 million. South Pearl has not commenced any business operation since incorporation. It is expected that South Pearl will commence business immediately after its completion of the acquisition by the Target
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Target"	Guangzhou Wavecom Communication and Advertising Limited (廣州濤視傳播廣告有限公司), a company incorporated in the PRC with limited liability
"Vendors"	Ms. Zhou Yu (周鬱) and Mr. Qiu Yue (邱越), both being independent third parties of the Company, its connected persons of the Company and Asian Dynamics and its associates. Asian Dynamics and the Vendors are independent
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent

For the purpose of this circular,

(i) the English translation of the Chinese name is for identification only; and

(ii) conversion of RMB into HK$ is based on the approximate exchange rate of RMB1 to HK$1.05. No representation is made that any amounts in RMB or HK$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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)

Executive Directors:
Mr. Xie Xuan *(Chairman)*
Mr. Yang Qiulin

Non-executive Director:
Mr. Lo Mun Lam Raymond *(Vice Chairman)*

Independent non-executive Directors:
Mr. Wu Jixue
Mr. Yang Zhenhong
Mr. Zhang Daorong

Registered office:
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Head office & principal place of business in Hong Kong:
Suite 1101, 11/F, Wing On Plaza
No. 62 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

28 February 2008

To the Shareholders

Dear Sir or Madam

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO A PROPOSED ACQUISITION OF A MEDIA COMPANY IN THE PRC AND (2) CONNECTED TRANSACTION IN RELATION TO ISSUING OF CONSIDERATION SHARES AND CONVERTIBLE NOTES TO A CONTROLLING SHAREHOLDER

A. INTRODUCTION

On 11 January 2008, the Board announced that the Company and the Vendors entered into the Agreement on 24 December 2007 after trading hours, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell 100% of the equity interest of the Target at the Consideration of HK$157 million. The Company shall settle the Consideration by (i) the issue and allotment of 324,082,568 new Shares at HK$0.218 per Consideration Share; and (ii) the issue in aggregate HK$86,350,000 of zero-coupon Convertible Notes convertible at the initial Conversion Price of HK$0.218 per Share with 24-month maturity, to the Vendors (or their designated nominee(s)). To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Vendors are third parties independent of the Company, connected persons of the Company and Asian Dynamics and its associates as at the Latest Practicable Date.

The purpose of this circular is to give you (i) further details of the Agreement and the transactions contemplated thereunder; (ii) other disclosures in connection with the Agreement and the transactions contemplated thereunder required pursuant to the GEM Listing Rules, including a valuation report prepared by BMI on 100% of the Target (the Target's 55% equity interest in South Pearl inclusive); (iii) the recommendation from the Independent Board Committee regarding the Agreement and the transactions contemplated thereunder to the Independent Shareholders; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee regarding the Agreement and the transactions contemplated thereunder; and (v) the notice convening the EGM at which an ordinary resolution will be proposed to approve these matters.

B. THE AGREEMENT

1. The Parties and the date

Date : 24 December 2007

Vendors : Ms. Zhou Yu (周鬱) and Mr. Qiu Yue (邱越) (as Vendors), to the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Vendors are third parties independent of the Company, its connected persons of the Company and Asian Dynamics and its associates. Asian Dynamics and the Vendors are independent of one another and do not have any prior business relationship save for that arising from the Loan as at the Latest Practicable Date.

Purchaser : The Company

There are no prior transactions or business relationship between the Vendors and the Company in the last 12-month period which requires aggregation under the GEM Listing Rules as at the Latest Practicable Date.

The Loan, in the amount of RMB25,000,000, is jointly indebted from the Vendors to Asian Dynamics as a venture capital to invest in South Pearl. Asian Dynamics and the Vendors are independent parties of each other and do not have any prior business relationship save for that arising from the Loan as at the Latest Practicable Date.

As at the Latest Practicable Date, under a separate financial arrangement previously executed, the Vendors are jointly indebted to Asian Dynamics, accordingly the Vendors have designated Asian Dynamics to receive part of the Consideration for settling their loan to Asian Dynamics, of which Asian Dynamics shall receive 286,262,133 new Shares and HK$76,272,955 of Convertible Notes. Such settlement and the arrangement constitute a connected transaction under the GEM Listing Rules.

2. Information of the Target

The Target is a limited liabilities company incorporated in the PRC on 4 September 1993 with registered capital of RMB500,000. The Target is beneficially owned as to 50% by Mr. Qiu Yue ("Mr. Qiu") and as to 50% by Ms. Zhou Yu ("Ms. Zhou"). The principal activities of the Target since its incorporation are advertising agent on television and radio channels in the PRC.

The Target entered into an acquisition agreement to acquire South Pearl on 17 May 2007 whereby the Target agreed to inject capital in the amount of RMB25,000,000 to South Pearl. Upon completion of the acquisition of South Pearl by the Target, South Pearl will be beneficially owned as to 45% by Guangzhou TV and as to 55% by the Target. As such, the Target will bear a capital commitment of RMB25,000,000, which was financed by the Loan. As at the Latest Practicable Date, the capital injection has not yet been completed and the acquisition has not been completed either. The completion of the Agreement is conditional upon the completion of the acquisition of the 55% equity interest in South Pearl by the Target. Upon completion of the acquisition of South Pearl by the Target and the Acquisition, the accounts of South Pearl will be consolidated into the financial statements of the Enlarged Group.

With reference to the Appendix II to this circular, the net profit before and after tax of the Target for the three years ended 31 December 2007 year are set out as below:

	Year ended 31 December		
	2005	**2006**	**2007**
	Audited	**Audited**	**Audited**
Net profit/(loss) before tax	RMB232,000	RMB(741,000)	RMB(138,000)
Net profit/(loss) after tax	RMB155,000	RMB(741,000)	RMB(138,000)

South Pearl is a limited liabilities company incorporated in the PRC on 4 September 2000 with registered capital of RMB20 million. Based on the financial information of South Pearl prepared under PRC generally accepted accounting principles, it has a net asset value of approximately RMB18.96 million as at 30 June 2007. South Pearl has not commenced any business operations since its incorporation. It is expected that South Pearl will commence business immediately after the completion of the Agreement. South Pearl will be principally engaged in the internet protocol television industry as an operator and content provider.

3. The Consideration and its base

The Consideration is HK$157 million and will be paid on Completion by the Company to Asian Dynamics and Lucky Peace. The amount of the Consideration was arrived at with reference to the valuation based on the valuation report of 100% of the Target (assuming the acquisition of 55% equity interest in South Pearl by the Target has been completed) of approximately RMB219 million by BMI, an independent valuer, through applying the market approach which does not constitute profit forecast. The premium of the Consideration over the net liabilities value of the Target represents the facts that the Company will be acquiring not only the Target but also the internet protocol television licenses and the right to broadcast via the internet to consumers in the southern China region held by Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站), and after South Pearl has obtained the necessary approvals, South Pearl is going to sign an exclusive service agreement with Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站) to provide the internet protocol television services, and such premium is justified by the draft valuation report prepared by BMI. To the best of the Directors' information, knowledge and belief, Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站) is an independent third party to the Company. Based on the latest negotiation between the parties to the exclusive service agreement but subject to the execution of definitive agreement by the parties in writing, (i) South Pearl will act as the exclusive service provider of Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站) in respect of, among others, contents of the programmes, advertising and promotion services and other related services; and (ii) South Pearl can directly receive subscription fees from the customers in respect of the internet protocol television services; and (iii) the initial term of the agreement is expected to be around five years subject to subsequent renewal as agreed by the parties. The parties should enter into the exclusive service agreement before the completion of the Acquisition as this is necessary for one of the conditions precedent under item (i) in relation to utilization of the internet protocol television operation of South Pearl to become effective (as set out in the section headed "4. Conditions precedent" below). This agreement does not constitute any capital commitment to the Company.

The Vendors will not receive any consideration as it was agreed that the Consideration will be paid to Asian Dynamics and Lucky Peace, in settlement of the Agreement. Part of the Consideration will be paid to Asian Dynamics because it has agreed to loan RMB25 million to the Vendors for the purposes of injection into South Pearl, and will be repaid by way of the issue of Consideration Shares and Convertible Notes. The Vendors have also agreed that part of the Consideration will also be paid to Lucky Peace, which is wholly owned by Mr. Qiu. It should also be noted that Ms. Zhou is the mother of Mr. Qiu. Given the close relationship between the two Vendors, Ms. Zhou agreed to the receipt of such part of the Consideration by Lucky Peace which is wholly owned by Mr. Qiu only.

The Consideration will be paid on the Completion in the following manner: (i) HK$70,650,000 to be satisfied by the allotment and issue of the Consideration Shares at HK$0.218 per Consideration Share as soon as reasonably practicable subject to completion of the Acquisition; and (ii) HK$86,350,000 by the zero-coupon Convertible Notes with 24-month maturity convertible at the initial Conversion Price of HK$0.218 per Share after a period of three-month has elapsed following the fulfillment of all the conditions precedent stated in the Agreement. The issue price of the Consideration Shares and the initial Conversion Price of the Convertible Notes are arrived at after arm's length negotiation between the Vendors and the Company with reference to recent closing price of the Shares, including the closing price of HK$0.26 on the Last Trading Day and five-day average closing price up to and including the Last Trading Day. The market values of the Consideration Shares and the Convertible Notes with reference to the closing price of the Shares as of the Last Trading Day are approximately HK$84,261,468 and HK$102,986,239 respectively.

The Directors (including the independent non-executive Directors) are of the opinion that in view of the market opportunities in the media and internet protocol television operations of the Guangdong province of the PRC and the convergence of the emerging digital television sector in southern China, the Consideration, the issue price of the Consideration Shares and the initial Conversion Price of the Convertible Notes are fair and reasonable after taking into account that the recent market price of the Shares and that the entering into of the Agreement is in the interests of the Company and the Independent Shareholders as a whole.

a) The Consideration Shares

The Consideration Shares will comprise 324,082,568 new Shares to be allotted and issued by the Company to Lucky Peace as to 37,820,436 new Shares and Asian Dynamics as to 286,262,132 new Shares at the issue price of HK$0.218 per Consideration Share which represents:

(i) a discount of approximately 16.2% to the closing price of HK$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 17.74% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iii) a discount of approximately 15.5% to the average closing price of HK$0.258 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iv) a discount of approximately 14.5% to the average closing price of HK$0.255 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(v) a discount of approximately 16.5% to the average closing price of approximately HK$0.261 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The Consideration Shares to be issued represent approximately 50.69% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 23.84% of the Company's issued share capital as enlarged by the issue of the Consideration Shares and the full conversion of the Convertible Notes.

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued on Completion, will rank pari passu in all respects with the existing Shares in issue.

b) The Convertible Notes

Payment of remaining portion of HK$86,350,000 of the Consideration is settled by means of issuing Convertible Notes with nil coupon, of which approximately HK$76,272,955 of Convertible Notes shall be issued to Asian Dynamics and approximately HK$10,077,044 of Convertible Notes shall be issued to Lucky Peace. The Convertible Notes will mature on the second anniversary from the date of the issue of the Convertible Notes. Upon full conversion of the Convertible Notes, Asian Dynamics and Lucky Peace will receive 349,875,941 Converted Shares and 46,224,977 Converted Shares respectively.

The Convertible Notes will be convertible to 396,100,918 Converted Shares of the Company to be allotted and issued by the Company to Asian Dynamics and Lucky Peace at the conversion price of HK$0.218 per Share which represents:

(i) a discount of approximately 16.2% to the closing price of HK$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 17.74% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iii) a discount of approximately 15.5% to the average closing price of HK$0.258 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iv) a discount of approximately 14.5% to the average closing price of HK$0.255 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(v) a discount of approximately 16.5% to the average closing price of approximately HK$0.261 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The Converted Shares under the Convertible Notes, if fully converted, represent approximately 61.96% of the existing issued share capital of the Company as at the Latest Practicable Date and 29.14% of the issued share capital as enlarged by the issue of the Consideration Shares and the full conversion of the Convertible Notes. The terms of the Convertible Notes to be issued as at Completion are set out under the Agreement as follows:

1.	Issuer:	The Company
2.	Holder:	i. Lucky Peace ii. Asian Dynamics
3.	Purpose:	As partial payment of consideration to the Vendors for part of the Consideration under the Acquisition, to be issued on Completion
4.	Type:	The Convertible Notes will be a Hong Kong dollar denominated transferable zero-coupon convertible note due 24 months from issuance
5.	Shares to be issued upon exercise of the Convertible Notes:	Ordinary shares in the capital of the Company
6.	Issue size:	396,100,918 Converted Shares
7.	Coupon:	Nil
8.	Maturity date at maturity:	Second anniversary from the date of the issue of the Convertible Notes

9.	Conditions precedent:	i. The GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares in the capital of the Company which may fall to be allotted and issued upon the exercise of the consideration rights attaching to the Convertible Notes ii. the Company having satisfied or obtained any and all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of Convertible Notes or the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes iii. the Company having obtained approvals by its Shareholders, where necessary, in relation to the issue of the Convertible Notes or the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes iv. the Company having completed the Acquisition
10.	Early redemption:	Redeemable at 100% of the outstanding principal of the Convertible Notes
11.	Conversion:	At any time from and including the issue date of the Convertible Notes to and including the Maturity Date, the holders of the Convertible Notes will have the right to convert all the Convertible Notes or part thereof into the Shares at the initial Conversion Price of HK$0.218 per Share (as adjusted by reasons of consolidation, merger or otherwise of the share capital base or on otherwise just and equitable basis in compliance with the GEM Listing Rules)
12.	Governing law:	The laws of Hong Kong without regard to the conflicts of law principles thereof.

The Convertible Notes are transferable (only with the consent of the Company) and are not to be listed on the Stock Exchange or any other exchange and no application to list the Convertible Notes will be made to the Stock Exchange or any other exchange. An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon exercise of the Convertible Notes.

4. Conditions precedent

i. The Target has confirmed the utilization of the internet protocol television operation of the South Pearl is in effect; and

ii. the Vendors will procure that the change of ownership of the Target to Biztech Company Limited, a wholly-owned subsidiary of the Company, and duly registered with the respective authorities of the PRC; and

iii. the valuation of 100% of the Target (the Target's 55% equity interest in South Pearl inclusive) from BMI stating the current value of the Target which is satisfactory to the Company at no less than RMB207 million, which includes the internet protocol television rights; and

iv. the registration of South Pearl into the Target for the 55% equity holding in South Pearl provided by relevant PRC regulatory bodies. Such registration and authenticity shall be advised by a PRC lawyer at the choice of the Company for record; and

v. the internet protocol television licenses as exhibited to the Agreement having been lawfully assigned to South Pearl and confirmed in writing by a PRC lawyer; and

vi. the Independent Shareholders' approval in the form of passing of relevant resolutions at the EGM approving the acquisition and the transactions contemplated under this Agreement, including the issue of the Consideration Shares and the issue of the Convertible Notes; and

vii. the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares, and the Converted Shares under the exercise of the Convertible Notes; and

viii. the legal opinions concerning the intended acquisition of South Pearl by the Target and concerning the intended acquisition of the Target by the Company to the satisfaction of the Company from the PRC legal counsels; and

ix. the Company's due diligence on such matters relating to the acquisition of the Target to its satisfaction in good faith; and

x. such further documents and/or information required by the Company by reasons of circumstances arising after the entry into of the Agreement and requested in writing three business days prior to the closing date.

As at the Latest Practicable Date, conditions set out on items (iii) and (iv) have been fulfilled.

5. Completion of the Acquisition

The Acquisition will be completed within six months from the date of the Agreement, and is subject to the completion of all the conditions precedent as stated above. Furthermore, if all the conditions precedent are not completed within 6 months from the date of the Agreement, then the parties shall have the right to either treat the Agreement as being void from the beginning or enter into a supplemental agreement extending the period of closing allowing for the fulfillment of the conditions precedent.

Upon the completion of the Agreement, the Share Transfer will take place. In consideration of the issue of 286,262,132 Consideration Shares and 349,875,941 Converted Shares upon conversion of the Convertible Notes (with market value of approximately HK$165,395,899) under the Share Transfer (the "Settlement"), Asian Dynamics will accept such issue as full and final settlement of the indebted loan in the amount of RMB25,000,000 owing from the Vendors to the Asian Dynamics under the Loan by assigning part of the receipts of the Consideration as stated in the Agreement towards the indebtedness. The difference between the market value of the Settlement and the Loan was a commercial decision arrived between Asian Dynamics and the Vendors. There is no prior business relationship between Asian Dynamics and the Vendors other than that of arising from the Loan as at the Latest Practicable Date.

C. INFORMATION ON THE GROUP AND ASIAN DYNAMICS

The Group is principally engaged in provision of on-line content information and related technical services, information technology solutions and consultancy services, and logistic services.

Asian Dynamics is the controlling Shareholder of the Company beneficially interested in 327,685,431 Shares (representing approximately 51.25% of the entire issued share capital of the Company) and is principally engaged in investment holding. The Company confirms that Asian Dynamics has remained in control (as defined in the Takeovers Code) of the Company over the past two years. Asian Dynamics and the Vendors are independent of one another and do not have any prior business relationship save for that arising from the Loan as at the Latest Practicable Date.

D. REASONS FOR THE ACQUISITION

The Directors have been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. The Board has considered the following factors, including but not limited to the Group's existing investments in the logistics services and information technology sectors, and the returns that are currently achieved therefrom. The Board has reviewed the terms of the Agreement and is satisfied that the proposed Acquisition is in line with its existing information technology platform and will provide a basis for the expansion of this platform in the area of the provision of internet protocol television services to the Southern China Region. The Acquisition presents an exciting opportunity for the Group to expand its existing business structure and to provide an opportunity to enlarge the revenue base of the Group.

In view of the above, the Board considers the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole. The Board also considers the terms of the Agreement are on normal commercial terms and are fair and reasonable.

E. FINANCIAL EFFECT ON THE GROUP

Net assets

The audited consolidated net liabilities of the Group as at 31 December 2006, as extracted from the annual report 2006 of the Company, was approximately HK$21,073,000.

As set out in the Appendix III to this circular, assuming Completion had taken place, the pro forma net assets of the Enlarged Group would have been approximately HK$76,333,000. Therefore, the Acquisition will improve the Group's net assets position.

Working capital

The audited net current liabilities of the Group as at 31 December 2006, as extracted from the annual report 2006 of the Company, was approximately HK$2,037,000.

As set out in the Appendix III to this circular, assuming Completion had taken place, the pro forma net current liabilities of the Enlarged Group would have been approximately HK$7,338,000. Therefore, the Acquisition will worsen the Group's working capital position.

Earnings

The audited net loss attributable to the Shareholder of the Group as at 31 December 2006, as extracted from the annual report 2006 of the Company, was approximately HK$17,784,000.

As set out in the Appendix III to this circular, assuming Completion had taken place, the pro forma net loss attributable to the Shareholders of the Enlarged Group would have been approximately HK$18,791,000. Therefore, the Acquisition will worsen the Group's earnings.

F. CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The Acquisition will not result in a change in control of the Company. To the best information, knowledge and belief of the Directors, the Vendors and their associates do not have any shareholding in the Company as at the Latest Practicable Date. The following table illustrates the Company's shareholding structure, assuming that there is no further change to the share capital of the Company: (i) as at the Latest Practicable Date; (ii) immediately upon issue and allotment of the Consideration Shares; (iii) immediately upon the issue and allotment of the Consideration Shares and the full conversion of the Convertible Notes at the initial Conversion Price; and (iv) immediately upon issue and allotment of the Consideration Shares, full conversion of the Convertible Notes at the initial Conversion Price and full exercise of the outstanding options of the Company:

	As at the Latest Practicable Date		Upon allotment and issuance of the Consideration Shares		Upon allotment and issuance of the Consideration Shares and full conversion of the Convertible Notes at the initial Conversion Price of HK$0.218		Upon allotment and issuance of the Consideration Shares and full conversion of the Convertible Notes at the initial Conversion Price of HK$0.218 and full exercise of the outstanding options of the Company	
	Shares	approximate %	Shares	approximate %	Shares	approximate %	Shares	approximate %
Substantial Shareholders								
Asian Dynamics	327,685,431	51.25%	613,947,563	63.73%	963,823,504	70.89%	963,823,504	66.13%
Aldgate Agents Limited *(Note 1)*	66,120,000	10.34%	66,120,000	6.86%	66,120,000	4.86%	66,120,000	4.54%
Public Shareholders								
Lucky Peace	—	—	37,820,436	3.93%	84,045,413	6.18%	84,045,413	5.77%
Option holder(s) *(Note 2)*	—	—	—	—	—	—	97,840,073	6.71%
Other public Shareholders	245,529,987	38.41%	245,529,987	25.48%	245,529,987	18.07%	245,529,987	16.85%
Total	639,335,418	100.00%	963,417,986	100.00%	1,359,518,904	100.00%	1,457,358,977	100.00%
Public float	**245,529,987**	**38.41%**	**349,470,423**	**36.26%**	**395,695,400**	**29.11%**	**493,535,473**	**33.87%**

Notes:

1. Aldgate Agents Limited will cease to be a substantial Shareholder of the Company upon allotment and issuance of the Consideration Shares and full conversion of the Convertible Notes at the initial Conversion Price of HK$0.218.

2. As at the Latest Practicable Date, there are 97,840,073 ordinary Shares of HK$0.10 each in the capital of the Company ("the Option Shares") which are outstanding and fall to be issued upon exercise of the options of the Company at the exercise price of HK$0.275 per Option Share. Save as disclosed, there are no other outstanding convertible securities of the Company.

G. FUNDING ACTIVITIES FOR THE PAST 12 MONTHS

On 12 February 2007, the Company entered into a subscription agreement with the controlling Shareholder of the Company, Asian Dynamics for the issue of 91,000,000 Shares (the "Issued Shares(1)"), pursuant to which the Company issued and allotted the Issued Shares(1) to Asian Dynamics at the total consideration of HK$9,100,000. The proceeds that were raised from the Issued Shares(1) were used to repay a loan that was owed to Asian Dynamics amounting to HK$9,100,000, which meant that the Company did not have to draw on its working capital to repay the loan owed to Asian Dynamics. All of the proceeds that were raised from the Issued Shares(1) have been utilized by the Company as at the Latest Practicable Date.

On 5 September 2007, the Company entered into subscription agreements whereby the Company agreed to issue 25,014,820, 35,860,262, and 11,223,231 Shares to United Hill Investments Limited, Bonus Gain Limited, and Always Fast Limited respectively at the issue price of HK$0.229 per Share (the "Issued Shares(2)"). The Issued Shares(2) have been issued to United Hill Investments Limited, Bonus Gain Limited, and Always Fast Limited, and the proceeds that were raised from the Issued Shares(2) were used to repay loans the Company owed to United Hill Investments Limited, Bonus Gain Limited, and Always Fast Limited respectively, which meant the Company did not have to draw on its working capital to repay the loans . All of the proceeds that were raised from the Issued Shares(2) have been utilized by the Company as at the Latest Practicable Date.

Save for the above, there were no funding activities for the past 12 months.

H. DILUTIVE EFFECT OF THE CONVERTIBLE NOTES ON SHAREHOLDERS

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attached to the Convertible Notes, so far as long as any of the Convertible Notes are outstanding, the Company will keep the Shareholders informed of the level of dilution and details of the conversion as follows:

(i) the Company will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange. Such Monthly Announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:

1. whether there is any conversion of the Convertible Notes during the relevant month. If there is a conversion, details thereof including the conversion date, number of Converted Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

2. the amount of outstanding Convertible Notes after the conversion, if any;

3. the total number of Shares issued pursuant to other transactions during the relevant month, including the Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and

4. the total issued share capital of the Company as at the commencement and the last day of the relevant months.

(ii) in addition to the Monthly Announcement, if the cumulative amount of the Converted Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (i) or any subsequent announcement made by the Company in respect in respect of the Convertible Notes (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be); and

(iii) if the Company forms the view that the issue of Converted Shares will trigger the disclosure requirements under Rule 17.10 of the GEM Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to the Convertible Notes as mentioned in (i) and (ii) above.

I. GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company and a connected transaction on the part of the Company under the GEM Listing Rules.

The Agreement and the transactions contemplated thereunder will require Independent Shareholders' approval at the EGM by way of poll pursuant to the GEM Listing Rules. Asian Dynamics and its associates will abstain from voting in respect of the proposed resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

The Share Transfer will form part of the completion of the Acquisition, as such the shareholding of Asian Dynamics will not be reduced at any time due to the issue of Consideration Shares and the conversion of the Convertible Notes. Therefore, the Acquisition will not constitute a change in control in the Company.

J. EGM

The EGM will be held at Suite 1101, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Shui East, Hong Kong at 2:30 p.m. on Friday, 14 March 2008 to consider and, if thought fit, approve, among other things the Agreement and the transactions contemplated thereunder.

A notice convening the EGM is set out on pages VI-1 to VI-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending a voting at the EGM if you so wish.

K. PROCEDURES TO DEMAND A POLL ON THE EGM

Article 66 of the Articles of Association of Company sets out the procedure by which Shareholders may demand a poll:

"Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorized), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show a hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

(d) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Member." ("Member" in accordance with the Articles of Association of the Company means "a duly registered holder from time to time of the shares in the capital of the Company.")

L. RECOMMENDATION

The Directors considers that the Agreement and transactions contemplated thereunder are fair and reasonable to the Company and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement.

Your attention is also drawn to the letter from Independent Board Committee set out on page 21 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection to the Agreement and transactions contemplated thereunder and the principal factors and reasons considered by them in arriving at such advice set out on pages 22 to 36 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

M. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By Order of the Board
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

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)

28 February 2008

To the Independent Shareholders

Dear Sir and Madam

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO A PROPOSED ACQUISITION OF A MEDIA COMPANY IN THE PRC AND (2) CONNECTED TRANSACTION IN RELATION TO ISSUING OF CONSIDERATION SHARES AND CONVERTIBLE NOTES TO A CONTROLLING SHAREHOLDER

We refer to the circular ("Circular") issued by the Company to its shareholders dated 28 February 2008 of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the Agreement and the transactions contemplated thereunder. Ample Capital Limited has been appointed as independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser set out in this letter of advice set out in the Circular, we consider that the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Wu Jixue	**Mr. Yang Zhenhong**	**Mr. Zhang Daorong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

AmCap
Ample Capital Limited
豐盛融資有限公司
Ample Capital Limited
Unit A, 14/F.
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

28 February 2008

To the Independent Board Committee and the Independent Shareholders of
Asian Capital Resources (Holdings) Limited

Dear Sirs,

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO A PROPOSED ACQUISITION OF A MEDIA COMPANY IN THE PRC AND (2) CONNECTED TRANSACTION IN RELATION TO ISSUING OF CONSIDERATION SHARES AND CONVERTIBLE NOTES TO A CONTROLLING SHAREHOLDER

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Agreement, details of which are contained in the Letter from the Board (the "Letter from the Board") set out in the circular (the "Circular") of the Company to the Shareholders dated 28 February 2008, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 24 December 2007, the Company and the Vendors entered into the Agreement after trading hours, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell 100% of the equity interest of the Target at the Consideration in the sum of HK$157 million. As at the Latest Practicable Date, under a separate financial arrangement previously executed, the Vendors are jointly indebted to Asian Dynamics, accordingly the Vendors have designated Asian Dynamics to receive part of the Consideration.

As certain relevant percentage ratios for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules. Since Asian Dynamics is the controlling Shareholder of the Company and is beneficially interested in 327,685,431 Shares (representing approximately 51.25% of the entire issued share capital of the Company) as at the Latest Practicable Date, the Share Transfer under the Agreement constitutes a connected transaction on the part of the Company. As such, the Agreement and the transactions contemplated thereunder will require Independent Shareholders' approval at the EGM by way of poll pursuant to the GEM Listing Rules. Asian Dynamics will abstain from voting in respect of the proposed resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising three independent non-executive Directors, namely Mr. Wu Jixue, Mr. Yang Zhenhong and Mr. Zhang Daorong, has been established to advise the Independent Shareholders in respect of the Agreement.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the Agreement and the terms thereof and arriving at our opinion are set out as follows:

1. Background

(a) Business overview of the Group

The Group is principally engaged in provision of on-line content information and related technical services, information technology solutions and consultancy services, and logistic services.

Set out below are the operating results of the Group for the nine months ended 30 September 2007 and the two years ended 31 December 2006 as extracted from the Company's unaudited report for the nine months ended 30 September 2007 ("2007 3Q Report") and the Company's audited annual report for the year ended 31 December 2006.

	For the nine months ended 30 September 2007	**For the year ended 31 December 2006**	**For the year ended 31 December 2005**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Turnover	133,661	281,510	293,162
Gross profit	9,873	17,984	36,805
Net profit/(loss) attributable to shareholders	(11,470)	(17,071)	(14,981)

As set out in the 2007 3Q report, the turnover from the logistic division of the Group, which is the Group's principal revenue generating business, decreased by approximately 37% compared to that for the previous period despite that the management of the Group has put much effort, among others such as increasing marketing efforts, widening, improving efficiency of the Group's logistics services including freight forwarding services and keeping tighter control on the accounting records. The decrease in turnover was mainly due to the fact that the Group experienced an extremely competitive environment in the PRC and that the Group closed down the non-profitable activities and branches of Everok International Forwarding.

In view of the deteriorating results of the Group, the Board is in the process of reviewing all the operations of the Group to ensure that the returns from those operations can be justified. Furthermore, the Board will strive to reduce the operating costs of the Group. The management of the Company is in the process of consolidating its core business of logistics services, and is constantly reviewing the return from this business to the Group. The Company has experienced severe competition in this division of its business, and has had to reassess the entire logistics business. The Company wishes to avoid overtrading in this particular area, and to this extent, is reviewing the turnover that can be achieved from the business and is aiming towards achieving profitability from all the divisions within the Group.

(b) Background on the Target and South Pearl

The Target is beneficially owned as to 50% by Mr. Qiu Yue and as to 50% by Ms. Zhou Yu. Its principal activities are acting as advertising agent on television and radio channels in the PRC. Based on the audited financial information of the Target prepared under Hong Kong generally accepted accounting principles as set out in Appendix II to the circular, the Target recorded a net profit after tax of approximately RMB155,000 (equivalent to approximately HK$162,750), net loss after tax of approximately RMB741,000 (equivalent to approximately HK$778,050) and net loss after tax of approximately RMB138,000 (equivalent to approximately HK$144,900) for the three years ended 31 December 2007.

The Target entered into an acquisition agreement to acquire South Pearl on 17 May 2007 whereby the Target agreed to inject capital in the amount of RMB25,000,000 to South Pearl. Upon completion of the acquisition of South Pearl by the Target, South Pearl will be beneficially owned as to 45% by Guangzhou TV and as to 55% by the Target. In this way, the Target will bear a capital commitment of RMB25,000,000, which was financed by the Loan. The capital injection has not yet been completed and the acquisition has not been completed either. The completion of the Agreement is conditional upon the completion of the acquisition of the 55% equity interests in South Pearl by the Target. As a result, the Acquisition also effectively involves acquisition of the 55% interest in South Pearl to be acquired by the Target. Shareholders should note that the acquisition of the 55% interest in South Pearl by the Target may not be completed. However, the Agreement will not be completed in this event and the Group will not be subject to any material loss save as the cost incidental to, among others professional fee, due diligence and compliance cost.

South Pearl has not commenced any business operation since its incorporation. It is expected that South Pearl will commence business immediately after the completion of the Agreement. South Pearl will be principally engaged in the internet protocol television ("IPTV") industry as an operator and content provider. Services include but not limit to: audio-visual services such as (a) television programs on demand; (b) television programs download; (c) KTV on demand; (d) music on demand; and (e) video broadcast live and other services such as (i) TV shopping; (ii) online education; and (iii) online securities.

South Pearl is in the final stage of negotiation with Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站), the holder of "Broadcast of Audio-Video Program On Web Permit" (信息網路傳播視聽節目許可證), to enter into an exclusive service agreement under which South Pearl will act as the exclusive service provider of Guangzhou Television Broadcast Microwave General Station in respect of, among others, contents of the programmes, advertising and promotion services and other related services in relation to the IPTV services. It is a prerequisite to get such licence in order to provide IPTV services in the PRC. The signing of the abovementioned agreement will ensure that South Pearl has the right to act as an IPTV operator in the southern region of the PRC. In other words, South Pearl makes use of the licenses possessed by

Guangzhou Television Broadcast Microwave General Station in order to provide IPTV services. South Pearl can directly receive subscription fees from the customers in respect of the IPTV services and the initial term of the agreement is expected to be around five years subject to subsequent renewal as agreed by the parties. The parties should enter into the exclusive service agreement before the completion of the Acquisition as this is necessary for one of the conditions precedent under item (i) in relation to utilization of the internet protocol television operation of the South Pearl to become effective (as set out in the section headed "4. Conditions precedent" in the Letter from the Board). Accordingly, the Acquisition also effectively involves the acquisition of South Pearl's cooperation arrangement with Guangzhou Television Broadcast Microwave General Station as mentioned above.

(c) Overview of the internet protocol television industry in the PRC

IPTV is television content that, instead of being delivered through traditional broadcast and cable formats, is received by the viewer through the technologies used for computer networks. IPTV can deliver either live television program or stored video. It can be bundled with other internet protocol services, including voice over internet protocol and high-speed Internet access.

In traditional television delivery, all programming is broadcast simultaneously. The available program signals flow downstream and the viewer selects which program he wants to watch by changing the channel. IPTV, by contrast, sends only one program at a time. Content remains on the service provider's network and only the program the customer selects is sent to the home. When a viewer changes the channel, a new stream is transmitted from the provider's server directly to the viewer.

According to a research published by IDC which is a provider of market intelligence in relation to the information technology market, namely China IPTV 2007-2011 Forecast and Analysis, the number of IPTV subscribers in the PRC in 2007 is forecasted to be increased from 450,000 in 2006 to 1,250,000. It is further forecasted that number of the IPTV subscribers in the PRC will reach 14,500,000 in 2011. IPTV is at its initial stage of development in the PRC. The public awareness of the IPTV service is increasing. The number of IPTV subscribers in the PRC increased from approximately 46,000 in 2004 to approximately 1,012,000 in the third quarter of 2007. Due to increasingly relaxed policies, proliferation of new business models, improving technology standards, increased network loading capacity, greater user awareness, and increased cooperation within the industry, IDC believes that China has the greatest potential to become the largest IPTV market in the Asia/Pacific (excluding Japan) region. Such a growth will provide market potential for different participants in the IPTV industry such as the operators, content providers and hardware manufacturers.

2. Reasons for and benefits of the Acquisition

The Directors have been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. The Board has considered the following factors, including but not limited to the Group's existing investments in the logistics services and information technology sectors, and the returns that are currently achieved therefrom. The Board has reviewed the terms of the Agreement and is satisfied that the proposed Acquisition is in line with its existing information technology platform and will provide a basis for the expansion of this platform in the area of the provision of IPTV services to the Southern China Region. The Acquisition presents an opportunity for the Group to expand its existing business structure and to provide an opportunity to enlarge the revenue base of the Group.

Having considered (i) the deteriorating results of the Group, in particular the logistic business which faces a competitive operating environment; (ii) the cooperation arrangement between South Pearl and Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站); and (iii) the upcoming development opportunities from the IPTV business, we concur with the Directors that it is commercially sensible for the Group to diversify its income stream through the Acquisition and the Acquisition is in the interest of the Group and its Shareholders as a whole.

3. Consideration of the Agreement

(a) Basis of the Consideration

The Consideration is HK$157 million and will be paid on Completion by the Company to the Asian Dynamics and Lucky Peace Limited. The amount of the Consideration was arrived at with reference to the valuation based on the draft valuation report of 100% of the Target (assuming the acquisition of 55% equity interests of South Pearl has been completed) by BMI Appraisals Limited ("BMI"), an independent valuer, through applying the market approach which does not constitute profit forecast. The premium of the Consideration over the net liabilities value of the Target represents the fact that the Company will be acquiring not only the Target but also the IPTV licenses and the right to broadcast via the internet to consumers in the southern China region held by Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站), and after South Pearl has obtained the necessary approval, South Pearl is going to sign an exclusive service agreement with Guangzhou Television Broadcast Microwave General Station to provide the IPTV services, and such premium is justified by valuation based on the draft valuation report prepared by BMI.

According to the valuation report prepared by BMI (the "Valuation Report") and set out in Appendix IV to the Circular, the market value of the Target (the "Valuation") as at 31 December 2007 was RMB219 million (equivalent to approximately HK$230 million). The Consideration therefore represented a discount of approximately 31.7% to the Valuation.

Since the Target recorded a loss and South Pearl has not yet commenced its operation, it is not possible to assess the fairness and reasonableness of the Consideration by comparing with the price-to-earnings ratio or price-to-book ratio of other companies engaged in the IPTV business.

In order to assess the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report and enquired into BMI on the methodologies adopted and assumptions made in arriving at the Valuation. As stated in the Valuation Report, BMI has considered three appraisal approaches commonly used in valuing the business of a company, namely market approach, cost approach and the income approach.

In determining the business value of the Target, BMI has adopted the market approach, and the Valuation is based on the price multiples of eight companies engaged in similar business operations, as adjusted by certain discount rate such as the size difference between the Target and the comparable companies, the early stage development of the Target and the lack of marketability. BMI considered that the cost approach as inadequate since this approach does not take future growth of the Target into consideration. On the other hand, BMI considered that the income approach is not appropriate to value the Target as there are insufficient historical and forecasted financial data of the Target.

Having discussed with BMI on (a) the rationale of adopting the market approach as the valuation methodology and (b) the bases and assumptions in arriving the Valuation using the market approach, we concur with BMI that given the lack of historical financial information of the Target, the adoption of a price-to-sales multiple in deriving the Valuation is a reasonable approach for valuing the Target's business. We have also reviewed the factors which have been considered when estimating the projected sales, which include, among other things, the estimated number of internet protocol television subscribers, the packages/number of channels to be chosen by the subscribers, the fee structure of the internet protocol television services. We consider the basis for the projected sales prepared by the Company's management is fair and reasonable.

Shareholders should be aware of that sales cannot be projected with complete accuracy and are dependent on the assumptions made. Based on our review and discussion with BMI, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the methodologies adopted and the bases used in arriving at the Valuation. Having considered all of the above, we are of the opinion that the Valuation may provide a valid benchmark for the Directors to assess the fairness and reasonableness of the Consideration. Since the Consideration is at a substantial discount of approximately 31.7% to the Valuation, we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

(b) Form of payment of the Consideration

The Consideration will be paid on the Completion in the following manner: (i) HK$70,650,000 to be satisfied by the allotment and issue of the Consideration Shares at HK$0.218 each as soon as reasonably practicable subject to completion of the Acquisition; and (ii) HK$86,350,000 by the zero-coupon Convertible Notes with 24-month maturity convertible at HK$0.218 per Share after a period of three-month has elapsed following the fulfillment of all the conditions precedent stated in the Agreement. The issue price of the Consideration Shares and the conversion price of the Convertible Notes are arrived at after arm's length negotiation between the Vendors and the Company with reference to recent closing price of the Shares, including the closing price of HK$0.26 on the Last Trading Day and five-day average closing price up to and including the Last Trading Day.

We consider that the issue of the Consideration Shares and the Convertible Notes to settle the Consideration is in the interests of the Company as it will not draw on the existing cash resources of the Company as a result of the Acquisition. In addition, the Convertible Notes may have no immediate dilution effect on the shareholding of the Shareholders in the Company in view of its two years' conversion period.

As at the Latest Practicable Date, under a separate financial arrangement previously executed, the Vendors are jointly indebted to Asian Dynamics, accordingly the Vendors have designated Asian Dynamics to receive part of the Consideration for settling their loan to Asian Dynamics, of which Asian Dynamics shall receive 286,262,133 new Shares and HK$76,272,955 of Convertible Notes. Such settlement constitutes a connected transaction under the GEM Listing Rules.

We consider such financial arrangement between the Vendors and Asian Dynamics and the direction from the Vendors to issue part of the Consideration Shares and the Convertible Notes as a private arrangement among the parties and is commercially sensible. In view of the fairness and reasonableness of the terms of the Consideration Shares and the Convertible Notes as mentioned below, we consider the issue of part of the Consideration Shares and Convertible Notes to Asian Dynamics is fair and reasonable.

(c) The Consideration Shares

According to the terms of the Agreement, part of the Consideration will be satisfied by the issue of 324,082,568 new Shares at the issue price of HK$0.218 (the "Issue Price") per Consideration Shares.

The Issue price represents:

(a) a discount of approximately 16.2% to the closing price of HK$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 17.74% to the closing price of HK$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(c) a discount of approximately 15.5% to the average closing price of HK$0.258 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(d) a discount of approximately 14.5% to the average closing price of HK$0.255 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(e) a discount of approximately 16.5% to the average closing price of approximately HK$0.261 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

In order to assess the fairness and reasonableness of the Issue Price, we have identified and reviewed, on a best effort basis, the connected transactions involving issue of consideration shares to satisfy all or part of the consideration for the acquisition of assets or equity interests in target companies announced by companies listed on the Stock Exchange (the "Issue Price Comparables") from 1 October 2007 to 24 December 2007, being the date of the Agreement, as summarized below:

Company name (Stock code)	**Date of announcement**	**Premium/ (discount) of issue price to the closing price as at the last trading day**	**Premium/ (discount) of issue price to the average closing price for the last five trading days**
		%	%
Scud Group Limited (1399)	20-Dec-07	(13.50)	(7.66)
Samson Holding Limited (531)	19-Dec-07	1.69	0.00
Simsen International Corporation Limited (993)	19-Dec-07	2.90	(1.93)
Wah Yuen Holdings Limited (2349)	11-Dec-07	10.00	5.40
Tianjin Development Holdings Limited (882)	3-Dec-07	(8.67)	(6.94)
China Resources Land Limited (1109)	3-Dec-07	(9.20)	(2.69)
Hualing Holdings Limited (382)	23-Nov-07	(41.69)	(42.98)
Sino Haijing Holdings Limited (8065)	21-Nov-07	5.71	2.59
Wealthmark International (Holdings) Limited (39)	12-Nov-07	4.17	(2.19)
Palmpay China (Holdings) Limited (8047)	12-Nov-07	2.27	2.27
Sino Union Petroleum & Chemical International Limited (346)	9-Nov-07	7.46	4.20
Yunnan Enterprises Holdings Limited (455)	30-Oct-07	(61.00)	(60.29)
Zhong Hua International Holdings Limited (1064)	26-Oct-07	(10.71)	(10.71)
I.T Limited (999)	2-Oct-07	0.00	(2.84)
	Highest premium	**10.00**	**5.40**
	Highest discount	**(61.00)**	**(60.29)**
	Average	**(7.90)**	**(8.84)**
The Company		(16.20)	(15.50)

Source: www.hkex.com.hk

As shown by the above table, the issue prices of the consideration shares of the Issue Price Comparables ranged from a discount of approximately 61.00% to a premium of approximately 10.00% to/over the respective closing prices of their shares as at the last trading day prior to the release of the relevant announcements. Out of the 14 Issue Price Comparables, the issue prices of six of them represented discounts to the closing prices of their shares as at the last trading days. The Issue Price, which represents a discount of approximately 16.20% to the closing price of the Shares as at the Last Trading Day, hence falls within the said market range.

Moreover, the issue prices of the consideration shares of the Issue Price Comparables ranged from a discount of approximately 60.29% to a premium of 5.40% to/over the respective average five-day closing prices of their shares prior to the release of the acquisition announcements. Out of the 14 Issue Price Comparables, the issue prices of nine of them represented discounts to the average five-day closing prices of their shares prior to the release of the relevant announcements. The Issue Price, which represents a discount of approximately 15.50% to the average five-day closing price of the Shares up to and including the Last Trading Day, also falls within the said market range.

Based on the above comparison with the Issue Price Comparables, we are of the view that the Issue Price is fair and reasonable so far as the Company and the Shareholders are concerned.

(d) The Convertible Notes

Pursuant to the Agreement, the Convertible Notes with principal amount of HK$86,350,000 will be issued to satisfy part of the Consideration. The Convertible Notes are interest free and of a term of two years. The Conversion Price of HK$0.218 per Share is the same as the Issue Price.

In order to assess the fairness and reasonableness of the terms of the Convertible Notes, we have identified and reviewed, on a best effort basis, the transactions involving issue of convertible note/bond to satisfy all or part of the consideration for the acquisition of assets or equity interests in target companies announced by companies listed on the Stock

Exchange (the "**CN Comparables**") from 1 October 2007 to 24 December 2007, being the date of the Agreement, as summarized below:

Company name (Stock code)	Date of announcement	Term	Annual interest rate	Premium/(discount) of conversion price to the closing price as at the last trading day prior to the release of the announcement	Earliest day to convert the convertible bond/note
		(years)	%	%	
The Sun's Group Limited (988)	19-Dec-07	3	2	13.00	On date of issue
Espco Technology Holdings Limited (8299)	18-Dec-07	5	4	(54.55)	On date of issue
China Rise International Holdings Limited (723)	7-Dec-07	5	1.5	(7.14)	On date of issue
New Smart Energy Group Limited (91)	4-Dec-07	5	0	40.35	On date of issue
Neptune Group Limited (70)	29-Nov-07	10	1	(13.04)	On date of issue
Palmpay China (Holdings) Limited (8047)	12-Nov-07	3	0	25.00	Upon satisfaction of profit guarantee
Sino Union Petroleum & Chemical International Limited (346)	9-Nov-07	3	0	7.46	On date of issue
Bestway Holdings Limited (718)	7-Nov-07	6	0	(19.60)	On date of issue
KanHan Technologies Group Limited (8175)	2-Nov-07	3	1	6.38	Upon satisfaction of profit guarantee
Kenfair International Holdings Limited (223)	26-Oct-07	5	0	(69.70)	On date of issue
Zhong Hua International Holdings Limited (1064)	26-Oct-07	2	0	0	On date of issue
New Times Group Limited (166)	25-Oct-07	5	0	54.60	On date of issue
ProSticks International Holdings Limited (8055)	24-Oct-07	3	0	(66.10)	On date of issue
China Power New Energy Development Company Limited (735)	23-Oct-07	5	0	0	On date of issue
Tradeeasy Holdings Limited (8163)	23-Oct-07	3	0	(16.67)	On date of issue
Wafer Systems Limited (8198)	18-Oct-07	5	0.1	(48.48)	On date of issue

Company name (Stock code)	**Date of announcement**	**Term**	**Annual interest rate**	**Premium/ (discount) of conversion price to the closing price as at the last trading day prior to the release of the announcement**	**Earliest day to convert the convertible bond/note**
		(years)	%	%	
Shenzhen International Holdings Limited (152)	16-Oct-07	3	0	1.69	From the date the convertible bond took effect
Peking Apparel International Group Limited (761)	11-Oct-07	5	0	(63.19)	On date of issue
China Star Entertainment Limited (326)	10-Oct-07	10	5	38.25	Upon satisfaction of profit guarantee
Karce International Holdings Company Limited (1159)	10-Oct-07	5	0	(38.90)	On date of issue
China Golden Development Holdings Limited (162)	5-Oct-07	5	2.75	(31.10)	On date of issue
		Highest	**5.00**	**54.60**	
		Lowest	**0.00**	**(69.70)**	
		Average	**0.83**	**(11.51)**	
The Company		2	0	(16.20)	On date of issue

The conversion prices of the CN Comparables as set out above ranged from a discount of approximately 69.70% to a premium of approximately 54.60% to the respective closing prices of their shares as at the last trading day prior to the release of the relevant issue of convertible notes announcements. Since the Conversion Price, which represents a discount of 16.20% to the closing price of the Shares on the Last Trading Day, falls within the said market range, we consider that it is acceptable.

In addition, the Convertible Notes are interest free for its entire period while the CN Comparables bear an interest rate ranging from 0% to 5% per annum. We consider that the issue of interest free Convertible Notes could lower the financial cost of borrowing for the Company.

The Convertible Notes have a maturity of two years from the date of issue, which is at the low end of the range of maturity of the CN Comparables from two to ten years.

The Convertible Notes can be converted from the date of issue. 17 out of 21 CN Comparables have the same terms.

Having considered the above, we consider that the principal terms of the Convertible Notes are fair and reasonable so far as the Independent Shareholders are concerned.

(e) Effect on the shareholding structure

As at the Latest Practicable Date, 639,335,418 Shares were in issue. The 324,082,568 Consideration Shares to be issued represent approximately 50.69% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 23.84% of the Company's issued share capital as enlarged by the issue of Consideration Shares and full conversion of the Convertible Notes.

Furthermore, the 396,100,918 Converted Shares under the Convertible Notes, if fully converted, represent approximately 61.96% of the existing issued share capital of the Company as at the Latest Practicable Date and 29.14% of the issued share capital as enlarged by the issue of Consideration Shares and full conversion of the Convertible Notes.

The following table illustrates the Company's shareholding structure, assuming the is no further change to the share capital of the Company: (i) as at the Latest Practicable Date; (ii) immediately upon issue and allotment of the Consideration Shares; and (iii) immediately upon the issue and allotment of the Consideration Shares and full conversion of the Convertible Notes:

	As at the Latest Practicable Date		**Upon allotment and issuance of the Consideration Shares**		**Upon allotment and issuance of the Consideration Shares and full conversion of the Convertible Notes at the Conversion Price of HK$0.218**	
	Shares	*approximate %*	*Shares*	*approximate %*	*Shares*	*approximate %*
Asian Dynamics	327,685,431	51.25%	613,947,563	63.73%	963,823,504	70.89%
Lucky Peace Limited	—	—	37,820,436	3.93%	84,045,413	6.18%
Aldgate Agents Limited	66,120,000	10.34%	66,120,000	6.86%	66,120,000	4.86%
Other public Shareholders	245,529,987	38.41%	245,529,987	25.48%	245,529,987	18.07%
Total	639,335,418	100.00%	963,417,986	100.00%	1,359,518,904	100.00%

As illustrated above, the shareholding interests of the existing public Shareholders will be reduced from approximately 38.41% to (i) approximately 25.48% immediately after the issue of the Consideration Shares but before the exercise of the Convertible Notes; and (ii) approximately 18.07% immediately after the issue of the Consideration Shares and exercise of the Convertible Notes in full. On the other hand, as can be noticed from the above table, the Acquisition will not result in a change in control of the Company. The shareholding of Asian Dynamics will be increased from approximately 51.25% to a maximum of approximately 70.89% upon the issue of the Consideration Shares and exercise of the Convertible Notes. Taking into account (i) the issue and allotment of the Consideration Shares and the exercise of the Convertible Notes as contemplated by the Acquisition will not result in a change of control of the Company; (ii) the reasons for and benefits of the Acquisition as referred to above;; (iii) the terms of the Agreement are fair and reasonable as discussed above and (iv) the issue of the Consideration Shares and the Converted Shares will enlarge and strengthen capital base of the Company, we consider that the aforementioned dilution effect is acceptable.

4. Financial effects of the Acquisition on the Group

Earnings

For the year ended 31 December 2006, the Group recorded turnover and net loss attributable to equity holders of the Company of approximately HK$281.5 million and HK$17.1 million respectively. Based on the unaudited pro forma financial information upon completion of the Acquisition as set out in Appendix III to the Circular, the Enlarged Group's turnover would have a minor increase to approximately HK$284.0 million and net loss attributable to equity holders of the Company would be increased to approximately HK$18.8 million.

Gearing ratio and working capital

As stated in the Letter from the Board, the Consideration will be satisfied by the issue of the Consideration Shares and the Convertible Notes. As at 31 December 2006, the audited cash and bank balances of the Group were approximately HK$6.2 million and the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets was approximately 26.8%. Based on the unaudited pro forma financial information upon completion of the Acquisition as set out in Appendix III to the Circular, the cash position of the Enlarged Group would be decreased to HK$4.7 million as a result of the expenses incurred in relation to the Acquisition while the gearing ratio of the enlarged Group would be increased to approximately 33.0% as a result of the issue of the Convertible Notes.

Net assets value

The audited net liabilities value of the Group was approximately HK$21.1 million as at 31 December 2006. Based on the unaudited pro forma financial information upon completion of the Acquisition as set out in Appendix III to the Circular, the net asset value of the Enlarged Group would be approximately HK$76.3 million as a result of the issue of Consideration Shares to settle part of the Consideration.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Agreement is in the interest of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders, and also advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

1. FINANCIAL SUMMARY FOR THE PERIOD FROM 31 DECEMBER 2004 TO 30 SEPTEMBER 2007

The following table summarises the financial results of the Group for the last three financial years ended 31 December 2004, 2005 and 2006 and the assets and liabilities of the Group as at 31 December 2004, 2005 and 2006, together with the nine-month period financial results of the Group for 30 September 2007 and the assets and liabilities of the Group as at 30 September 2007, extracted from the relevant published financial statements of the Company.

Consolidated Income statement

For the year ended 31 December 2004, 2005 and 2006
Third quarter 30 September 2007 and 2006

	9-month ended 30 September		Year ended 31 December		
	2007	2006	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing Operations					
Turnover	133,661	210,976	281,510	293,162	209,108
Cost of services	(123,788)	(196,599)	(263,526)	(256,357)	(197,011)
Gross profit	9,873	14,377	17,984	36,805	12,097
Other revenue	55	1,190	1,968	2,538	10,731
Interest Income	17	32	60	61	43
Administrative expenses	(14,022)	(20,045)	(37,988)	(42,356)	(31,495)
Other operating expenses	(6,824)	(7,546)	(201)	(1,722)	(6,254)
Loss from operation	(10,116)	(11,992)	(18,177)	(4,674)	(14,787)
Finance costs	(569)	(1,288)	(210)	(27)	—
Provision for impairment on other receivables	—	(34,593)	(34,593)	—	—
Loss before income tax expenses	(10,685)	(47,873)	(52,980)	(4,701)	(14,787)
Income tax expenses	—	—	—	(24)	(2,955)
Loss for the year from continuing operations	(11,470)	(47,873)	(52,980)	(4,725)	(17,833)
Discontinued Operations					
Profit/(loss) for the year from discontinued operations	—	35,196	35,196	(10,946)	(1,821)
Loss for the year	(11,470)	(12,677)	(17,784)	(15,671)	(19,654)
Attributed to:					
Equity holders of the Company	(11,470)	(12,666)	(17,071)	(14,981)	(6,078)
Minority interests	—	(11)	(713)	(690)	(13,576)
Loss per share			*HK cents*	*HK cents*	*HK cents*
From continued and discontinued operations					
— Basic	(2.15)	(2.66)	(3.58)	(3.10)	(1.30)
— Diluted	—	—	—	—	—
From continuing operations					
— Basic	(2.15)	(10.06)	(10.97)	(0.85)	(1.18)
— Diluted	—	—	—	—	—

Consolidated Balance Sheet

As at 31 December 2004, 2005 and 2006

30 September 2007

	9-month ended 30 September		Year ended 31 December	
	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets and Liabilities				
Non-Current Assets				
Property, plant and equipment	970	1,487	31,571	34,017
Land lease premium		—	7,288	7,458
Development costs	51	88	534	980
Goodwill		—	—	4,944
Current Assets				
Trade and other receivables	25,682	30,534	34,656	24,355
Cash and Cash equivalents	3,839	6,237	7,974	7,184
Current Liabilities				
Trade and other payables	(36,509)	(38,761)	(52,536)	(29,158)
Amount due to ultimate holding company	(10,124)	—	—	—
Amount due to a director	(10,738)	—	—	—
Obligations under finance leases	(55)	(47)	—	—
Convertible notes	—	—	(20,405)	—
Tax payable	—		(2,955)	(2,955)
Net Current Liabilities	(27,905)	(2,037)	(33,266)	(574)
Total Assets Less (Current Liabilities)	(26,884)	(462)	6,127	46,825
Non-Current Liabilities				
Other payables	—	(4,796)	—	—
Convertible notes	—	—	—	(18,003)
Obligation under finance leases	—	(40)	—	—
Amount due to a director	—	(5,503)	—	(4,040)
Amount due to ultimate holding company	—	(10,272)	—	—
Amounts due to minority Shareholders	—	—	—	(2,984)
Net (Liabilities)/Assets	(26,884)	(21,073)	6,127	21,798
Capital and Reserves				
Share capital	56,724	47,624	47,624	47,624
Reserves	(84,425)	(69,514)	(43,027)	(28,046)
(Deficit)/Equity attribute to shareholders of the company	(27,701)	(21,890)	4,597	19,578
Minority interests	817	817	1,530	22,220
Total (Deficit)/Equity	(26,884)	(21,073)	6,127	21,798

Qualifications in auditors reports on financial statements for the three years ended 31 December 2004, 2005 and 2006

For the year ended 31 December 2004, there were qualifications regarding:

1. *Scope limitation — accounts receivable and accounts payable*

   Accounts receivable and accounts payable presented in the consolidated balance sheet as at 31 December 2004 included accounts receivable and accounts payable in respect of Ever-OK International Forwarding Co. Ltd. ("EverOK") and its subsidiaries (collectively "the EverOK Group") in the amounts of HK$21,766,000 and HK$21,368,000 respectively. These balances were stated after the Group had written off unreconciled net differences of HK$3,919,000 amongst accounts receivable of the EverOK Group as bad and doubtful debts and written back net differences of HK$4,063,000 amongst accounts payable of the EverOK Group as other income. The nature of these differences and the basis of determining the above mentioned accounts receivable and accounts payable are described in Note 3(a)(iii) to the financial statements. There is no practicable audit procedure that the auditors could adopt to ascertain whether or not accounts receivable and accounts payable of the EverOK Group were fairly stated.

2. *Scope limitation — impairment in land and buildings*

   Land and buildings with a carrying value of HK$39,000,000 as at 31 December 2004 represented land and buildings held by the Group's subsidiary聯合資源教育發展(燕郊)有限公司 ("UREDY") (the "Property"). The carrying value corresponded to the open market value of the Property with vacant possession as estimated by a firm of professional valuers as at 31 July 2005. In view of the Property being illegally occupied by a third party even before UREDY was acquired by the Group and there is no indication as to when UREDY will be able to regain possession of the Property, the auditors consider that the value of the Property has significantly impaired and it was not appropriate to state the Property at open market value with vacant possession as estimated by the professional valuers as of 31 July 2005. There is no practicable audit procedure that the auditors could adopt to ascertain the fair value of the Property as at 31 December 2004 and the extent of impairment losses.

3. Scope limitation — amount written off and amounts written back

As referred to in paragraph 1 above, during the year, the Group wrote off unreconciled net differences of HK$3,919,000 amongst accounts receivable of the EverOK Group as bad and doubtful debts.

During the year, the Group wrote back the following amounts to other income:

(i) HK$414,000 representing unreconciled net differences amongst the inter-branch balances within the EverOK Group; and

(ii) HK$4,063,000 representing unreconciled net differences amongst accounts payable of the EverOK Group as referred to in paragraph 1 above.

There is no practicable audit procedure that the auditors could adopt to ascertain whether or not it was appropriate to write off or write-back the above amounts.

4. Scope limitation — goodwill

Goodwill in the balance sheet as at 31 December 2004 included goodwill with a carrying value of HK$4,944,000 arising from the acquisition of a 60% equity interest in EverOK by the Group during the year. The Group calculated the goodwill by reference to the unaudited management accounts of EverOK as at the date of acquisition. In addition, EverOK sustained a loss during the year and the auditors have not been provided with sufficient information regarding its future profitability to justify the carrying value of the above goodwill. There is no practicable audit procedure that they could adopt to ascertain the fair value of the identifiable assets and liabilities of EverOK.

Accordingly the auditors are unable to determine whether or not the goodwill arising from the acquisition of EverOK is fairly stated and whether or not any impairment loss should be made against the goodwill. Any adjustment to the goodwill would have a consequential effect on the loss for the year and net assets of the Group.

For the year ended 31 December 2005, there were qualifications regarding:

1. *Scope limitation — accounts receivable and accounts payable*

Included in accounts receivable and accounts payable in the consolidated balance sheet as at 31 December 2005 were trade accounts receivable and payable in relation to the Company's subsidiaries, Ever-OK International Forwarding Co., Ltd. and its subsidiaries ("EverOK"), in the amounts of HK$27,790,001 and HK$28,655,533 respectively. These balances were stated after the Group had written off a net amount of unreconciled differences of HK$1,710,900 with respect to the accounts receivable and accounts payable of EverOK. The net amount of unreconciled differences was recognised in the income statement as other expenses. The nature of the net differences and the basis of determining the above mentioned accounts receivable and accounts payable are described in note 3(a)(iii) to the financial statements. The auditors have not been provided with sufficient information and explanations to satisfy themselves as to the nature and the appropriateness of the net amount of other expenses of HK$1,710,900 as made in respect thereof. Accordingly, there were no practicable alternative audit procedures that they could perform to determine whether the amounts of accounts receivable and accounts payable of EverOK were fairly stated.

2. *Scope limitation — impairment in buildings and land lease premium*

As at 31 December 2005, the Group's buildings and land lease premium (together the "Property") with net book values of HK$29,507,000 and HK$7,288,000 as denoted in notes 15 and 16 to the Group's financial statements respectively were held by a subsidiary of the Company 聯合資源教育發展(燕郊)有限公司 ("UREDY"). The net book values were based on the open market value of the Property with vacant possession as estimated by a firm of professional valuers as at 31 July 2005 adjusted for subsequent depreciation. As fully explained in note 15 to the financial statements, the Property has been being illegally occupied by a third party even before UREDY was acquired by the Group and there is no indication that UREDY will be able to regain possession of the Property, the auditors consider that it was not appropriate to estimate the value of the Property by reference to the open market value with vacant possession as of 31 July 2005. There were no other practicable audit procedures that the auditors could adopt to ascertain whether the Property was fairly stated as at 31 December 2005 and the extent of any impairment of the Property.

3. *Scope limitation — Prior year's audit scope limitation affecting opening balances and comparative figures*

As shown in the previous auditors' report, they disclaimed their opinion on the Group's financial statements for the year ended 31 December 2004 because of the significance of the possible effects of the limitation in evidence available to them in respect of certain matters set out therein. Any adjustment found to be necessary to the opening net assets of the Group would have a consequential effect on its results for the year described above, the auditors were unable to express their opinion on the fairness of the balances brought forward as at 1 January 2004 and the comparative figures included in these financial statements.

For the year ended 31 December 2006, there were qualifications regarding:

1. *Scope limitation — Prior year's audit scope limitation affecting opening balances and comparative figures*

As shown in the previous auditors' report, they disclaimed their opinion on the consolidated financial statements for the year ended 31 December 2005 because of the significance of the possible effects of the limitation in evidence available to them in respect of certain matters set out therein. Any adjustment found to be necessary to the opening net assets of the Group would have a consequential effect on the results for the year ended 31 December 2006. The auditors were unable to express their opinion on the fairness of the balances brought forward as at 1 January 2006 and the comparative figures included in these consolidated financial statements.

2. *Scope limitation — Trade receivables and trade payables*

Included in trade and other receivables and trade and other payables in the consolidated financial statements as at 31 December 2006 were trade receivables and trade payables in relation to the Company's subsidiaries, Ever-OK International Forwarding Co., Ltd. and its subsidiaries ("the EverOK Group"), in the amounts of HK$26,793,655 and HK$29,113,677 respectively. These balances were stated after the Group had written off a net amount of unreconciled differences of HK$156,606 with respect to the trade receivables and trade payables of the EverOK Group. The net amount of unreconciled differences was recognised in the income statement as other expenses. The nature of the net differences and the basis of determining the above mentioned trade receivables and trade payables are described in note 3(a)(iii) to the consolidated financial statements. The auditors have not been provided with sufficient information and explanations to satisfy themselves as to the nature and the appropriateness of the net amount of other expenses of HK$156,606 as made in respect thereof.

2. AUDITED CONSOLIDATION FINANCIAL INFORMATION OF THE GROUP FOR THE TWO YEARS ENDED 31 DECEMBER 2006

The following audited consolidated financial statements of the Group for the two years ended 31 December 2005 and 2006 with accompanying notes as extracted from the 2006 annual report of the Company.

Consolidated Income statement

For the year ended 31 December 2006

	Notes	**2006** *HK$'000*	**2005** *HK$'000*
CONTINUING OPERATIONS			
Turnover	*6*	281,510	293,162
Cost of services		(263,526)	(256,357)
Gross profit		17,984	36,805
Other revenue	*6*	2,028	2,599
Administrative expenses		(37,988)	(42,356)
Other operating expenses		(201)	(1,722)
Loss from operations	*8*	(18,177)	(4,674)
Finance costs	*9*	(210)	(27)
Provision for impairment on other receivables	*30*	(34,593)	—
Loss before income tax expense		(52,980)	(4,701)
Income tax expense	*12*	—	(24)
Loss for the year from continuing operations		(52,980)	(4,725)
DISCONTINUED OPERATIONS	*13*		
Profit/(loss) for the year from discontinued operations		35,196	(10,946)
Loss for the year		(17,784)	(15,671)
Attributable to:			
Equity holders of the Company		(17,071)	(14,981)
Minority interests		(713)	(690)
		(17,784)	(15,671)
		HK cents	*HK cents*
Loss per share:	*14*		
From continuing and discontinued operations			
— Basic		(3.58)	(3.10)
— Diluted		—	—
From continuing operations			
— Basic		(10.97)	(0.85)
— Diluted		—	—

Consolidated Balance Sheet
As at 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,487	31,571
Land lease premium	16	—	7,288
Development costs	17	88	534
Goodwill	18	—	—
		1,575	39,393
CURRENT ASSETS			
Trade and other receivables	20	30,534	34,656
Cash and Cash equivalents	21	6,237	7,974
		36,771	42,630
CURRENT LIABILITIES			
Trade and other payables	22	38,761	52,536
Obligations under finance leases	23	47	—
Convertible notes	24	—	20,405
Tax payable		—	2,955
		38,808	75,896
NET CURRENT LIABILITIES		(2,037)	(33,266)
TOTAL ASSETS LESS CURRENT LIABILITIES		(462)	6,127
NON-CURRENT LIABILITIES			
Other payables	25	(4,796)	—
Obligations under finance leases	23	(40)	—
Amount due to a director	31	(5,503)	—
Amount due to ultimate holding company	31	(10,272)	—
		(20,611)	—
NET (LIABILITIES)/ASSETS		(21,073)	6,127
CAPITAL AND RESERVES			
Share capital	26	47,624	47,624
Reserves	27	(69,514)	(43,027)
(Deficit)/Equity attributable to shareholders of the company		(21,890)	4,597
Minority interests		817	1,530
TOTAL (DEFICIT)/EQUITY		(21,073)	6,127

Balance Sheet
As at 31 December 2006

	Notes	**2006** *HK$'000*	**2005** *HK$'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Interests in subsidiaries	*19*	1	1
CURRENT ASSETS			
Trade and other receivables	*20*	—	38
CURRENT LIABILITIES			
Trade and other payables	*22*	1,091	979
NET CURRENT LIABILITIES		(1,091)	(941)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,090)	(940)
NON-CURRENT LIABILITIES			
Amount due to subsidiaries		(4,939)	(7,149)
Amount due to ultimate holding company	*31*	(10,274)	—
		(15,213)	(7,149)
NET LIABILITIES		(16,303)	(8,089)
CAPITAL AND RESERVES			
Share capital	*26*	47,624	47,624
Reserves	*27*	(63,927)	(55,713)
TOTAL DEFICIT		(16,303)	(8,089)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2006

	Issued share capital	Share premium	Capital reserve	Convertible note reserve	Translation reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	47,624	87,707	35,343	3,495	—	(154,591)	19,578	2,220	21,798
Loss for the year	—	—	—	—	—	(14,981)	(14,981)	(690)	(15,671)
At 31 December 2005 and 1 January 2006	47,624	87,707	35,343	3,495	—	(169,572)	4,597	1,530	6,127
Transfer	—	—	—	(3,495)	—	3,495	—	—	—
Disposal of subsidiaries	—	—	(9,323)	—	—	—	(9,323)	—	(9,323)
Loss for the year	—	—	—	—	—	(17,071)	(17,071)	(713)	(17,784)
Exchange difference on consolidation	—	—	—	—	(93)	—	(93)	—	(93)
At 31 December 2006	47,624	87,707	26,020	—	(93)	(183,148)	(21,890)	817	(21,073)

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax expense		(17,784)	(15,647)
Adjustments for:			
Interest income		(60)	(88)
Interest on convertible notes		245	4,013
Other interest paid		210	300
Written off of unreconciled inter-branch balances		157	1,711
Depreciation of property, plant and equipment		1,899	3,033
Amortisation of land lease premium		71	170
Amortisation of development costs		446	446
Impairment of goodwill		—	4,944
(Gain)/loss on disposal of property, plant and equipment		(32)	6
Impairment loss on trade receivables		51	11
Provision for impairment on other receivables		34,593	—
Gain on disposal of subsidiaries	30	(37,351)	—
Exchange difference on consolidation		(124)	—
Operating loss before changes in working capital		(17,679)	(1,101)
Decrease/(increase) in trade receivables		681	(8,018)
Decrease/(increase) in prepayment, deposits and other receivables		2,516	(4,013)
Decrease in amount due from related companies		—	8
Increase in trade payables		94	7,288
Increase in accruals and other payables		685	2,696
Increase/(decrease) in advances from customers		1	(19)
Cash used in operations		(13,702)	(3,159)
Other interest paid		(210)	(27)
Taxes paid — Overseas		—	(24)
Net cash used in operating activities		(13,912)	(3,210)

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*
For the year ended 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		60	88
Payment to purchase property, plant and equipment		(319)	(594)
Proceeds from disposal of property, plant and equipment		51	1
Proceeds from disposal of subsidiaries	30	(12)	—
Net cash used in investing activities		(220)	(505)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of obligations under finance leases		(56)	—
(Repayment to)/advance from directors		(3,387)	4,505
Advance from minority shareholders		770	—
Advance from other payables		4,796	—
Advance from ultimate holding company		10,272	—
Net cash generated from financing activities		12,395	4,505
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,737)	790
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,974	7,184
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		6,237	7,974
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		6,237	7,974

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted Company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are investment holdings, provision of on-line content information and related technical services, information technology solutions and consultancy services, educational content services and logistics services. There were no significant changes in the nature of its principal activities during the year.

The Company was formerly known as Asian Information Resources (Holdings) Limited and the shareholders of the Company have passed a special resolution at an extraordinary general meeting held on 1 February 2007 to change its name to Asian Capital Resources (Holdings) Limited.

In the opinion of the directors, the ultimate holding company is Asian Dynamics International Limited, a company incorporated in the British Virgin Islands.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to its operations and either effective for accounting periods beginning on or after 1 January 2005 or 1 January 2006. The adoption of the new HKFRSs has no significant effect on the Group's accounting policies and amounts reported for the current and prior accounting periods in these financial statements.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures (1)
HKFRS 7	Financial Instruments: Disclosures (1)
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (2)
HK(IFRIC)-Int 8	Scope of HKFRS 2 (3)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (4)
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment (5)

(1) Effective for annual periods beginning on or after 1 January 2007

(2) Effective for annual periods beginning on or after 1 March 2006

(3) Effective for annual periods beginning on or after 1 May 2006

(4) Effective for annual periods beginning on or after 1 June 2006

(5) Effective for annual periods beginning on or after 1 November 2006

3 PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group is set out below:

(a) Basis of preparation

(i) The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs"), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

(ii) The Group sustained a loss attributable to shareholders of approximately HK$17,071,000 during the year and had net current liabilities and shareholders' deficits of approximately HK$2,037,000 and HK$21,890,000 respectively as at 31 December 2006. The financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company agreed to provide loans of not more than HK$10,000,000 in aggregate to finance the working capital requirements of the Group.

(iii) Due to the failure to reconcile the balances of trade receivables and trade payables effectively by the new operational and auditing system and control of accounting system adopted by EverOK in 2005, management attempted to identify and correct the errors by reconstructuring the balances based on the verification work subsequent to the year end date relating to the payment and receipt of funds up to January and February 2007 on trade receivables and trade payables respectively in order to lighten the impact. The resulting unreconciled net differences of approximately HK$157,000 amongst trade receivables and trade payables were written off as other expenses to the income statement during the year. For the year ended 31 December 2005, the unreconciled net differences of approximately HK$1,711,000 were written off as other expenses to the income statement.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2006. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. Minority interest represents the interests of the outside shareholders in the results and net assets of the Company's subsidiaries.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The gain or loss on disposal of subsidiary represents the difference between the proceeds of the sales and the Group's share of its net assets together with any unauthorised goodwill or negative goodwill and which was not previously charged or recognised in the income statement.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

(d) Related party transactions

A party is related to the Group if:

a. directly or indirectly through one or more intermediaries, the party:

   (i) controls, is controlled by, or is under common control with the Group;

   (ii) has an interest in the Group that gives it significant influence over the Group; or

   (iii) has joint control over the Group;

b. the party is a joint venture in which the entity is a venturer;

c. the party is an associate;

d. the party is a member of the key management personnel of the Group;

e. the party is a close member of the family of any individual referred to in (a) or (d);

f. the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g. the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Goodwill arising from an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Goodwill arising from an acquisition of an associate or a jointly controlled entity represents resents the excess of the cost of the acquisition over the Group's share of the relevant associate's or jointly controlled entity's net assets at the date of acquisition.

Capitalised goodwill is presented separately in the consolidated balance sheet and is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising from an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, an associate or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(f) Impairment of tangible and intangible assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill and impairment loss, previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— land lease premium;

— investment in subsidiaries; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Impairment of tangible and intangible assets *(Continued)*

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

(iii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairments losses. The cost of assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	:	2% (over the remaining lease term)
Leasehold improvement	:	33% or over the lease terms, whichever is shorter
Furniture and fixtures	:	20%
Computer and equipment	:	33%
Motor vehicles	:	33%

The gain or loss on disposal or retirement of a property, plant and equipment recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3 **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(h) Land lease premium

Land lease premium is stated at cost less amortisation and any identified impairment loss. The cost of land lease premium is amortised over the period of the premium using the straight-line method.

(i) Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalized and defined only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expended when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised, using the straight-line method, over the expected useful lives of the underlying products subject to a maximum period of three years, commencing from the date when the products are available for use.

The unamortised balance of development costs is reviewed at the end of each year and is written off to the extent that the unamortised balance, taken together with further development and directly related costs, is no longer likely to be recovered.

(j) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

Investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Other investments in debt and equity securities *(Continued)*

Investments in securities which do not fall into any of the above categories are classified as available-for-sales securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses and foreign exchange gains and losses in respect of monetary items such as debt securities, are recognised directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

(k) Financial liabilities

(i) Convertible notes

Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest rate method.

(ii) Other financial liabilities

Financial liabilities, other than financial liabilities at fair value through profit and loss and financial guarantee contracts, are carried at amortised cost.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for the bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on the straight-line basis over the expected lives of the related assets.

(o) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis. Interest in leasehold land is amortised over the lease term on a straight-line basis.

(q) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) From the provision of content information, on a time proportion basis for the fixed license fee portion and as entitlement accrues on usage for the variable license fee portion.

(ii) From the provision of project consultancy services, internet solution services, educational content services and logistics services, in accordance with the terms of the underlying contracts and when the underlying services are rendered.

(iii) Interest income from bank deposits is recognised on a time-apportioned basis that takes into account the effective yield on the assets.

Advance payments received from customers prior to rendering of related content information services and internet solution services are recorded as receipts in advance.

Revenue is recorded net of sales surtaxes, where applicable.

3 **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(t) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translation at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits schemes

The Company's PRC subsidiaries participate in defined contribution retirement schemes organised by the local government authorities in the PRC. All of the PRC employees are entitled to an annual pension equivalent to a fixed portion of their basic salaries at their retirement dates. The Company's PRC subsidiaries are required to contribute certain percentage ranged from 11% to 15% of the basic salaries of their PRC employees to the retirement schemes and have no further obligation for post-retirement benefits. The contributions are charged to the income statement of the Group as they become payable in accordance with the rules of scheme.

The Group operates a defined contribution Mandatory Provident Fund Retirement Benefits Scheme ("the MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Share option scheme

The fair value of the share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into accounting the probability that the options will vest.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operation occurs upon disposal or when the operation is abandoned.

Where an operation is classified as discounted, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowing, tax balances, corporate and financing expenses.

4 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi.

(b) Credit risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that services are provided to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions, if any, to meet its liquidity requirements in the short and longer term.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously technically obsolete or non-strategic assets that have been abandoned or sold.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Estimated provision for impairment of trade and other receivables

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provision are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(c) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the fair value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

6 TURNOVER AND OTHER REVENUE

Turnover represents (1) project fees from the provision of project consultancy services; (2) distribution fees from the provision of content information; (3) service fees from the provision of internet solution services; (4) service fees from the provision of educational content services; and (5) service fees from the provision of logistics services and excludes intra-Group transactions as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Turnover		
Continuing operations:		
Content solution service and business consultation		
— project fees	204	298
— distribution fees	765	806
— consultation fees	—	14,434
Internet solution service fees	461	398
Logistics service fees	280,080	277,226
	281,510	293,162
Discontinued operations:		
Educational content service fees	22	72
	281,532	293,234
Other revenue		
Continuing operations:		
Other income	1,968	2,406
Reimbursement of salaries	—	132
Interest income	60	61
	2,028	2,599
Discontinued operations:		
Other income	454	460
Interest income	—	27
	454	487
	2,482	3,086

7 **SEGMENTAL INFORMATION**

(a) **Primary reporting format — business segments**

For management purposes, the Group is currently organized into four operating divisions:

(i) the content solution and business consultation

(ii) the IT enabling technology

(iii) the educational content services

(iv) the logistics services

During the financial year, the Group disposed of its educational content services business.

An analysis of the Group's results by business segment is as follows:

	2006 *HK$'000*					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Turnover						
Sales to externa customers	969	461	280,080	281,510	22	281,532
Results						
Segment results	677	437	16,848	17,962	22	17,984
Interest income				60	454	514
Unallocated corporate expenses				(36,199)	(1,435)	(37,634)
Loss from operations				(18,177)	(959)	(19,136)
Finance costs				(210)	(1,196)	(1,406)
Provision for impairment on other receivables				(34,593)	—	(34,593)
				(52,980)	(2,155)	(55,135)
Gain on disposal of operations				—	37,351	37,351
(Loss)/profit before income tax expense				(52,980)	35,196	(17,784)
Income tax expense				—	—	—
(Loss)/profit for the year				(52,980)	35,196	(17,784)

7 SEGMENTAL INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

	2006 HK$'000					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Assets						
Segment assets	610	61	34,995	35,666	—	35,666
Unallocated corporate assets				2,680	—	2,680
Total assets				38,346	—	38,346
Liabilities						
Segment liabilities	(663)	(93)	(35,014)	(35,770)	—	(35,770)
Unallocated corporate liabilities				(23,649)	—	(23,649)
Total liabilities				(59,419)	—	(59,419)
Other segment information						
Capital expenditure	178	8	276	462	—	462
Amortisation of land lease premium	—	—	—	—	71	71
Depreciation of property, plant and equipment	304	9	738	1,051	848	1,899
Amortisation of development cost	—	446	—	446	—	446
Impairment of goodwill	—	—	—	—	—	—
Impairment loss on trade receivables	—	—	51	51	—	51

7 SEGMENTAL INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

	2005 HK$'000					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Turnover						
Sales to external customers	15,538	398	277,226	293,162	72	293,234
Results						
Segment results	13,652	(1,068)	(1,287)	11,297	(3,885)	7,412
Interest income				61	27	88
Unallocated corporate expenses				(16,032)	(2,802)	(18,834)
Loss from operations				(4,674)	(6,660)	(11,334)
Finance costs				(27)	(4,286)	(4,313)
Loss before income tax expense				(4,701)	(10,946)	(15,647)
Income tax expense				(24)	—	(24)
Loss for the year				(4,725)	(10,946)	(15,671)
Assets						
Segment assets	680	1,014	37,958	39,652	37,073	76,725
Unallocated corporate assets				5,298	—	5,298
Total assets				44,950	37,073	82,023
Liabilities						
Segment liabilities	(794)	(103)	(34,607)	(35,504)	(29,520)	(65,024)
Unallocated corporate liabilities				(10,872)	—	(10,872)
Total liabilities				(46,376)	(29,520)	(75,896)

7 SEGMENTAL INFORMATION *(Continued)*

(a) Primary reporting format — business segments *(Continued)*

	2005 HK$'000					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Other segment information						
Capital expenditure	171	10	412	593	1	594
Amortisation of land lease premium	—	—	—	—	170	170
Depreciation of property, plant and equipment	244	21	732	997	2,036	3,033
Amortisation of development cost	—	446	—	446	—	446
Impairment of goodwill	—	—	4,944	4,944	—	4,944
Impairment loss on trade receivables	—	—	11	11	—	11

(b) Secondary reporting format — geographical segments

An analysis of the Group's results by geographical segment is as follows:

	2006 HK$'000			
	Turnover	Segment results	Segment assets	Capital expenditure
Hong Kong	9,772	(12,258)	5,610	186
PRC	250,436	(4,251)	28,232	276
USA and Others	21,324	(1,275)	4,504	—

	2005 HK$'000			
	Turnover	Segment results	Segment assets	Capital expenditure
Hong Kong	5,593	(2,586)	8,166	186
PRC	247,287	(8,245)	67,199	395
USA and Others	40,354	(591)	6,658	13

Revenue from the Group's discontinued operations was derived mainly from the PRC and Hong Kong.

8 LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost of services	263,526	256,357	—	—	263,526	256,357
Staff costs (excluding directors' remuneration)						
— Wages and salaries	18,059	15,479	—	119	18,059	15,598
— Retirement benefits scheme contributions	1,439	928	—	36	1,439	964
Auditor's remuneration	810	669	35	3	845	672
Depreciation of property, plant and equipment	1,051	998	848	2,035	1,899	3,033
Amortisation of land lease premium	—	—	71	170	71	170
Amortisation of development costs	446	446	—	—	446	446
Written off unreconciled inter-branch balances	157	1,711	—	—	157	1,711
Impairment loss on trade receivables	51	11	—	—	51	11
Provision for impairment on other receivables	34,593	—	—	—	34,593	—
Impairment of goodwill	—	4,944	—	—	—	4,944
(Gain)/loss on disposal of property, plant and equipment	(32)	6	—	—	(32)	6
Operating lease rentals in respect of land and buildings	3,642	3,205	—	57	3,642	3,262
Legal fees	1,326	1,406	242	1,589	1,568	2,995
Net exchange loss	290	227	—	25	290	252

9 FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other interest	210	27	—	273	210	300
Interest on convertible notes	—	—	1,196	4,013	1,196	4,013
	210	27	1,196	4,286	1,406	4,313

10 RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group's employees makes monthly contribution to the scheme at 5% of the employees' earning as defined under the Mandatory Provident Fund legislation, subject to a cap of HK$1,000 per month and thereafter contributions are voluntary.

For the year ended 31 December 2006, the aggregate amount of employer's contributions made by the Group to the MPF Scheme was approximately HK$241,000 (2005: HK$189,000).

As stipulated by the rules and regulations in the PRC, the subsidiaries and representative offices in the PRC are required to contribute to a state-sponsored retirement plan for their employees in the PRC. According to the rules prevailing in the PRC, the Group is required to contribute approximately 11% to 15% of the basic salary of its employees in the PRC, and has no further obligations for the actual pension payments or post-retirement benefits. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees. For the year ended 31 December 2006, approximately HK$1,210,000 (2005: HK$787,000) was paid by the Group with respect to such retirement plan.

11 DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

(a) Directors' remuneration

The details of emoluments (excluding share option benefit) of every Director are shown below:

Year ended 31 December 2006

	Fees	**Basic salaries, allowances and other benefits**	**Retirement benefits scheme contribution**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of Director				
Xie Xuan	—	990	—	990
Ho Wing Yiu *(Note 1)*	—	984	12	996
Law Shiu Kai, Andrew *(Note 2)*	—	2	—	2
Lo Mun Lam, Raymond	—	24	—	24
Wu Jixue	—	30	—	30
Yang Qiulin *(Note 3)*	—	—	—	—
Yang Zhenhong	—	18	—	18
Zhang Daorong	—	48	—	48
	—	2,096	12	2,108

11 DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

Year ended 31 December 2005

	Fees	Basic salaries, allowances and other benefits	Retirement benefits scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of Director				
Xie Xuan	—	2,160	—	2,160
Ho Wing Yiu	—	2,160	12	2,172
Lo Mun Lam, Raymond	—	24	—	24
Law Shiu Kai, Andrew	—	24	—	24
Wu Jixue	—	20	—	20
Yang Zhenhong	—	18	—	18
Zhang Daorong	—	48	—	48
	—	4,454	12	4,466

Note:

1. Resigned on 7 December 2006.

2. Ceased on 26 January 2006.

3. Appointed on 20 December 2006.

(b) The five highest paid employees

The five highest paid employees during the year included two (2005: two) executive directors whose remuneration are set out in directors' remuneration in (a) above. Details of remuneration of the remaining three (2005: three) employees are as follows:

	2006	2005
	HK$'000	*HK$'000*
Basic salaries, allowances and other benefits	1,557	1,576
Retirement benefits scheme contributions	24	30
	1,581	1,606

The emoluments fell within the following band:

	Number of highest paid individuals	
	2006	2005
Nil to HK$1,000,000	3	3

There were no emoluments paid by the Group to the employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2005: Nil).

12 INCOME TAX EXPENSE

(a) Income tax expense in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current:						
Hong Kong profits tax	—	—	—	—	—	—
PRC income tax	—	24	—	—	—	24
	—	24	—	—	—	24

No Hong Kong profits tax has been provided for (2005: Nil) as the Group has no assessable profits arising in Hong Kong during the year. The statutory tax rate for Hong Kong profits tax is 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

For the year ended 31 December 2006, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC ranged from 15% to 33% (2005: 15% to 33%).

(b) A reconciliation of the tax charge/(credit) applicable to the Group's loss before income tax expense using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge/(credit) at the effective tax rates are as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Loss before income tax expense		
Continuing operations	(52,980)	(4,701)
Discontinued operations	35,196	(10,946)
	(17,784)	(15,647)
Tax credit calculated at Hong Kong profits tax rate of 17.5%	(3,112)	(2,738)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,709	(1,748)
Income not subject to tax	(4,380)	(3,081)
Expenses not deductible for tax purposes	4,659	6,151
Utilisation of previously unrecognised tax losses	(110)	(149)
Unrecognised temporary differences and tax losses	1,234	1,589
Income tax charge for the year	—	24

12 INCOME TAX EXPENSE *(Continued)*

(c) At 31 December 2006, the Group had tax losses arising in Hong Kong of approximately HK$21,944,000 (2005: HK$15,526,000) that were available for offsetting against future taxable profits. Such losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

13 DISCONTINUED OPERATIONS

Disposal of the educational content business

On 13 September 2005, the Group entered into a sale agreement to dispose of the entire interest in Eleson Inc., Cyber Strategy Limited, Lecture Kit Company Limited, China Cyber University Limited, Union Resources (Educational Development) Limited, Asian Educational Services Limited, Sinotrade Technologies Limited, Comfirm (China) Limited, and (the "Disposed Group"), each of which was either an indirectly wholly-owned or a non-wholly-owned subsidiary of the Group. The disposal was completed on 23 May 2006.

The result of the discontinued operations included in the consolidated income statement is as follows:

		2006	**2005**
	Notes	*HK$'000*	*HK$'000*
Loss for the year from discontinued operations			
Revenue		476	559
Expenses		(2,631)	(11,505)
Loss from operations before income tax expense	*8*	(2,155)	(10,946)
Income tax expense		—	—
		(2,155)	(10,946)
Gain on disposal of operations	*30*	37,351	—
Profit/(loss) for the year from discontinued operations		35,196	(10,946)

14 LOSS PER SHARE

From continuing and discontinued operations:

(a) The calculation of basic loss per share is based on the Group's loss attributable to shareholders of approximately HK$17,071,000 (2005: HK$14,981,000) and the weighted average number of 476,237,105 shares (2005: 476,237,105 shares) in issue during the year.

(b) No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2005 and 2006.

From continuing operations:

	2006	**2005**
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	17,071	14,981
Profit/(loss) for the year from discontinued operations	35,196	(10,946)
Loss for the purpose of basic loss per shares	52,267	4,035

(a) The calculation of basic loss per share is based on the Group's loss attributable to shareholders of approximately HK$52,267,000 (2005: HK$4,035,000) and the weighted average number of 476,237,105 shares (2005: 476,237,105 shares) in issue during the year.

(b) No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2005 and 2006.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Furniture and fixtures	Computer and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
At 1 January 2005	38,006	1,107	854	3,431	806	44,204
Additions	—	100	59	435	—	594
Disposal/write off	—	—	(15)	(31)	—	(46)
At 31 December 2005 and 1 January 2006	38,006	1,207	898	3,835	806	44,752
Additions	—	—	19	220	223	462
Disposal/write off	—	—	(12)	—	(198)	(210)
Disposal of subsidiaries	(38,006)	—	—	(87)	—	(38,093)
Exchange difference	—	6	11	42	11	70
At 31 December 2006	—	1,213	916	4,010	842	6,981
Accumulated depreciation and impairment losses:						
At 1 January 2005	6,464	340	362	2,456	565	10,187
Charge for the year	2,035	181	153	562	102	3,033
Disposal/write off	—	—	(9)	(30)	—	(39)
At 31 December 2005 and 1 January 2006	8,499	521	506	2,988	667	13,181
Charge for the year	848	199	140	479	233	1,899
Disposal/write off	—	—	(6)	—	(185)	(191)
Disposal of subsidiaries	(9,347)	—	—	(87)	—	(9,434)
Exchange difference	—	2	6	23	8	39
At 31 December 2006	—	722	646	3,403	723	5,494
Net carrying amount:						
At 31 December 2006	—	491	270	607	119	1,487
At 31 December 2005	29,507	686	392	847	139	31,571

The Group's land and buildings located in the PRC were disposed of during the year.

During the year, the cost of motor vehicles acquired under finance leases by the Group was HK$142,830 (2005: Nil). At the balance sheet date, the net carrying amount of motor vehicles held under finance leases was HK$95,220 (2005: Nil).

16 LAND LEASE PREMIUM

	2006	2005
	HK$'000	*HK$'000*
Cost:		
At 1 January	7,741	7,741
Disposal of subsidiaries	(7,741)	—
At 31 December	—	7,741
Accumulated amortisation:		
At 1 January	453	283
Amortisation for the year	71	170
Disposal of subsidiaries	(524)	—
At 31 December	—	453
Net carrying amount:		
At 31 December	—	7,288

The Group's interests in land lease premium held in the PRC under operating lease were disposed of during the year.

17 DEVELOPMENT COSTS

	2006	2005
	HK$'000	*HK$'000*
Cost:		
At 1 January and 31 December	1,352	1,352
Accumulated amortisation:		
At 1 January	818	372
Amortisation for the year	446	446
At 31 December	1,264	818
Net carrying amount:		
At 31 December	88	534

The amount represents direct development costs incurred for the development of "Advanced Distribution and Transportation Systems" less government grant, and is amortised on a straight-line basis over three years.

18 GOODWILL

The amount of goodwill capitalized as assets in the consolidated balance sheet, arising from the acquisition of Ever-OK International Forwarding Co., Ltd. in 2004 is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Cost:		
At 1 January and 31 December	4,944	4,944
Accumulated impairment losses:		
At 1 January	4,944	—
Impairment	—	4,944
At 31 December	4,944	4,944
Net carrying amount:		
At 31 December	—	—

19 INTERESTS IN SUBSIDIARIES

	Company	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	14,083	14,083
Due from subsidiaries	131,157	126,298
	145,240	140,381
Less: Impairment losses	(145,239)	(140,380)
	1	1

The balances with subsidiaries are unsecured, interest free and not due for repayment within the next twelve months.

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group.

19 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Advant Development Limited	The British Virgin Islands	US$10	60%	—	60%	Investment holding
AIR Logistics International Holdings Limited	The British Virgin Islands	US$1	100%	—	100%	Holding of trademarks
AIR Logistics International Limited	The British Virgin Islands	US$1	100%	—	100%	Provision of consulting administrative and management services
Asian Information Resources (BVI) Limited *(Note (a))*	The British Virgin Islands	US$200	100%	100%	—	Investment holding
Asian Information Resources Limited	Hong Kong	HK$11,228,290	100%	—	100%	Provision of on-line content and related technical services, information technology solutions and consultancy services and e-commerce
Asian Information Resources Finance Limited	Hong Kong	HK$2	100%	—	100%	Provision of treasury functions to group companies
Asian Information Resources Investment Limited	Hong Kong	HK$2	100%	—	100%	Provision of administration services to group companies
Asian Information Resources Marketing Limited	Hong Kong	HK$10,000	100%	—	100%	Provision of on-line content and related technical services
Asian Information Resources Tech Logic Limited	Hong Kong	HK$5,000	100%	—	100%	Provision of software solutions services
Ever-OK International Forwarding Co., Ltd. *(Note (b))*	The PRC	RMB17,300,000	60%	—	60%	Provision of air and ocean freight services

19 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Ever-OK International Forwarding Co., Limited	Hong Kong	HK$200,000	100%	—	100%	Provision of air and ocean freight services
Ever-OK International Forwarding Co., Ltd.	The United States of America	US$200,000	60%	—	60%	Provision of air and ocean freight services
Forest Technology International Limited	Hong Kong	HK$10,000	100%	—	100%	Provision of internet solution services
Myhome Network Limited	Hong Kong	HK$900,000	77.78%	—	77.78%	Investment holding

Notes:

(a) Asian Information Resources (BVI) Limited ("AIR BVI") is directly held by the Company. All other subsidiaries are indirectly held by the Company through AIR BVI.

(b) Ever-OK International Forwarding Co., Limited is a jointly foreign owned enterprise established in the PRC for a term of 20 years up to 2024.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2006 (2005: Nil).

20 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2006	**2005**	**2006**	**2005**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables		26,794	28,285	—	—
Prepayments, deposits and other receivables		3,722	6,353	—	38
Amount due from related companies	*31*	18	18	—	—
		30,534	34,656	—	38

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The credit terms granted by the Group to a customer are determined on a case-by-case basis with reference to the size of sales contracts, recurrent sales with the customers and their credit history. The Group makes provision for trade receivables based on specific review. Provision is made against trade receivables after considering the amount due, creditability of customers and other qualitative factors.

An ageing analysis of the trade receivables of the Group as at the balance sheet date are as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	15,048	14,089
31 to 60 days	6,554	5,292
61 to 90 days	2,631	7,388
91 to 150 days	1,017	1,405
Over 150 days	1,544	1,208
	26,794	29,382
Less: Impairment losses	—	(1,097)
	26,794	28,285

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2006	**2005**
	'000	*'000*
Renminbi	RMB3,714	RMB7,618
United States dollars	USD2,935	USD2,657
Euro	EURO5	EURO3

21 CASH AND CASH EQUIVALENTS

	2006	2005
	HK$'000	*HK$'000*
Cash at bank and in hand	6,237	7,974

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2006	2005
	'000	*'000*
Renminbi	RMB1,826	RMB5,253
United States dollars	USD550	USD265
Singapore	SGD1	SGD1
Taiwan	NTD7	NTD7

22 TRADE AND OTHER PAYABLES

		Group		Company	
		2006	2005	2006	2005
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables		29,114	29,020	—	—
Accruals and other payables	*31*	9,424	9,536	1,091	979
Advances from customers		223	222	—	—
Amount due to directors	*31*	—	8,890	—	—
Amount due to minority shareholders		—	4,868	—	—
		38,761	52,536	1,091	979

The directors consider that the carrying amount of trade and other payables approximates their fair value.

An ageing analysis of the trade payables of the Group as at the balance sheet date, based on the date of completion of services provided by the suppliers to the Group is as follows:

	2006	2005
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	16,200	12,638
31 to 60 days	8,394	8,067
61 to 90 days	2,653	6,893
91 to 150 days	767	1,058
Over 150 days	1,100	364
	29,114	29,020

22 TRADE AND OTHER PAYABLES *(Continued)*

Included in trade payables are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2006	**2005**
	'000	*'000*
Renminbi	RMB10,298	RMB7,618
United States dollars	USD2,377	USD2,733
Euro	EURO15	EURO4

23 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2006, the Group had obligations under finance leases repayable as follows:

	2006		**2005**	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	48	52	—	—
After 1 year but within 2 years	39	46	—	—
	87	98	—	—
Less: Total future interest expenses		11		—
Present value of lease obligations		87		—

24 CONVERTIBLE NOTES

The convertible notes recognised in the balance sheet is calculated as follows:

	2006	2005
	HK$'000	*HK$'000*
At 1 January	20,405	18,003
Interest expense	1,196	4,013
Interest payable	—	(1,611)
Derecognition	(21,601)	—
At 31 December	—	20,405

All convertible notes were issued by a subsidiary of the Group and were derecognised upon disposal of the subsidiary by the Group during the financial year.

25 OTHER PAYABLES

Other payables represent amount due to an ex-director of the Company. At the balance sheet date, the amount due is unsecured, non-interest bearing and is not due for repayment within the next twelve months.

26 SHARE CAPITAL

	2006	2005
	HK$'000	*HK$'000*
Authorised		
2,000,000,000 ordinary shares of HK$0.1 each	200,000	200,000
Issued and fully paid		
476,237,105 ordinary shares of HK$0.1 each	47,624	47,624

27 RESERVES

	Group					
	Share premium	**Capital reserve**	**Convertible note reserve**	**Translation reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	87,707	35,343	3,495	—	(154,591)	(28,046)
Loss for the year	—	—	—	—	(14,981)	(14,981)
At 31 December 2005 and 1 January 2006	87,707	35,343	3,495	—	(169,572)	(43,027)
Transfer	—	—	(3,495)	—	3,495	—
Disposal of subsidiaries	—	(9,323)	—	—	—	(9,323)
Loss for the year	—	—	—	—	(17,071)	(17,071)
Exchange difference on consolidation	—	—	—	(93)	—	(93)
At 31 December 2006	87,707	26,020	—	(93)	(183,148)	(69,514)

	Company			
	Share premium	**Contributed surplus**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	87,707	13,882	(154,134)	(52,545)
Loss for the year	—	—	(3,168)	(3,168)
At 31 December 2005 and 1 January 2006	87,707	13,882	(157,302)	(55,713)
Loss for the year	—	—	(8,214)	(8,214)
At 31 December 2006	87,707	13,882	(165,516)	(63,927)

The contributed surplus of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of a subsidiary acquired through an exchange of shares as at the date of the Group reorganization.

27 RESERVES *(Continued)*

Under the Companies Law (Revised) of the Cayman Islands, share premium, capital redemption reserve and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium, capital redemption reserve and contributed surplus if:

(i) it is, or after the payment be, unable to pay its liabilities as they become due, or

(ii) the realizable value of its assets would thereby less than the aggregate of its liabilities and its issued share capital account.

The capital reserve of the Group represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through an exchange of shares as at the date of the group reorganization and the waiver of loans by a related party on 1 February 2004.

All the reserves of the Group are attributable to the Company and its subsidiaries.

28 OPERATING LEASE COMMITMENTS

The Group leases its office property, staff quarters and motor vehicles under operating lease arrangements. The lease for property is negotiated for terms from one to four years.

As at 31 December 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office property, staff quarters and motor vehicles as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Within one year	432	2,321
In the second to fifth years, inclusive	566	326
	998	2,647

29 EMPLOYEE SHARE OPTIONS

The Company has a share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) to subscribe for shares in the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company from time to time, excluding for this purpose shares issued on exercise of options. The subscription price will be determined by a duly authorized committee of the Board of Directors which includes all the independent non-executive directors of the Company from time to time. The subscription price will not be less than (a) the closing price of the shares quoted on GEM on the date of offer of the options or (b) the average of the closing prices of the shares quoted on GEM for the five trading days immediately preceding the date of offer of the options, whichever is the higher, provided that the subscription price will not be lower than the nominal value of the shares.

No share options were granted during the year and no share options were outstanding at the beginning and end of the year.

30 DISPOSAL OF SUBSIDIARIES

The Group discontinued its educational content services business operations at the time of disposal of its subsidiaries as set out in note 13. Details of disposal of subsidiaries are as follows:

	2006
	HK$'000
Net assets disposed of:	
Property, plant and equipment	28,659
Land lease premium	7,217
Prepayment, deposits and other receivables	115
Cash and bank balances	62
Accrual and other payables	(796)
Amount due to holding company	(33,991)
Amount due to minority shareholders	(5,638)
Convertible notes	(20,650)
Tax payable	(2,956)
	(27,978)
Release of capital reserve	(9,323)
	(37,301)
Gain on disposal	37,351
Total consideration	50
Satisfied by:	
Cash	50
Net cash inflow arising on disposal:	
Cash consideration	50
Cash and bank balances disposal of	(62)
	(12)

Note: Provision for impairment on amounts due from the disposed subsidiaries of approximately HK$34,593,000 was charged to consolidated income statement during the year.

31 RELATED PARTY TRANSACTIONS

(i) Amount due from related companies included in trade and other receivables is unsecured, non-interest bearing and has no fixed repayment terms.

(ii) Amount due to minority shareholder of a subsidiary, China Collections Limited, included in accruals and other payables, of approximately HK$181,000 (2005: HK$181,000) is unsecured, non-interest bearing and has no fixed repayment terms.

(iii) Amount due to a director is unsecured, non-interest bearing and is not due for repayment within the next twelve months.

(iv) Amount due to ultimate holding company is unsecured, bearing interest at the annual rate of 5% and is not due for repayment within the next twelve months.

(v) Compensation of key management personnel of the Group

During the year, there are two key personnel of the Group being executive directors of the Group. Details of remuneration and related benefits are disclosed in note 11 to the financial statements.

32 SUBSEQUENT EVENTS AND CONTINGENT LIABILITIES

(i) Acquisition of subsidiary

On 8 February 2007, the Company entered into a sale and purchase agreement with Mr. Xie Xuan (the "Vendor") to acquire 100% equity interest in Vega International Group Limited ("Vega"), a company incorporated in the British Virgin Islands with limited liability, for a cash consideration of US$50,000. The Vendor is an Executive Director and Chairman of the Company, and therefore is a connected person of the Company, and as such the transaction is a connected transaction. However the connected transaction is a transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) is equal to or more than 0.1% but less than 2.5% and the total consideration is less than HK$1,000,000.00, thus falling within the de minimis exemption under 20.31(2)(b) of the GEM Listing Rules which was in force at the relevant time and was therefore exempt from the disclosure and independent shareholders' approval requirements.

Vega is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post acquisition advisory and professional management services. Vega has been granted a license to perform the said services in the People's Republic of China and therefore would be of great assistance to the Group in expanding the role of consultancy services in the Greater China Region. The Company is interested in 100% of the entire issued share capital of Vega. The Group considered that the Acquisition represented a good attempt to expand its existing business portfolio into the area of corporate finance and development, and provides opportunities for the Group to expand its existing businesses.

32 SUBSEQUENT EVENTS AND CONTINGENT LIABILITIES *(Continued)*

(ii) Issue of new shares

On 12 February 2007, the Company entered into a subscription agreement with the controlling shareholder of the Company, Asian Dynamics International Limited ("Asian Dynamics") for the issue of 91,000,000 shares in the Company ("the Subscription Shares"), pursuant to which the Company agreed to issue and allot the Subscription Shares to Asian Dynamics at the total consideration of HK$9,100,000.

The Subscription Shares were issued in satisfaction of the loan payable by the Company to Asian Dynamics for monies that have been advanced to the Company totaling HK$9,100,000.00.

Given that Asian Dynamics is the controlling shareholder of the Company holding approximately 55.63% shareholding interest in the Company, the subscription of the Subscription Shares by Asian Dynamics constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the approval of the shareholders of the Company, other than Asian Dynamics and its associates at an extraordinary general meeting. A circular of the Company containing, among other things, further details of the Subscription Agreement and a notice of the extraordinary general meeting was dispatched to the shareholders of the Company on 14 March 2007.

Contingent Liabilities

S.221 of Companies Ordinance Proceeding in the High Court

The Company and several of its subsidiaries and former subsidiaries and a former Director, who has been indemnified by the Company for any legal costs that he may incur in relation to the litigation between the Provisional Liquidators and its subsidiaries, have been involved in litigation with the Provisional Liquidators of Union Resources (Educational Development) Limited ("UR"), a former subsidiary of the Company. The other companies in the group which are involved are:— Asian Information Resources (BVI) Limited, AIR Logistics International Limited, and Beijing AIR Strategy and Information Technology Limited. They have all been made respondents by the Provisional Liquidators in their application for obtaining documents under an application made pursuant to section 221 of the Companies Ordinance.

The said companies contested the application of the Provisional Liquidators but lost in the hearing on 10 August 2006. The Provisional Liquidators have since obtained a costs order against the said companies. They have demanded a sum of HK$1,404,576 from the said companies. The sum demanded was considered to be unreasonable, hence no offer has been made to settle the outstanding costs order. In the circumstances, the issue requires to be adjudicated by the High Court of Hong Kong. Since applying for taxation the Provisional Liquidators have revised their costs estimate and are now demanding the sum of HK$1,108,905.50. The maximum exposure of the Company would be in the sum of HK$1,108,905.50 plus the costs of taxation.

Further action on the S.221 order

Even though the Company and the relevant subsidiaries have already endeavoured to give all documents to the Provisional Liquidators, the Provisional Liquidators have still found the discovery to be unsatisfactory. Consequently, they have threatened to take further action against the Company and its subsidiaries for the outstanding documents that they could not locate or found missing. The Provisional Liquidators have reserved all their rights in relation to the application, including the right to apply to the Court to seek further relief. If the Provisional Liquidators do make further application to the Court, the company envisages that additional legal costs will be incurred by the Company in relation to any application which may be made.

33 OUTSTANDING MATTERS — EVER-OK INTERNATIONAL FORWARDING CO., LTD. (USA)

Following the critical review of all the outside PRC units of Ever-OK International Forwarding Co., Ltd. in December 2006, the Los Angeles branch did not live up to the Company's return expectations and suffered from weak management. A new target was set for management performance and the staff in Los Angeles could not cope with the demands. Accordingly, the Los Angeles office's operation was orderly wound-down during the first quarter of 2007 with minimum impact to the overall operation of the Group. The financial information of the Los Angeles Office of the last quarter did not reach the Group in time for the consolidation of the Group results for the year ended 31 December 2006. However, the unit was initially set up as a complete separate entity registered in the United States and with limited liability to the Group and has been operating under strict budgets and just needed cash availability. The Directors consider that adequate accrued expenditures and financial provisions had been made for providing a true and fair disclosure for the unit.

34 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to confirm with the current year's accounts presentation.

3. FINANCIAL INFORMATION OF THE GROUP FOR NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2006 AND 2007

The following unaudited financial statements of the Group for the nine-month period ended 30 September 2006 and 2007 as extracted from the 2007 third quarterly report of the Company.

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 and nine-month period ended 30 September 2007 together with the comparative figures for the corresponding period in 2006 as follows:

		For the three months ended 30 September		For the nine months ended 30 September	
		2007	2006	2007	2006
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	*2*	42,293	88,659	133,661	210,976
Cost of services		(39,192)	(83,819)	(123,788)	(196,599)
Gross profit		3,101	4,840	9,873	14,377
Other revenue		135	243	55	1,190
Interest income		3	9	17	32
Staff costs		(2,689)	(4,825)	(9,883)	(15,125)
Operating lease rentals		(778)	(993)	(2,716)	(2,679)
Other operating expenses		(1,880)	(2,846)	(6,824)	(7,546)
Depreciation and amortization		(173)	(384)	(638)	(2,241)
Loss from operating activities		(2,281)	(3,956)	(10,116)	(11,992)
Finance costs		(214)	(80)	(569)	(1,288)
Loss before discontinue operation		(2,495)	(4,036)	(10,685)	(13,280)
Discontinue USA branch		—	—	(785)	—
Loss before taxation		(2,495)	(4,036)	(11,470)	(13,280)
Taxation	*3*	—	—	—	—
Loss for the period		(2,495)	(4,036)	(11,470)	(13,280)
Attributable to:					
Equity holders of the Company		(2,495)	(3,856)	(11,470)	(13,269)
Minority interests		—	(180)	—	(11)
		(2,495)	(4,036)	(11,470)	(13,280)
Loss per share — Basic	*4*	(0.44 cents)	(0.81 cents)	(2.15 cents)	(2.79 cents)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2007 and the nine months ended 30 September 2006:

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserves	Convertible notes reserves	Translation Reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2006	47,624	87,707	35,343	3,495	—	(169,572)	4,597	1,530	6,127
Release convertible notes reserves upon maturity			—	3,495	—	—	—	—	(3,495)
Disposal of subsidiaries	—	—	(9,323)	—	—	—	(9,323)	—	(9,323)
Recognition of income of disposed group	—	—	3,483	—	—	—	3,483	—	3,483
Loss for the period	—	—	—	—	—	(13,269)	(13,269)	(11)	(13,280)
As at 30 September 2006	47,624	87,707	29,503	—	—	(179,346)	(14,512)	1,519	(12,993)
As at 1 January 2007	47,624	87,707	26,020	—	(93)	(183,148)	(21,890)	817	(21,073)
Movement of the period	9,100	—	(3,295)	—	(146)	(11,470)	(5,811)	—	(5,811)
As at 30 September 2007	56,724	87,707	22,725	—	(239)	(194,618)	(27,701)	817	(26,884)

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 ("HKICPA"), and accounting principles generally accepted in Hong Kong and the GEM Listing Rules. 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 2006.

2. TURNOVER

The Group's turnover represents the invoiced value of (1) project fees from the provision of project consultancy services; (2) distribution fees from the provision of content information; (3) service fees from the provision of internet solution services; and (4) service fees from the provision of logistic services and excludes intra-Group transactions as follows:

	For the three months ended 30 September		**For the nine months ended 30 September**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Content solution service				
— project fees	51	51	153	153
— distribution fees	191	159	574	574
Internet solution service fees	—	135	13	350
Educational content service fees	—	—	—	22
Logistic service fees	42,051	88,314	132,921	209,877
Total turnover	42,293	86,659	133,661	210,976

3. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong profits tax	—	—	—	—
PRC income tax	—	—	—	—
	—	—	—	—

No Hong Kong profits tax and PRC income tax has been provided for the nine months ended 30 September 2007 as the Group has no assessable profit for the period.

4. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2007 is based on the net loss from ordinary activities attributable to shareholders of approximately HK$2,495,000 (2006: HK$3,856,000) and HK$11,470,000 (2006: HK$13,269,000) and the weighted average number of ordinary shares of approximately 567,237,105 and 533,196,235 respectively (2006: 476,237,000) during the periods.

4. MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to Shareholders

The total turnover of the Group for the year ended 31 December 2004 was approximately HK$209,474,000 (2003: HK$1,144,000) which was substantially increased by 183 times as compared to that of the previous financial year. Such enlargement in turnover was mainly attributable to the inclusion of operating results of the newly acquired logistic service provider specialized in freight forwarding mainly in the PRC, Ever-OK International Forwarding Co. Ltd ("EverOK") and subsidiaries, since February 2004.

During the year ended 31 December 2004, the Group persisted in strengthening its efforts in streamlining its operating costs while preserving its competitiveness in the markets it is involved. The Group's operating costs increased to approximately HK$45,993,000 (2003: HK$18,411,000). The increase was primarily due to the inclusion of the results of the newly acquired logistic service group during the year since February 2004.

The total turnover of the Group for the year ended 31 December 2005 was approximately HK$293,234,000 (2004: HK$209,474,000) which was substantially increased by 1.4 times as compared to that of the previous financial year. This is mainly attributable to the inclusion of one more month of operating results included in the year. Since the Group has completed its acquisition of EverOK in February 2004, there were only 11 months results of which being included in the year 2004.

During the year ended 31 December 2005, the Group persisted in strengthening its efforts in streamlining its operating costs while preserving its competitiveness in the markets it is involved. Because of the increase in volume, the Group's operating costs increased to approximately HK$51,297,000 (2004 (restated): HK$45,986,000).

The total turnover of the Group for the year ended 31 December 2006 was approximately HK$281,532,000 (2005: HK$293,234,000) which was decreased by approximately 4% as compared to that of the previous financial year. The Group's gross profit margin is decreased from 12.6% for the year ended 31 December 2005 to 6.4% for the current year. The decrease in gross profit margin is due to the fact that service providers have increased their costs, while the Group continued to offer competitive prices to its valued customers.

The consolidated loss from operations for the year ended 31 December 2006 was increased by 6.9% to approximately HK$19,136,000 as compared with last year. It was mainly due to the extremely competitive environment which impacted on the operations of the Group.

The total turnover of the Group for the nine months ended 30 September 2007 was approximately HK$133,661,000 (2006: HK$210,976,000) which was decreased by approximately 37% as compared to that of the previous financial year. The Group's gross profit margin is increased from 6.81% for the nine months ended 30 September 2006 to 7.39 % for the current period.

The unaudited consolidated loss from operations for the nine months ended 30 September 2007 was approximately HK$11,470,000 which has decreased by 13.63% compared with the corresponding period last year, HK$13,280,000.

Financial cost

The financial cost of the Group for the year ended 31 December 2006 was approximately HK$1,406,000 (2005: HK$4,313,000) which was decreased by approximately 67% as compared to that of the same period of last year. Such reduction was mainly attributable to the fact that the disposal of Eleson Group reduced the Group's financial cost which resulted from the interest-bearing convertible note relating to Eleson Group.

The financial cost of the Group for the nine months ended 30 September 2007 was approximately HK$569,000 (2006: HK$1,288,000) which was decreased by approximately 56% as compared to that of the same period of last year. Such reduction was mainly attributable to the fact that the disposal of Eleson Group and the repayment of the loan to the ultimate holding company of the Company, Asian Dynamics International Limited reduced the Group's financial cost. The reduction in the financial cost resulted from the disposal of the Company's obligations concerning the interest-bearing convertible note relating to Eleson Group and the repayment of the interest-bearing loan due to the ultimate holding company, which was negotiated in the normal course of business, through the conversion of the loan into new shares in the Company, which was also negotiated in the normal course of business.

Liquidity, financial resources and capital structure

As at 31 December 2004, the Group has cash and bank balances of approximately HK$7,184,000 (2003: HK$14,258,000).

There was no change in the capital structure of the Group as at 31 December 2004 as compared with that as at 31 December 2003.

As at 31 December 2005, the Group had cash and bank balances of approximately HK$7,974,000 (2004: HK$7,184,000).

There was no change in the capital structure of the Group as at 31 December 2005 as compared with that as at 31 December 2004.

As of 31 December 2006, the Group's borrowing consists of a loan from the ultimate holding company of HK$9,100,000. The Group had a cash balance of approximately HK$6,237,000 (2005: HK$7,974,000).

There was no change in the capital structure of the Group as at 31 December 2006 as compared with that as at 31 December 2005.

For the nine months ended 30 September 2007, the Group's borrowing consists of an amount due from the ultimate holding company of HK$10,124,000. The Group had a cash balance of approximately HK$3,841,000 (2006: HK$6,694,000).

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 nine months ended 30 September 2007 has increased from HK$47,624,000 to HK$56,724,000.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2004, the Group completed the acquisition of a 60% effective interest in EverOK from independent third parties. Apart from this, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year.

The Group has no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2005.

On 13 September 2005, the Group entered into a sale and purchase agreement with Beijing Olympics Limited ("Beijing Olympics") pursuant to which 9,600 shares of US$1.00 each in Eleson Inc. ("Eleson") were sold to Beijing Olympics (the "Disposal"). Eleson and its subsidiaries are principally engaged in the cultural exchange services business and the holding of the property in the PRC which comprises a campus at Yanjiao near the outskirts of Beijing comprising a college with a gross site area of 100,000 square metres. The completion of the said Disposal took place on 23 May 2006.

Gearing Ratio

As at 31 December 2004, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 35% (2003: 69%).

As at 31 December 2005, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 25% (2004 (restated): 23%).

As at 31 December 2006, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 24% (2005: 25%).

For the nine months ended 30 September 2007, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 33% (2006: 19%).

Employee and remuneration policies

As at 31 December 2004, the Group employed a total of 237 employees (as at 31 December 2003: 39 employees), of which 22 were located in Hong Kong and the USA and the remaining 215 were located in the PRC.

As at 31 December 2005, the Group employed a total of 296 employees (as at 31 December 2004: 237 employees), of which 34 were located in Hong Kong and the USA and the remaining 262 were located in the PRC.

As at 31 December 2006, the Group employed a total of 246 employees (2005: 296 employees), of which 26 were located in Hong Kong and the USA and the remaining 220 were located in the PRC.

For the nine months ended 30 September 2007, the Group employed a total of 185 employees (as at 30 September 2006: 257), of which 8 were located in Hong Kong and the remaining 177 were located in the PRC.

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.

Issue of New Shares

On 5 September 2007, the Company entered into subscription agreements whereby it agreed to issue 25,014,820, 35,860,262, and 11,223,231 shares to United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited respectively at the issue price of HK$0.229 per Share. The Company entered into the subscription agreements as a means to capitalizing loans that were owed to the respective Companies, which will incur the benefits to the Company of being able to repay the outstanding loans without drawing on the working capital of the Company. The Shareholders of the Company approved the issue and allotment of the Subscription Shares at an extraordinary general meeting held on 4 October 2007. The Subscription Shares have been issued and allotted, and the effect of such allotment will be reflected in the 2007 Annual Report of the Company.

Grant of Options

On 5 September 2007, the Company entered into agreements with United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited whereby the Company agreed to grant 33,946,039, 48,663,704, and 15,230,300 options respectively, with the rights to require, at any time during the option period of four years, the Company to issue and allot one option share upon the exercise of each option at the exercise price of HK$0.275 per Option. The Shareholders of the Company approved the granting of the options, and the issue and allotment of the option shares at an extraordinary general meeting held on 4 October 2007. The shareholding structure of the Company will not be affected until such time as the option holders decide to exercise their options.

OPERATIONAL REVIEW

The Board is in the process of reviewing all the operations of the Group to ensure that the returns from those operations can be justified. The Board intends to dispose of all non-profitable operations within the Group. Furthermore, the Board will strive to reduce the operating costs of the Group.

Furthermore the Company is in the process of consolidating its core business of logistics services, and is constantly reviewing the return from this business to the Group. The Company has experienced severe competition in this division of its business, and has had to reassess the entire logistics business. The Company wishes to avoid overtrading in this particular area, and to this extent, is reviewing the turnover that can be achieved from the business and is aiming towards achieving profitability from all the divisions within the Group.

Performance of operating divisions

Logistic Services

Considering the importance of the business and the issues encountered by the Group last year in respect of the logistic operations, the management has put much effort to improving the operation and control through branches and subsidiaries. The effort includes but is not limited to increasing marketing efforts, widening, improving efficiency of our logistics services including freight forwarding services and keeping tighter control on the accounting records. The turnover of this operation decreased by approximately 37% compared to that of the previous period. This was mainly due to the fact that the Group experienced an extremely competitive environment in the PRC and that the Group closed down the non-profitable activities and branches of EverOk International Forwarding Company Ltd which impacted on the turnover and gross profits of the logistics operations.

Furthermore, on 19 June 2007, the Water Carriage Division of the Ministry of Communication of the People's Republic of China (the MOC) issued a notice to all international liner service operators, demanding the enforcement of the "Regulations of the People's Republic of China on International Maritime Transportation", which required that 1. when concluding agreements on negotiated rates with NVOCCs (Non-Vessel Operating Common Carriers), international liner service operators shall make sure that such NVOCCs have registered their bills of lading and paid the required surety bond in accordance with the provisions of these regulations; and 2. an operator of international shipping services shall not accept cargo or containers from a NVOCC who fails to register its bill of lading and deposit the surety bond. The management considers it will have a negative impact on the logistic services business of the Company in the coming half year as a result of higher costs and additional demand for working capital. The Board is presently observing and reviewing the overall effects of such directives in the industry as a whole and make appropriate management decisions to safe-guard the operations of the subsidiary and maintain a viable operational environment for future business pursuits. Further announcement will be made after thorough assessment.

Information Technology

Over the past few years the information technology ("IT") division of the Group has only been able to contribute no more than HK$1 million in each financial year to the turnover of the Group. As a result the Company does not foresee any further opportunities for growth in the IT division of the Group, and so therefore the management of the Company has decided to close the web-hosting and web-design portions of the Group's IT division.

From the end of 2006, the Company has steadily decreased its IT division in an effort to reallocate the resources devoted to the IT division to more profitable areas of the Company's operations and in an attempt to cutout the lower revenue generating area of the IT division. The Company will maintain an IT Division, however it will be on a more reduced scale. This will allow the Company to reallocate the Company's resources to other areas of its existing operations, as well as new areas of development including project management and consulting, which the Company wishes to pursue in the forthcoming periods. Nevertheless, with the strength of the knowledge in the technology platform which the Group has accumulated and the Group's investment in this area since listing, the Company's cumulated data bank and the intangible technical knowledge can be readily applied to the internet protocol platform presently required.

Financial Consultancy

Following the Group's process of developing new business to that of financial consultancy. With the acquisition of Vega International Group Limited ("Vega") the Group is continuous in the process of negotiating a number of contracts for the provision of financial consultancy services by Vega with companies in the southern China region. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division performance as it progresses.

5. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding finance lease creditor of approximately HK$36,000 payable not later than one year. Save as aforesaid and apart from intra-group liabilities, no member of the Group had any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar guarantees or other material contingent liabilities. The Directors have confirmed that, save as disclosed above, there are no material changes in the indebtedness and contingent liabilities of the Group since 31 January 2008 up to the latest practicable date.

6. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, the Enlarged Group will, following the Completion and taking into account the present internal financial resources, have sufficient working capital for its requirement in next 12 months from the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date of which the latest audited financial statements of the Group were made up.

8. BUSINESS PROSPECTS

Trend of business of the Group

The Directors have been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. The Board has considered the factors as stated under "operation review" in this Appendix, including but not limited to the Group's existing investments in the logistics services and information technology sectors, and the returns that are currently achieved therefrom. The Board has reviewed the terms of the Agreement and is satisfied that the proposed Acquisition is in line with its existing information technology platform and will provide a basis for the expansion of this platform in the area of the provision of internet portal television services to the southern China region. The Acquisition presents an exciting opportunity for the Group to expand its existing business structure and to provide an opportunity to enlarge the revenue base of the Group.

Trading and financial prospects of the Enlarged Group

The Target is going to use D & P (download & play) technology together with international recognized DRM (digital right management) system to broadcast transmission mode to provide home users audio and video on-demand download services and other online services. Such services not only statisty customers' increasing demand for high-definition audio and video output without high requirement on bandwidth, it also match with content providers' need for copyright protection. It can be said that such services is brand new in the PRC.

The services providing an interactive multimedia business, it integrates the three major sectors of telecommunications, broadcasting and home networks. It will achieve a change from a single to multi-service business and a single media to a multimedia service. We believe that it truly help the rapid development of hi-tech home information appliances, the new business chain will create new profit growth for the Group.

The following is the text of accountants' report on the Target prepared for the sole purpose of inclusion in the circular of the Company dated 28 February 2008 in relation to the Acquisition.

PATRICK NG & COMPANY

Certified Public Accountants

28 February 2008

The Directors
Asian Capital Resources (Holdings) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the "Financial Information") of Guangzhou Wavecom Communication and Advertising Limited (the "Target"), for each of the three years ended 31 December 2005, 2006 and 2007 (together the "Relevant Periods"), including the balance sheets as at 31 December 2005, 2006 and 2007, the income statements, statements of changes in equity and cash flow statements for the Relevant Periods, and notes thereto, for inclusion in the circular of Asian Capital Resources (Holdings) Limited dated 28 February 2008 (the "Circular") in connection with the proposed acquisition of 100% of the equity interest in the Target.

The Target was incorporated in the People's Republic of China (the "PRC") in accordance with the laws of PRC on 4 September 1993. The Target was principally engaged in acting as advertising agent during the Relevant Periods.

The directors of the Target have prepared the financial statements of the Target for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have audited the financial statements of the Target for the Relevant Periods in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

DIRECTORS' RESPONSIBILITIES

The directors of the Target are responsible for the preparation and true and fair presentation of the financial statements of the Target in accordance with HKFRSs issued by the HKICPA. The directors of the Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementation and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements and the preparation and true and fair presentation of the Financial Information that are free from material misstatement, whether due to fraud and errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

For the Financial Information for the Relevant Periods, our responsibility is to express an opinion on the Financial Information based on our examination and to report our opinion to you. We examined that the financial statements of the Target for the Relevant Periods used in preparing the Financial Information, and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Target as at 31 December 2005, 2006, and 2007 and of the results and cash flows of the Target for the Relevant Periods.

A. FINANCIAL INFORMATION

INCOME STATEMENTS

		Year ended 31 December		
		2005	**2006**	**2007**
	Note(s)	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	*5*	2,170	2,128	2,392
Direct costs		(337)	(1,286)	(738)
Gross profit		1,833	842	1,654
Other revenue	*5*	2	2	7
Selling and distribution expenses		(122)	(125)	(551)
Administrative and other operating expenses		(1,479)	(1,459)	(1,244)
Profit/(loss) from operations	*6*	234	(740)	(134)
Finance costs	*8*	(2)	(1)	(4)
Profit/(loss) before tax		232	(741)	(138)
Income tax expense	*9*	(77)	—	—
Profit/(loss) for the year		155	(741)	(138)

BALANCE SHEETS

		As at 31 December		
		2005	**2006**	**2007**
	Note(s)	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*10*	559	505	345
CURRENT ASSETS				
Trade and other receivables	*11*	3,640	3,836	8,798
Cash and balance balances		54	17	37
		3,694	3,853	8,835
CURRENT LIABILITIES				
Trade and other payables	*12*	6,471	7,349	12,309
Amount due to a director	*13*	30	25	25
Tax payable		77	50	50
		6,578	7,424	12,384
NET CURRENT LIABILITIES		(2,884)	(3,571)	(3,549)
NET LIABILITIES		(2,325)	(3,066)	(3,204)
CAPITAL AND RESERVES				
Share capital	*14*	500	500	500
Accumulated losses		(2,825)	(3,566)	(3,704)
TOTAL DEFICIT		(2,325)	(3,066)	(3,204)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2005	500	(2,980)	(2,480)
Profit for the year	—	155	155
At 31 December 2005 and at 1 January 2006	500	(2,825)	(2,325)
Loss for the year	—	(741)	(741)
At 31 December 2006 and at 1 January 2007	500	(3,566)	(3,066)
Loss for the year	—	(138)	(138)
At 31 December 2007	500	(3,704)	(3,204)

CASH FLOW STATEMENTS

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	232	(741)	(138)
Adjustments for:			
Bank interest received	(2)	(2)	(7)
Depreciation	180	184	184
Operating profit/(loss) before working capital changes	410	(559)	39
Increase in trade and other receivables	(1,140)	(196)	(4,962)
Increase in trade and other payables	813	878	4,960
Decrease in amount due to a director	(375)	(5)	—
Cash generated from/(used in) operations	(292)	118	37
Income tax paid	—	(27)	—
Net cash generated from/(used in) operating activities	(292)	91	37
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received	2	2	7
Purchase of property, plant and equipment	(609)	(130)	(24)
Net cash used in investing activities	(607)	(128)	(17)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(899)	(37)	20
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	953	54	17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	54	17	37
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	54	17	37

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Target is a limited company incorporated in the PRC and its registered office is 廣州越秀區環市中路207號永怡大廈付樓第三號. The principal activity of the Target is acting as advertising agent.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

a. Judgements

In the process of applying the Target's accounting policies, management has made the following judgements, apart from those involving estimations as discussed below, which have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Target has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Change in the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test.

(ii) Income taxes

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all or the deferred tax assets will ultimately be realized, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and charged to the income statement.

2. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(Continued)*

b. Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the Target's assets and liabilities within the next financial year are discussed below.

(i) Impairment test of assets

The Target determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Target to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Income taxes

The Target reviews the carrying amount of deferred tax assets at each balance sheet date and reduces the amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. This requires an estimation of the future taxable profits. Estimating the future taxable profits requires the Target to make an estimate of the expected future earnings from the Target and also to choose a suitable discount rate in order to calculate the present value of the earnings.

(iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Target assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year the estimate is changed and the future period.

3. **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

a. Going concern basis

The directors of Target have considered with due care of the current financial position of Target and prepared the financial statements of Target on a going concern basis because all shareholders of Target have agreed to provide adequate funds to the company to meet its liabilities as they fall due..

b. Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

3. **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

c. Basis of preparation

The measurement base adopted is the historical cost convention.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has had no material effect on how the results of the company for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The company has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the company.

HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS2 — Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

d. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particulars economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Segment assets consist primarily of property, plant and equipment, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation, deferred taxation.

In respect of geographical segments reporting, turnover are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

e. Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Target and when the revenue can be measured reliably, on the following basis:—

(i) advertising income, net of expense, is recognised when the services are provided;

(ii) broadcasting advertising income, net of expense, is recognised upon the broadcast of advertisements; and

(iii) interest income is accrued on time proportion basis by reference to the principal amounts outstanding and the interest rates applicable.

3. **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

f. Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realized. Deferred tax assets and liabilities are not discounted. The carrying amount of deferred tax assets/liabilities is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Target has the legally enforceable right to set off current tax assets against current tax liabilities. The principle of offsetting usually applies to income tax levied by the same tax authority on same taxable entity.

(v) From the interest income, on a time basis by reference to the principal outstanding and at the interest rate applicable.

g. Impairment

At each balance sheet date, the Target reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual assets, the Target estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g. Impairment *(Continued)*

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under the accounting standard.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairments losses. The cost of assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvement	:	20%
Furniture and fixtures	:	20%
Computer	:	33%
Motor vehicles	:	33%

The gain or loss on disposal or retirement of a property, plant and equipment recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

i. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for the bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target's cash management. For the purpose of the balance sheet, cash equivalents represents cash on hand and at banks, and assets similar in nature to cash which are not restricted as to use.

k. Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l. Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

m. Related parties

A party, which may be individual or corporate entity, is considered to be related to the Target if:—

(i) directly, or indirectly through one or more intermediaries, the party:

(1) controls, is controlled by, or is under common control with, the Target;

(2) has an interest in the Target that gives it significant influence over the Target; or

(3) has joint control over the Target.

(ii) the party is a jointly-controlled entity;

(iii) the party is an associate;

(iv) the party is a member of the key management personnel of the Target or its partner;

(v) the party is a close member of the family of any individual referred in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Target, or of any entity that is a related party of the Target.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n. Employee benefits

The Target participates in defined contribution retirement schemes organized by the relevant local government authorities in the PRC. Each employee covered by these schemes is entitled, after retirement from the Target, to a pension as of their retirement dates. The local government authorities are responsible for the pension liabilities to these retired employees. The Target is required to make monthly contributions to the retirement scheme at a rate of 28% base on the eligible employees’ salaries.

o. Provisions and contingent liabilities

Provisions are recognised when the Target has a legal or constructive present obligation arising as a result of a past event, and it is probable that an outflow of economic benefits of the Target will be required to settle that obligation and reliable estimate can be made. Provisions are measured at the directors’ best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SEGMENT REPORTING

a. Business segments

No business segment information of the Target is presented as the Target’s major operation during the Relevant Periods was acting as advertising agent.

b. Geographical segments

No geographical segment information of the Target is presented as the Target’s major operation, revenue by geographical market and assets during the Relevant Periods were located in PRC.

5. TURNOVER AND OTHER REVENUE

Turnover represents revenue from advertising agent fees received and receivable during the year.

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB’000	*RMB’000*	*RMB’000*
Turnover			
Advertising agent fees received	2,170	2,128	2,392
Other revenue			
Bank interest received	2	2	7
	2,172	2,130	2,399

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging:—

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Audit fee	—	—	—
Depreciation	180	184	184
Staff costs	856	845	684

7. DIRECTORS' EMOLUMENTS

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Fees	—	—	—
Other emoluments	12	12	12
	12	12	12

8. FINANCE COSTS

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Bank charges	2	1	4

9. INCOME TAX EXPENSE

For the Relevant Periods, the corporate income tax in PRC has been provided in the financial statements at the rate of 33%.

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Current tax charges:—			
PRC income tax	77	—	—

The tax charges for the year can be reconciled to the profit/(loss) before tax per income statement as follows:—

	Year ended 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before tax	232	(741)	(138)
Taxation at the rate of 33%	77	(245)	(46)
Tax effect of tax losses not recognised	—	245	46
Tax expense for the year	77	—	—

Deferred tax has not been provided in the financial statements as there is no material temporary difference which would result in a liability or an asset being payable or receivable in the foreseeable future.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *RMB'000*	Furniture & fixtures *RMB'000*	Computer *RMB'000*	Motor vehicle *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2005	—	141	164	—	305
Additions	580	26	3	—	609
At 31 December 2005 and at 1 January 2006	580	167	167	—	914
Additions	70	12	48	—	130
At 31 December 2006 and at 1 January 2007	650	179	215	—	1,044
Additions	—	—	4	20	24
As at 31 December 2007	650	179	219	20	1,068
Accumulated depreciation and impairment losses:					
At 1 January 2005	—	85	90	—	175
Charge for the year	116	20	44	—	180
At 31 December 2005 and at 1 January 2006	116	105	134	—	355
Charge for the year	130	20	34	—	184
At 31 December 2006 and at 1 January 2007	246	125	168	—	539
Charge for the year	130	22	25	7	184
As at 31 December 2007	376	147	193	7	723
Net carrying amount:					
As at 31 December 2005	464	62	33	—	559
As at 31 December 2006	404	54	47	—	505
As at 31 December 2007	274	32	26	13	345

11. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	885	945	4,283
Other receivables, deposits and prepayments	2,755	2,891	4,515
	3,640	3,836	8,798

An ageing analysis of the trade receivables of the company as at the balance sheet date is as follows:—

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Outstanding balances aged:			
0 to 30 days	—	—	845
31 to 60 days	—	60	1,059
61 to 90 days	—	—	347
91 to 150 days	800	—	1,274
Over 150 days	85	885	758
	885	945	4,283

12. TRADE AND OTHER PAYABLES

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	—	—	610
Other payables and accrued charges	6,471	7,349	11,699
	6,471	7,349	12,309

An ageing analysis of the trade payables of the company as at the balance sheet date is as follows:—

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Outstanding balances aged:			
0 to 30 days	—	—	125
31 to 60 days	—	—	208
61 to 90 days	—	—	35
91 to 150 days	—	—	123
Over 150 days	—	—	119
	—	—	610

13. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, non-interest bearing and has no fixed repayment terms.

14. SHARE CAPITAL

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Authorised, issued and fully paid:—			
500,000 shares of RMB1 each	500	500	500

15. CAPITAL COMMITMENT

As at 31 December 2007, the company had outstanding commitment of approximately RMB21,000,000 in connection with the acquisition of 55% equity interest in South Pearl Limited (南方明珠網絡科技有限公司), a limited company in the PRC (Years ended 31 December 2005 and 2006: Nil).

16. LEASE COMMITMENT

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases were:—

	As at 31 December		
	2005	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	67	39	39
Later than one year and not later than five years	39	—	—
	106	39	39

17. FINANCIAL RISK MANAGEMENT

The Target is exposed to a variety of financial risks which result from both its operating and investment activities. The board of directors and management meets periodically to analyse and formulate strategies to manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. Generally, the Target introduces conservative strategies on its risk management. As the Target's exposure to these risks is kept to a minimum, the Target has not used any derivatives or other instruments for hedging purposes.

The Target's major financial instruments include cash and bank balances, trade and other receivables, trade and other payables and loans from related parties. Details of these financial instruments are disclosed in respective notes. The main risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

17. FINANCIAL RISK MANAGEMENT *(Continued)*

a. Credit risk

The carrying amount of trade and other receivables included in the balance sheet represents the Target's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

In order to minimize the credit risk, the management of the Target has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The management has also delegated personnel responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Target reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target consider that the Target's credit risk is significantly reduced. The Target has no concentration of credit risk.

b. Liquidity risk

The Target's policy is to regularly monitor current and expected liquidity requirements and also to ensure that it maintains sufficient reserves of cash and adequate committed line of funding from shareholders to meet its liquidity requirements in the short and long term.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Target in respect of any period subsequent to 31 December 2007.

Yours faithfully,

PATRICK NG & COMPANY
Certified Public Accountants

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Patrick Ng & Company, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix to this circular.

PATRICK NG & COMPANY

Certified Public Accountants

28 February 2008

The Directors
Asian Capital Resources (Holdings) Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Asian Capital Resources (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how (i) the proposed acquisition of 100% of the equity interest of Guangzhou Wavecom Communication and Advertising Limited (the "Target") by the Group (the "Acquisition") and (ii) the Acquisition might have affected the relevant financial information in respect of the Group for inclusion in Appendix III to the circular of the Company dated 28 February 2008 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages III-3 to III-4 the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules (GEM)") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by Rule 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited pro forma financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 7.31(1) of the Listing Rules (GEM).

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group as at 31 December 2006 or at any future dates; or

— the financial results and cash flows of the Group for the year ended 31 December 2006 or for any future periods.

Opinion

In our opinion:

(a) the accompanying unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 7.31(1) of the Listing Rules (GEM).

Yours faithfully,

PATRICK NG & COMPANY
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. Introduction

1. Unaudited Pro Forma Balance Sheet of the Enlarged Group

The unaudited pro forma balance sheet of the Enlarged Group was prepared to demonstrate the effect of the Acquisition on the consolidated balance sheet of the Group as if the Acquisition had been completed as at 31 December 2006 based on:

(i) the audited consolidated balance sheet of the Group as at 31 December 2006 extracted from its annual report for the year ended 31 December 2006;

(ii) the audited consolidated balance sheet of the Target as at 31 December 2007 extracted from its accountants' report, as set out in Appendix II to this circular; and

(iii) the pro forma adjustments relating to the Acquisition that are (a) directly attributable to the transaction and (b) factually supportable, as set out in the accompanying notes.

The unaudited pro forma balance sheet has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group at any future date.

2. Unaudited Pro Forma Income Statement of the Enlarged Group

The unaudited pro forma income statement of the Enlarged Group was prepared to demonstrate the effect of the Acquisition on the consolidated income statement of the Group as if the Acquisition had been completed as at 1 January 2006 based on:

(i) the audited consolidated income statement of the Group for the year ended 31 December 2006 extracted from its financial information, as set out in Appendix I to this circular;

(ii) the audited consolidated income statement of the Target for the year ended 31 December 2007 extracted from its financial information, as set out in Appendix II to this circular; and

(iii) the pro forma adjustments relating to the Acquisition that are (a) directly attributable to the transaction and (b) factually supportable, as set out in the accompanying notes.

The unaudited pro forma income statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Enlarged Group for any future financial periods.

3. *Unaudited Pro Forma Cash Flow Statement of the Enlarged Group*

The unaudited pro forma cash flow statement of the Enlarged Group was prepared to demonstrate the effect of the Acquisition on the consolidated cash flow statement of the Group as if the Acquisition had been completed as at 1 January 2006 based on:

(i) the audited consolidated cash flow statement of the Group for the year ended 31 December 2006 extracted from its financial information, as set out in Appendix I to this circular;

(ii) the audited consolidated cash flow statement of the Target for the year ended 31 December 2007 extracted from its financial information, as set out in Appendix II to this circular; and

(iii) the pro forma adjustments relating to the Acquisition that are (a) directly attributable to the transaction and (b) factually supportable, as set out in the accompanying notes.

The unaudited pro forma cash flow statement has been prepared for illustrative purposes only and because of the nature, it may not give a true picture of the cash flows of the Enlarged Group for any future financial periods.

B. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

	The Group	GWCAL								
	Audited consolidated balance sheet as at 31 December 2006	Audited balance sheet as at 31 December 2007	Note (1)		Pro forma adjustments Note (2)		Note (3)	Note (4)	Unaudited pro forma balance sheet of the Enlarged group
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*		*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets									
Property, plant and equipment	1,487	362	—		—		—	—	1,849
Development costs	88	—	—		—		—	—	88
Investment in subsidiary	—	—	157,000		(157,000)		—	—	—
Goodwill	—	—	—		57,464		—	—	57,464
Intangible assets	—	—	—		102,900		—	—	102,900
	1,575	362	157,000		3,364		—	—	162,301
Current assets									
Trade and other receivables	30,534	9,238	—		—		—	—	39,772
Cash and bank balances	6,237	38	—		—		—	(1,575)	4,700
	36,771	9,276	—		—		—	(1,575)	44,472
Current liabilities									
Trade and other payables	38,761	12,924	—		—		26	—	51,711
Amount due to a director	—	26	—		—		(26)	—	—
Obligations under finance lease	47	—	—		—		—	—	47
Tax payable	—	52	—		—		—	—	52
	38,808	13,002	—		—		—	—	51,810
Net current liabilities	(2,037)	(3,726)	—		—		—	(1,575)	(7,338)
Total assets less current liabilities	(462)	(3,364)	157,000		3,364		—	(1,575)	154,963
Non-current liabilities									
Convertible notes	—	—	(58,019)	b	—		—	—	(58,019)
Other payables	(4,796)	—	—		—		—	—	(4,796)
Obligations under finance lease	(40)	—	—		—		—	—	(40)
Amount due to a director	(5,503)	—	—		—		—	—	(5,503)
Amount due to ultimate holding company	(10,272)	—	—		—		—	—	(10,272)
Total non-current liabilities	(20,611)	—	(58,019)		—		—	—	(78,630)
Net assets/(liabilities)	(21,073)	(3,364)	98,981		3,364		—	(1,575)	76,333
Capital and reserves									
Share capital	47,624	525	32,408	a(i)	(525)		—	—	80,032
Reserves	(69,514)	(3,889)	38,242	a(ii)	3,889		—	(1,575)	(4,516)
			28,331	b					
Equity attributable to shareholders of the company	(21,890)	(3,364)	98,981		3,364		—	(1,575)	75,516
Minority interests	817	—	—		—		—	—	817
Total equity/(deficit)	(21,073)	(3,364)	98,981		3,364		—	(1,575)	76,333

C. UNAUDITED PRO FORMA INCOME STATEMENT OF THE ENLARGED GROUP

	The Group	GWCAL			
	Audited consolidated income statement for the year ended 31 December 2006	**Audited income statement for the year ended 31 December 2007**	**Pro forma combined**	**Pro forma adjustments** *Note (4)*	**Unaudited pro forma income statement of the Enlarged group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Turnover	281,510	2,512	284,022	—	284,022
Cost of services	(263,526)	(775)	(264,301)	—	(264,301)
Gross profit	17,984	1,737	19,721	—	19,721
Other revenue	2,028	7	2,035	—	2,035
Selling and distribution expenses	—	(579)	(579)	—	(579)
Administrative expenses	(37,988)	(1,306)	(39,294)	(1,575)	(40,869)
Other operating expenses	(201)	—	(201)	—	(201)
Loss from operations	(18,177)	(141)	(18,318)	(1,575)	(19,893)
Finance costs	(210)	(4)	(214)	—	(214)
Provision for impairment on other receivables	(34,593)	—	(34,593)	—	(34,593)
Loss before income tax expense	(52,980)	(145)	(53,125)	(1,575)	(54,700)
Income tax expense	—	—	—	—	—
Loss for the year from continuing operations	(52,980)	(145)	(53,125)	(1,575)	(54,700)
Discontinued operations					
Profit for the year from discontinued operations	35,196	—	35,196	—	35,196
Loss for the year	(17,784)	(145)	(17,929)	(1,575)	(19,504)
Attributable to:					
Equity holders of the company	(17,071)	(145)	(17,216)	(1,575)	(18,791)
Minority interests	(713)	—	(713)	—	(713)
	(17,784)	(145)	(17,929)	(1,575)	(19,504)

D. UNAUDITED PRO FORMA CASH FLOW STATEMENT OF THE ENLARGED GROUP

	The Group	GWCAL			
	Audited consolidated cash flow statement for the year ended 31 December 2006	**Audited cash flow statement for the year ended 31 December 2007**	**Pro-forma combined**	**Pro forma adjustments** *(note 4)*	**Unaudited pro forma cash flow statement of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net cash inflow/(outflow) from operating activities	(13,912)	39	(13,873)	(1,575)	(15,448)
Net cash outflow from investing activities	(220)	(18)	(238)	—	(238)
Net cash inflow from financing activities	12,395	—	12,395	—	12,395
Net decrease in cash and cash equivalents	(1,737)	(21)	(1,716)	(1,575)	(3,291)
Cash and cash equivalents at the beginning of the year	7,974	17	7,991	—	7,991
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,237	38	6,275	(1,575)	4,700
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	6,237	38	6,275	(1,575)	4,700

E. NOTES

1. This adjustment represents the acquisition of 100% of the equity interest of Target for consideration of HK$157 million satisfied as follows:

   (a) issue of 324,082,569 new shares at HK$0.218 per share of which i) the total par value is HK$32,408,257 and ii) the total share premium is HK$38,241,743; and

   (b) issue in aggregate of HK$86,350,000 of zero-coupon convertible notes convertible at HK$0.218 per share with 24-month maturity. The approximate amount of the liability component and equity component of the zero-coupon convertible notes are HK$58,019,000 and HK$28,331,000 respectively. The liability component is determined using the "split accounting" approach in accordance with the Hong Kong Accounting Standard 32. The total proceeds of zero-coupon convertible notes are discounted at the interest rate (with reference to yield to maturity rates of bonds issued by CCC graded corporations ranked by Fitch Ratings) of 22% for discount period of two years. The interest rate adopted had also been applied to discount the financial instrument issued by the Group in the past.

2. This adjustment represents the goodwill arising on acquisition of Target by the Group, being the difference between i) the total purchase consideration for 100% of equity interest of Target of HK$157 million and ii) 100% of the consolidated net liabilities of Target as at 31 December 2007 of approximately HK$3,364,000 and the valuation of internet protocol television licences of RMB98,000,000 (equivalent to approximately HK$102,900,000) as at 31 December 2007 as per the valuation report in Appendix IV to this circular, amounting to approximately HK$57,464,000.

3. This adjustment represents the reclassification of balances under the Enlarged Group.

4. This adjustment represents the estimated expenses of approximately HK$1,575,000 related to the acquisition of Target.

The following is the text of a letter prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2007 of the market value of Guangzhou Wavecom Communication and Advertising Limited.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 11-18, 31/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心3111-18室
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28 February 2008

The Directors
Asian Capital Resources (Holdings) Limited
Suite 1101 Wing On Plaza
No. 62 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

INSTRUCTIONS

We refer to the instructions from Asian Capital Resources (Holdings) Limited (referred to as the "Company") for us to provide our opinion on the market value of a 100% equity interest in Guangzhou Wavecom Communication and Advertising Limited (referred to as the "Target") after acquiring South Pearl Limited (referred to as "South Pearl"), which has been granted the internet protocol television licenses, as at 31 December 2007 (referred to as the "date of valuation").

This report describes the background of the Target and the basis of valuation and assumptions. It also explains the valuation methodology utilized and presents our conclusion of value.

PURPOSE OF VALUATION

We understand that the purpose of our valuation is to express an independent opinion on the market value of the Target as at 31 December 2007 in connection with the acquisition of the Target by the Company.

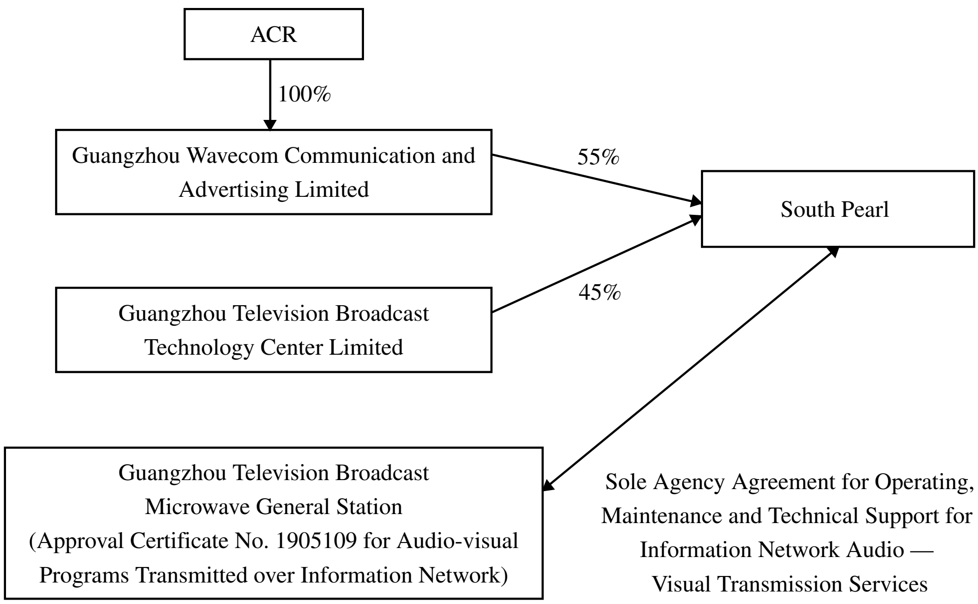
BASIS OF VALUATION

Our valuation was carried out on the basis of market value. Market value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

BACKGROUND OF THE TARGET

The Target, an advertising agent company, will hold a 55% equity interest in South Pearl after the acquisition. The Target will cooperate with Guangzhou Television Broadcast Technology Center Limited in order to facilitate access to Guangzhou television program resources.

As South Pearl has been granted the internet protocol television licenses, South Pearl will be principally engaged in the internet protocol television industry as an operator and content provider.



BRIEF INDUSTRY OVERVIEW

China is the world's largest telecom market by population, and it is well on its way to become one of the largest by revenue as well. As is the case with telecom operators worldwide, China's fixed-line operators see IPTV as a highly profitable and desirable service.

China's largest telecom operators and broadcast/cable TV providers are now gearing up to deploy products and technologies that will deliver IPTV service in key markets nationwide, creating a potentially huge opportunity for IPTV technology suppliers to tap into one of the world's largest and fastest-growing broadband markets.

Presently, the IPTV market in China is still in its development stage, meaning that although network operators are making some technology choices now, there are still plenty of unresolved issues to be settled before IPTV becomes a major commercial force in China.

SOURCE OF INFORMATION

For the purpose of our valuation, we were furnished with the financial and operational data related to the Target, which were given by the senior management of the Company.

The valuation of the Target requires consideration of all pertinent factors affecting the economic benefits of the Target and its abilities to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- The business nature of the Target;
- The financial information of the Target;
- The specific economic environment and competition for the market in which the Target operates;
- Market-derived investment returns of entities engaged in similar lines of business; and
- The financial and business risks of the Target, including the continuity of income and the projected future results.

VALUATION ASSUMPTIONS

In the course of our valuation of the Target, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the senior management of the Company:

- Obtained all relevant operational and financial information of the Target;
- Performed market research and obtained statistical figures from public sources;
- Examined all relevant bases and assumptions of both the financial and operational information of the Target, which were provided by the senior management of the Company;
- Prepared a business financial model to derive the indicated value of the Target; and
- Presented all relevant information on the background of the Target, valuation methodology, source of information, scope of works, major assumptions, comments and our conclusion of value in this report.

VALUATION METHODOLOGY

Three generally accepted valuation methodologies have been considered in valuing the Target. They are the market approach, the cost approach and the income approach.

The market approach provides indications of value by comparing the subject to similar businesses, business ownership interests, and securities that have been sold in the market.

The cost approach provides indications of value by studying the amounts required to recreate the business for which a value conclusion is desired. This approach seeks to measure the economic benefits of ownership by quantifying the amount of fund that would be required to replace the future service capability of the business.

The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits from the same or a substantially similar business with a similar risk profile.

We have considered that the income approach is not appropriate to value the Target, as there are insufficient historical and forecasted financial data of the Target. The cost approach is also regarded inadequate in this valuation, as this approach does not take future growth potential of the Target into consideration. Thus, we have determined that the market approach is the most appropriate valuation approach for this valuation.

During the valuation, we have selected eight listed companies, which are the complete list of companies listed in developed countries including Hong Kong, Japan or South Korea and are classified under the cable TV category in Bloomberg, of which businesses were to operate cable television broadcasting services, which were similar to that of the Target and determined their price multiples including "price to sales", "price to earnings" and "price to book value". Then we have applied those price multiples to the related financial data of the Target and determined our concluded value of the Target.

The eight selected comparable companies are listed in the following:

Company	**Market**	**Price to Sales**
I-Cable Communications Limited	Hong Kong	1.260240
Jupiter Telecommunications Co., Ltd.	Japan	2.953041
Wowow Inc.	Japan	0.464583
Starcat Cable Network Co., Ltd	Japan	0.674593
Qrix Communications Inc.	South Korea	3.516520
Dongjak Cable & Communications, Inc.	South Korea	2.521186
Korea Cable TV Chung-buk System Co., Ltd.	South Korea	2.888200
Tbroad Hanvit Broadcasting Co., Ltd.	South Korea	3.025977
Median:		**2.704693**

Since the existing book value and the profit of the Target as at the date of valuation have not taken into consideration the acquisition of South Pearl, which in turn the internet protocol television licenses and the related business, we have determined that "price to sales" be the most appropriate price multiple to estimate our concluded value based on the annual projected sales of RMB735.972 million five years from now, which was projected from the data provided by the senior management of the Company including basic subscription fee, channel subscription fee, receiver rental fee and advertising revenues. The annual projected sales five years from now was adopted because the television operation business of the Target is still at an early stage and we considered the growth of the business would be stable five years from now. The "price to sales" multiple that we have adopted is 2.704693, being the median "price to sales" multiple of the eight comparable companies listed above. The calculated value based on the "price to sales" multiple is then discounted back to the date of valuation with a calculated discount rate.

The discount rate is the sum of the risk-free rate and a related beta times the market risk premium. We have adopted the yield rate of the 10-year Chinese government bond as at the date of valuation as the risk-free rate, which was 4.46%. The beta has been determined as the average of betas of the eight selected comparable companies, which was 0.798. Besides, the market risk premium adopted was 8.77%, which was extracted from Bloomberg.

In respect of non-systematic risks, we have considered the size difference (a company-specific risk) between the Company and the selected comparable companies (with reference to "Risk Premia over Time Report: 2006", published by Ibbotson Associates, which is widely accepted in the market). The size premium adopted was 3.95%. Also, since the business of the Target is still at an early stage, an early-stage risk premium of 15.00% was adopted. As a result, the discount rate is calculated as 30.41%.

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company. In the valuation, 25% have been used as the discount for lack of marketability (with reference to EVCA Valuation Guidelines, March 2001, issued by European Private Equity & Venture Capital Association (EVCA), which is widely accepted in the market.).

VALUATION COMMENTS

For the purpose of this valuation and in arriving at our opinion of value, we have referred to the information provided by the senior management of the Company to estimate the value of the Target. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Target or us.

Based on our investigation and analysis outlined in this report, it is our opinion that the market value of the 100% equity interest in the Target (containing the internet protocol television licenses and the related business) after acquiring South Pearl as at 31 December 2007 was **RMB219,000,000 (RENMINBI TWO HUNDRED AND NINETEEN MILLION ONLY).** In addition, it is our opinion that the market value of a 55% equity interest in the internet protocol television licenses attributable to the Target as at 31 December 2007 was **RMB98,000,000 (RENMINBI NINETY EIGHT MILLION ONLY)**.

We hereby certify that we have neither present nor prospective interest in the Company, the Target or the values reported.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony Cheng
BSc, MUD, MBA(Finance), MSc(Eng), PhD(Econ),
MHKIS, MCIArb, AFA, SIFM, FCIM, MASCE, MIET,
MIEEE, MASME, MIIE
Director

Note:

Dr. Tony Cheng is a member of the Hong Kong Institute of Surveyors (General Practice), a member of the American Society of Civil Engineers, a member of the American Society of Mechanical Engineers and a member of Institute of Industrial Engineers (U.K.). He has about 15 years' experience in valuing similar assets or companies engaged in similar business activities as that of the Target worldwide.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practical Date were, immediately upon Completion of the issue of Consideration Shares (assuming that there is no change from the current shareholding structure) and after full conversion of the Convertible Notes at the conversion price of HK$0.218 will be, as follows:

As at the Latest Practicable Date

Authorised share capital:		*HK$*
2,000,000,000	Shares	200,000,000
Issued and fully paid share capital or credited as fully paid:		*HK$*
639,335,418	Shares	63,933,541.8

Upon completion of the issue of Consideration Shares

Issued and fully paid share capital or credited as fully paid:		*HK$*
639,335,418	Shares	63,933,541.8
324,082,568	Consideration Shares	32,408,256.8
963,417,986	Shares	96,341,798.6

Upon full conversion of the Convertible Notes

Issued and fully paid share capital or credited as fully paid:		*HK$*
639,335,418	Shares	63,933,541.8
324,082,568	Consideration Shares	32,408,256.8
396,100,918	Converted Shares	39,610,091.8
1,359,518,904	Shares	135,951,890.4

All the issued Shares in the capital of the Company rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Consideration Shares and Converted Shares to be allotted and issued will, when issued and credited as fully paid, rank *pari passu* in all respects with the then existing Shares. The Company has no debt securities in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, there are 97,840,073 ordinary Shares of HK$0.10 each in the capital of the Company ("the Option Shares") which are outstanding and fall to be issued upon exercise of the Option at the exercise price of HK$0.275 per Option Share. Save as above mentioned, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DIRECTORS' INTERESTS

(a) As the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short position in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) 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 the interest and short positions in which they were deemed or taken to have under such provisions of the SFO), or (ii) which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) where required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange, (iv) which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at date of this circular.

(c) None of the Directors has a material interest, whether direct or indirect, in any assets which have been, since 31 December 2006 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

4. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Long positions in the Shares:

Name	Capacity	Nature of interest	Number of Shares *(Note 2)*	Shareholding
Asian Dynamics International Limited	Beneficial owner	Corporate	327,685,431 (L)	51.25%
Aldgate Agents Limited *(Note 1)*	Beneficial owner	Corporate	66,120,000 (L)	10.34%
Mongolia Energy Corporation Limited	Interest of a controlled corporation	Corporate	66,120,000 (L)	10.34%

Note:

1. Aldgate Agents Limited is a wholly-owned subsidiary of Mongolia Energy Corporation Limited, previously known as New World CyberBase Limited, a company listed on the Stock Exchange (stock code: 276). Their interests in the Shares of the Company duplicate with each other.

2. The letter "L" represents the entity's interest in the Shares. The letter "S" represents short position in the entity's interest in the Shares.

(b) Long positions in the subsidiaries of the Company:

Name of subsidiary	Name of substantial shareholder	Percentage of shareholding
Asian Information Investment Consulting Limited	Ju Jing Wei	30%
	Zhang Jing Ling	10%
Guangzhou Air Network Company Limited	Guangzhou Zero One Net Limited	20%
Advant Development Limited	Grandly Universal Limited	40%
Ever-OK International Forwarding Company (PRC) Limited	Nan Jing Xin Quan Tong Logistics Limited	40%
Forest Information Technology Company Limited	Alex Lau	23%
	Chan Leung	14%
	Nuclearsoft Technology Limited	33%
Myhome Network Limited	Yao Wen Gai	11.11%
	Fei Ming Xiao	11.11%
Myhome Tech. Development Co. Limited	Guangzhou City Construction Information Technology Limited	10%
BuyCollection.com Limited	China Collections Limited	40%

Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

5. LITIGATION

As at the Latest Practicable Date, none of any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group which are or may be material:

(i) the Agreement;

(ii) the three subscription agreements dated 5 September 2007 entered into by the Company separately with United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited in relation to subscriptions for 25,014,820 Shares, 35,860,262 Shares and 11,223,231 Shares all at issue price of HK$0.229 per Share;

(iii) the three option agreements dated 5 September 2007 entered into by the Company separately with United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited whereby the Company agreed to grant to United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited rights to subscribe for 33,946,039, 48,663,704 and 15,230,330 Shares respectively all at exercise price of HK$0.275 per Share;

(iv) the subscription agreement dated 12 February 2007 between the Company and Asian Dynamics in relation to subscription for 91,000,000 Shares at issue price of HK$0.10 per Share;

(v) the sale and purchase agreement dated 8 February 2007 between the Company as purchaser and Mr. Xie Xuan as vendor in relation to the acquisition of the entire issued share capital of Vega International Limited at consideration of US$50,000; and

(vi) the conditional sale and purchase agreement dated 13 September 2005 between Asian Information Resources (BVI) Limited as vendor and Beijing Olympics Limited as purchaser (as supplemented by two supplemental agreements dated 6 January 2006 and 20 April 2006) in relation to the disposal of the entire issued share capital of Eleson Inc., at consideration of HK$50,000.

8. EXPERT AND CONSENT

(i) The following are the qualifications of the experts who have given opinions and advice which are included in this circular:

Name	**Qualification**
Patrick Ng & Company	Certified Public Accountants
Ample Capital Limited	licensed corporation registered under the SFO to carry out types 4, 6 and 9 (advising on securities, advising on corporate finance and asset management respectively) regulated activities
BMI Appraisals Limited	Professional surveyors and valuers

(ii) None of Patrick Ng & Company, Ample Capital Limited and BMI Appraisals Limited has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(iii) Each of Patrick Ng & Company, Ample Capital Limited and BMI Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(iv) None of Patrick Ng & Company, Ample Capital Limited and BMI Appraisals Limited had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2006, the date to which the latest published audited financial statement of the Group was made up.

9. MISCELLANEOUS

(i) The registered office of the Company is located at Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.

(ii) The head office and principal place of business of the Company in Hong Kong is at Suite 1101, 11/F, Wing On Plaza, No. 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(iii) The company secretary of the Company is Mr. Andrew James Chandler. Mr. Chandler is admitted as a barrister of the High Court of Hong Kong Special Administrative Region in 1998, and a barrister and solicitor of the High Court of New Zealand in 1996. Mr. Chandler has over 9 years' experience in the legal field. The qualified accountant of the Company is Mr. Peng Zhi Heng, James. Mr. Peng is both a member of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants. Prior to joining the Company, Mr. Peng has over 10 years experience in the accounting field. The compliance officer of the Company is Mr. Xie Xuan (Chairman).

(iv) The branch share registrar and transfer office of the Company is Hong Kong Registrars Limited, 46th Floor Hopewell Centre, 183 Queen's Road East, Hong Kong.

(v) The audit committee comprises Mr. Wu Jixue, Mr. Yang Zhenhong and Mr. Zhang Daorong who are all the independent non-executive Directors, and Mr. Zhang Daorong is the chairman 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. Mr. Wu Jixue, aged 61, holds a Master degree in Economics. He is currently a professor, guest lecturer and visiting scholar at a number of colleges and universities in the PRC and abroad. He has published more than 220 papers and 18 books in the areas of economics, finance and management.

Mr. Yang Zhenhong, aged 50, is a practicing lawyer and arbitrator in the PRC, Mr. Yang holds a Bachelor degree in Economics and a Master degree in Laws. He has over 25 years of experience in the PRC taxation, company and commercial law. He is currently a lawyer in a PRC law firm. He is also a part-time professor at Guangdong Judges' College (廣東法官學院) and legislative consultant to the Standing Committee of Guangzhou People's Congress (廣州市人大常委會). He is a committee member of the Research Institute of Jurisprudence of the PRC (中國法理學研究會) and the Research Institute of Taxation of the PRC (中國財稅法研究會) and a vice-president of Guangdong Research Institute of Taxation (廣東省財稅法研究會).

Mr. Zhang Daorong, aged 36, is a Certified Public Accountant and Certified Tax Agent in the PRC. He holds a Bachelor degree in Economics and a Master degree in Business Administration. He has over 10 years of experience in accounting, auditing and taxation. He is currently a project manager in a form of certified public accountants in the PRC.

(vi) In the event of inconsistence, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Suite 1101, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Hong Kong, up to and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the Agreement;

(iii) the letter from the Board, the text of which is set out in the section headed "Letter from the board";

(iv) the letter from the Independent Financial Adviser containing its advice to the Independent Shareholders and the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(v) the letter of recommendation from the Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(vi) the two annual reports of the Company for the years ended 31 December 2006 and 31 December 2005;

(vii) the third quarterly report for the nine months ended 30 September 2007, the text of which is set out in Appendix I to this circular;

(viii) the auditors' report of the Target for the Relevant Period, the text of which is set out in Appendix II to this circular;

(ix) the auditors' report on the pro forma financial information on the Enlarged Group, the text of which is set out in Appendix III to this circular;

(x) the valuation report prepared by BMI, the text of which is set out in Appendix IV to this circular;

(xi) a copy of each circular issued pursuant to the requirements set out in chapter 19 and/or 20 which has been issued since 31 December 2006;

(xii) the letters of consent referred to under the paragraph headed "Expert and consent" in this appendix; and

(xiii) a copy of the material contract referred to in the paragraph headed "Material contracts" in this appendix.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "meeting") of Asian Capital Resources (Holdings) Limited (the "Company") will be held on Friday, 14 March, 2008 at 2:30 p.m. at Suite 1101, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement ("**Agreement**") dated 24 December 2007, a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification, entered into between, inter alia, Ms. Zhou Yu and Mr. Qiu Yue (the "**Vendors**") and the Company, whereby the Vendors conditionally agreed to sell, and the Company, conditionally agreed to purchase, the entire registered capital of RMB500,000 of Guangzhou Wavecom Communication and Advertising Limited (the "**Target**")), at the consideration of HK$157,000,000: (i) HK$70,650,000 by issue and allotment of Consideration Shares (as defined in the circular of the Company dated 28 February 2008 (the "**Circular**"), a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification); and (ii) HK$86,350,000 by issuing Convertible Notes (as defined in the Circular) with no coupon and 24-month maturity, upon the terms and subject to the conditions therein contained, be and is hereby approved, confirmed and ratified and the transactions contemplated under the Agreement be and are hereby approved;

(b) the directors of the Company (the "**Directors**") be and they are hereby authorised to allot and issue the Consideration Shares (as defined in the Circular), credited as fully paid, pursuant to the terms of the Agreement, such Consideration Shares shall rank pari passu in all respects with the existing shares of the Company in issue at the date of allotment of the Consideration Shares;

(c) the creation and issue of Convertible Notes (as defined in the Circular) as set out in the Circular, on and subject to the terms of the Agreement, be and is hereby approved;

(d) the Directors be and they are hereby authorised to allot and issue such number of new shares in the capital of the Company as may be allotted and issued upon the exercise of conversion rights attaching to the Convertible Notes in full; and

(e) the Directors be and they are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement, the issue of the Consideration Shares and the issue of Convertible Notes or any of the transactions contemplated under the Agreement."

By order of the board of directors of
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

Hong Kong, 28 February 2008

Registered Office:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
Suite 1101, 11/F
Wing On Plaza
62 Mody Road
Tsim Sha Tsui East
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice may appoint one or more than one proxy to attend the meeting and vote on a poll instead of him. A proxy need not be a member of the Company.

2. A shareholder of the Company who has appointed more than one proxy shall only vote on a poll.

3. A form of proxy of the meeting is enclosed. If the appointer is a corporation, the form of proxy must be made under its common seal or, under the hand of an officer or attorney duly authorized on its behalf.

4. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share alone be entitled to vote in respect thereof.

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. To be valid, a form of proxy and the power of authority (if any) under which it is signed or a notarially certified copy of such power of authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting.