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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
(For the three months ended 31 March 2010)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") of Asian Capital Resources (Holdings) Limited (the "Company") present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2010 together with the comparative figures for the corresponding period in 2009 as follows:

		For the three months ended 31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**1,662**	13,319
Cost of services		**(644)**	(10,928)
Gross profit		**1,018**	2,391
Interest income		**–**	1
Other income		**–**	81
Staff costs		**(744)**	(2,376)
Depreciation and amortisation		**(7,829)**	(7,147)
Operating lease rental		**(132)**	(563)
Other operating expenses		**(446)**	(1,194)
Loss from operating activities		**(8,133)**	(8,807)
Finance costs	*3*	**(211)**	(147)
Loss before taxation		**(8,344)**	(8,954)
Taxation	*4*	**–**	–
Loss for the period		**(8,344)**	(8,954)
Attributable to:			
Equity holders of the Company		**(8,785)**	(5,766)
Minority interests		**441**	(3,188)
		(8,344)	(8,954)
Loss per share			
– Basic	*5*	**(0.91 cents)**	(0.60 cents)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2010

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Capital 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*
As at 1 January 2009	96,342	119,693	26,020	(1,832)	(261,417)	(21,194)	100,083	78,889
Movement of the period	–	–	–	–	(5,766)	(5,766)	(3,188)	(8,954)
As at 31 March 2009	96,342	119,693	26,020	(1,832)	(267,183)	(26,960)	96,895	69,935
As at 1 January 2010	96,342	119,693	26,020	(1,113)	(310,359)	(69,417)	77,840	8,423
Movement of the period	–	–	–	–	(8,785)	(8,785)	441	(8,344)
As at 31 March 2010	**96,342**	**119,693**	**26,020**	**(1,113)**	**(319,144)**	**(78,202)**	**78,281**	**79**

Notes:

1. **BASIS OF PREPARATION**

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), and accounting principles general accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31 December 2009.

2. **TURNOVER**

The Group's turnover represents the invoiced value of (1) service fees from the provision of internet protocol television services; and (2) service fees from the provision of logistics services and excludes intra-Group transactions as follows:

	For the three months Ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Internet protocol television service fees	**1,662**	–
Logistics service fees	**–**	13,319
Total turnover	**1,662**	13,319

3. **FINANCE COSTS**

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

4. **TAXATION**

No Hong Kong profits tax has been provided for the three months ended 31 March 2010 as the Group has no assessable profit in Hong Kong for the period.

5. **LOSS PER SHARE**

The calculation of basic loss per share for the three months ended 31 March 2010 is based on the net loss from ordinary activities attributable to shareholders of approximately HK$8,785,000 (2009:HK$5,766,000 and the weighted average number of ordinary shares of approximately 963,417,986 (2009: 963,417,986) during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the three months ended 31 March 2010 was approximately HK$1,662,000 (2009: HK$13,319,000) which was decreased by approximately 87.53% as compared to that of the previous financial year. The main reason for the significant decrease in the total turnover of the Group is the impact of the initiation of the closure of the Group's logistics division in November 2009, which is discussed further in the section "Operational Review", below.

The unaudited consolidated loss from operations for the three months ended 31 March 2010 was approximately HK$8,133,000, which was decreased as compared with the corresponding period last year, HK$8,807,000. The decrease in loss for the period is mainly attributable to the substantial reduction in the administrative expenses of the Group. Provision has been made for asset impairment loss on the intangible assets of the Group in the amount of HK$7,605,000 as the Board on the recommendation of the Company's auditors has adopted a prudent approach and determined that based on HKAS 36 an impairment on assets provision should be made on the intangible assets of the Group. The intangible assets of the Group represent an exclusive right of usage of Broadcast of Audio-Video Program On Web Permit (信息網絡傳播視聽節目許可證) (the "Permit") granted by the holder of the Permit (the "Holder") to a subsidiary of the Company under an exclusive agreement entered into between that subsidiary of the Company and the Holder. The Permit commenced on 1 October 2007 and will expire on 30 September 2015.

The Group's gross profit margin is increased from approximately 18% for the three months ended 31 March 2009 to approximately 61% for the current period.

Financial cost

The financial cost of the Group for the three months ended 31 March 2010 was approximately HK$211,000 (2009: HK$147,000) which was increased by approximately 43.54% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2010, the Group's borrowing consists of a loan from the Company's ultimate holding company of approximately HK$17,566,000. The Group had a cash balance of approximately HK$1,080,000 (2009: HK$3,106,000).

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

The issued share capital of the Group for the three months ended 31 March 2010 has remained unchanged at HK$96,341,799, as compared with that for the same period last year.

Gearing Ratio

As at 31 March 2010, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 17.14% (2009: 16%).

Employee and remuneration policies

As at 31 March 2010, the Group employed a total of 27 employees (as at 31 March 2009: 149), of which 4 were located in Hong Kong and the remaining 23 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.

Material acquisitions and disposals of subsidiaries and affiliated companies

Deregistration and Winding-Up of various Subsidiaries in the Group

Those subsidiaries which are currently in the deregistration process are: AIR Logistics International Holdings Limited (BVI), AIR Logistics International Holdings Limited, AIR SQW Limited, Asian Information Resources Consultants Limited, Chinareference.com Limited, Explore International Limited, Explore Limited, Sinobase Asia Limited, Sino Resource Investments Limited, Asian Information Resources Techlogic Limited (which is the direct holding Company of Ever-OK International Forwarding Co., Limited (PRC)).

Those subsidiaries which have been deregistered during the period are: AIR Logistics International Limited (BVI).

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

Material Litigation and Contingent Liabilities

Writ of Summons issued on 27 April 2010 against the Company

On 27 April 2010, Union Resources Educational Development (Yanjiao) Company Limited ("UREDY"), as the first plaintiff, and Union Resources (Educational Development) Limited ("UR"), as the second plaintiff, initiated legal proceedings against the Company, as the first defendant, and four other persons, being the second to fifth defendants. The legal proceedings were initiated by way of UREDY and UR filing a writ of summons on 27 April 2010 in the registry of the High Court of the Hong Kong Special Administrative Region which has been allocated the case reference number HCA 589/2010 (the "Writ of Summons").

The Writ of Summons is indorsed with a claim by UREDY and UR against the Company and the other four defendants (the "Indorsement of Claim"). The Indorsement of Claim, as it pertains to the Company, is restated in full in the Company's announcement dated 28 April 2010 (the "Announcement"). The Company denies all of UREDY's claims and allegations of wrongdoing made against the Company in the Indorsement of Claim, as they pertain to the Company (the "Claims").

The Board wishes to advise the Company's shareholders that in the Claims, which have not been particularized, UREDY does not make a claim for either specific, liquidated or quantified sums of monetary damages against the Company. Without making any admissions as to liability on behalf of the Company or any other persons, the Board is given to understand, from a letter from UREDY to the Company dated 10 April 2010, that in the event that UREDY chooses to prosecute the Writ of Summons, that UREDY will claim that by reason of allegations set out against the Company in the Claims that UREDY is entitled to an award of special damages against the Company in the sum of no less than RMB9,744,000.

The Board, after a preliminary assessment of the Writ of Summons, is of the view that in the event that the proposed mediation referred to in the Announcement is unsuccessful in resolving the Claims, and that in the event that UREDY is successful in proving the Claims against the Company, and that if the possible specific damages of RMB9,744,000 and a possible claim for UREDY's legal costs are awarded against the Company, that such an award will not have an material adverse impact on the Group's financial position, in the long term.

Despite UREDY also having expressed to the Company a willingness to attempt mediation to resolve the Claims, UREDY and UR have chosen to issue the Writ of Summons prior to UREDY and the Company reaching agreement on the proposed mediation process and before having undertaken mediation in good faith to resolve the Claims. Despite UREDY and UR having issued the Writ of Summons, the Company is still willing to undertake and participate in good faith in mediation with UREDY in order to resolve the Claims.

OPERATIONAL REVIEW

During the period under review, the Group sought to further enlarge its revenue base through the provision of internet protocol television ("IPTV") services to the greater southern China region. The Company has a sufficient level of operations in its IPTV services and has sufficient assets to operate its business as a going concern. The Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business. The Company also has, in addition to those assets held by the IPTV division, sufficient assets to operate its business due to the continuing support of the major shareholder of the Company.

The Board continues to address the revenue issue that is a direct result of the unstable economic outlook at present, through the implementation of viable strategies, as outlined below, including the diversification of allocation of future funding within the Group, which will see the Group move towards other opportunities for the generation of significant revenue for the Group, which will allow the Group to ultimately generate long-term and sustainable returns to the Company's shareholders. The Board, looking forward, is contemplating transferring the investment operations of the Group, which will allow the Company to focus on investing in projects which will derive value for the Company's shareholders, and pave the way for the Company's future growth, both in terms of revenue streams and profits achieved from its business operations.

Shareholders and potential investors were advised by the Board in the Company's announcement dated 3 November 2009 that the Board was informed by the management of Ever-OK International Forwarding Co., Limited ("Ever-OK") that Ever-OK was not operating as a profitable entity, and that the achievement of profitability in the foreseeable future was not a realistic possibility. Given that information, and given the Board's desire to focus on the newly acquired IPTV division, the Board determined that it was in the best interests of the Company, and the Company's shareholders as a whole, to initiate the closure of the business of Ever-OK.

The Board is of the view that, after the closure of the business operations of Ever-OK, the Company will, with regard to the existing client base, the operations of the IPTV division and the revenue streams that are expected to be generated by the IPTV division in the forthcoming periods, continue to have a sufficient level of operations within the Group structure. The Board does not anticipate that the Company will have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business in the forthcoming periods. The Board, with a view to further expansion of the Group's IPTV division in the greater southern China region in 2010, will consider raising additional finance in order to provide additional equity funding to the Group by way of a further issue of the Company's shares or private placement of the Company's shares in the forthcoming periods of 2010.

Performance of operating divisions

Status of Closing down of logistics service segment

Concerning the closing down of the logistics service segment, the Company has at all times drawn the Company's shareholders' and potential investors' attention to the fact that notwithstanding the management's efforts in rationalizing the Company's operations and enhancing the Company's cost efficiency the aim to attain profitability in the logistics division had not been achieved. The management of the Company had put a great deal of effort into improving profitability of Ever-OK through the reduction of the Company's operating costs which were incurred by its branches and subsidiaries. Furthermore, the Company has previously disclosed that the ongoing poor global economic conditions unfortunately had a significant impact on the financial performance that had been achieved from the Company's logistics division. Nevertheless the Board had been diligent in protecting the Company by containing the losses to a much lower level in terms of the logistics operations.

As stated in the Company's interim report 2009, as early as August 2009 the Board disclosed the fact that the Board was in the process of diversifying the Group's entire operational base, and to this end had been concentrating on increasing the allocation of available funds to the newly acquired IPTV services business of the Group, whilst reducing funding allocations to the Group's logistics division. The Board advised that it was constantly reviewing the viability of the logistics division, and in future intended to review whether, given the poor returns that have been achieved from the logistics division, and in the event that the Board's strategy of closing more of the operating divisions and subsidiaries of the Group's logistics business to further the aim of achieving profitability for this division has no effect in achieving such profitability, it would be in the best interests of the Company's shareholders to discontinue the Group's logistics operations as a whole in the near future. The Board then further disclosed that it considered that the Company's shareholders should be aware that, given the above disclosures, the future sustainability of the Group's logistics division was in doubt as at August 2009, and that it may be discontinued in the near future, should the Board determine that it is in the best interests of the Company's shareholders to implement this option. The Board advised that such action, if taken, would allow the Board to concentrate the Group's resources on the newly acquired IPTV services business, which the Board expected would generate viable revenue streams for the Group, whilst disposing of the non-profitable divisions of the Group, hence reducing the Group's operating costs with the aim of achieving overall profitability for the Group.

Furthermore, the Board disclosed in the Company's third quarterly report 2009, the difficulties that the Board had encountered with the Group's logistics division, and with regard to the Board's attempts to reduce the logistics division's operating costs in order to reduce the losses which had been incurred which were the result of the impact of the reduced turnover of Ever-OK, which was directly attributable to the general downturn in the global economy, which unfortunately, given the then economic climate, had been unsuccessful, that the Board considered that it was in the best interests of the Company and its shareholders to initiate the closure of the logistics business. In fact, the general downturn in the global economy had a major adverse impact, not only on the turnover achieved by Ever-OK, but on the entire logistics industry as a whole in the People's Republic of China (the "PRC").

With regard to the general downturn in the global economy, this had had a materially adverse effect on the entire logistics industry in the PRC since early 2008, and is one of the main reasons the Board determined to initiate the closure of the business of Ever-OK. Furthermore the Board determined, upon the advice of the management of Ever-OK, that the reduction of this division's operating costs was unable to offset the general downturn in turnover, and with this in mind, the Board determined it was in the best interests of the Company, and the Company's shareholders as a whole, to initiate the closure of the Group's logistics business to further the aim of achieving profitability through other investments and operations of the Group which has been the Board's strategy since September 2008.

Another factor that the Board had regard to in determining to initiate the closure of the business of Ever-OK, is the fact that in order to comply with the regulatory regime that applies to the logistics industry in the PRC, the Board was informed by the management of Ever-OK that Ever-OK would be required to expend a large sum of its working capital to meet the ongoing and new compliance costs that Ever-OK was facing, and this would have led to the Group incurring a large amount of additional operating costs, which in turn would have had a profoundly negative impact on the Group's business operations and the returns that could be achieved therefrom.

In fact it was determined by the Board, prior to initiating the closure of Ever-OK, that the current working capital resources of Ever-OK would not be sufficient to meet the ongoing regulatory compliance costs that Ever-OK faced, and that an further injection of capital from the Company would be required if Ever-OK were to continue as a viable business entity in its own right. Considering this, the Board determined after a critical review of Ever-OK's operations, that it would not be in the best interests of the Company to inject further capital into Ever-OK, a non-profit making entity of the Group, rather such resources should be allocated to the IPTV division, rather than incurring additional operational expenses in the logistics division, for which the Board was of the view, would not realize any additional benefit to the Company.

The Board is of the view that the initiation of the closure of the business operations of Ever-OK will not have an adverse effect on the Group, rather such closure, which will allow the Group to reduce its operating costs, will lead, it is anticipated, towards the Group achieving profitability in future periods. Shareholders and potential investors are advised that the Board, through the acquisition of the IPTV division, and the implementation of the launch of the second phase of the provision of IPTV services on 1 October 2009, has been concentrating and reallocating the Company's resources and other assets within the Group to the IPTV division, in an effort to improve the profitability of the Group, and enhance the potential future returns to the shareholders of the Company. The initiation of the closure of the business operations of Ever-OK, as announced in the Company's announcement dated 2 November 2009, is in line with the Board's strategy of closing all non-profitable operations of the Group, whilst focusing more resources on the IPTV division, which the Board is confident produces a sufficient level of operations to enable the Company to operate as a going concern and achieve future profitability for the Group, and enhance the potential future returns to the Company's shareholders as a whole.

During the fourth quarter of 2009 representatives of the Board held several meetings with the management of Ever-OK to determine the best method for the closure of the business of Ever-OK which will realize any value from Ever-OK for the Company, whilst protecting the Company against any unforeseen liabilities that may have been incurred by Ever-OK. To this end the Company has established a 'dissolution committee' which will oversee the closure of the business operations of Ever-OK, and its subsequent deregistration form the Group. During the dissolution process of Ever-OK the existing president of Ever-OK has agreed to remain as the legal representative of Ever-OK to oversee the dissolution process, until all the branches of Ever-OK have been closed.

The Board, in discharging its fiduciary duties to the Company to protect the value of the Company and its future interests, has indicated to the management of Ever-OK that the Company wishes to ensure the proper discharge and resolution all the existing and potential future liabilities of Ever-OK which may have arisen during the past business operations of Ever-OK. To this end, the Board has requested the management of Ever-OK to ensure that all existing and potential liabilities of Ever-OK and each of its subsidiaries are identified and resolved prior to the deregistration of each subsidiary. In order to ensure that the Company would not face any legal liability for any acts or omissions of Ever-OK during the time that it has carried on business in the PRC, the Board has initiated the deregistration of Ever-OK's immediate holding companies which are subsidiaries within the Group, being Sino Resource Investments Limited, and Asian Information Resources Techlogic Limited (which is the direct holding Company of Ever-OK). The deregistration of these two companies, will in the Board's view, ensure that the Company is not liable for any future expenses or other unforeseen liabilities.

Other than those facts set out above, there have not been any material new developments since the Company published its annual report 2009, regarding the status of the closing down of the logistics business.

Information Technology

During the first six months of 2009, the Board concentrated on finalizing all developments in its IPTV services and officially launched the first phase of the provision of IPTV services to the greater southern China region in the second quarter of 2009. The Board successfully diversified the provision of IPTV services in the second quarter of 2009 such that it concluded a contract for the contracting of media software platforms for the provision of IPTV services to an established client base of approximately 50,000 consumers currently delivered by one of the prominent operators in Guangzhou. It has taken time for the subscribers to the IPTV services and the market to test and get themselves receptive to the pay for the high definition ("HD") HD-IPTV services that the IPTV division has introduced, as such only revenue from the value-added IPTV services of South Pearl Limited ("South Pearl") was received by the Company during the period. The combined revenue that the Company has received since the commencement of South Pearl's provision of the value-added IPTV services amounts to approximately HK$6,197,000. The revenue that the Company received from the provision of the value-added IPTV services during the third and fourth quarters of 2009 of approximately HK$4,535,000 was not attributed to the total turnover of the Group in the Company's audited consolidated results of the Company for the year ended 31 December 2009, as such revenue, upon the advice of the Company's auditors, was treated and recorded as 'other income'.

Having secured the necessary operating licenses and having achieved the necessary technology investment, such as an agreement with Microsoft for the provision of IPTV services, the Board is now of the view that, having regard for the investment into the IPTV division, and the agreements that have been secured with the providers of the IPTV services, and the subsequent subscribers to those IPTV services, that a sufficient foundation is now in place upon which the Company will launch a marketing campaign aimed at achieving more subscribers for the IPTV services, and hence increasing the total revenue that will be achieved by this division.

The Board is of the view that, with regard to the existing client base and revenue streams that are expected to be generated by the IPTV division, the Company will achieve revenues at level similar, and if not better, than those for the year ended 31 December 2009. The Board further considers that the Company indeed has sufficient assets to operate its business as a going concern due to the substantive investments which it made during the last year. The Board, with a view to further expansion of the Group's IPTV division in the greater southern China region in 2010 and other related projects that it contemplates to expand on the operations of the Group, will consider raising additional finance in order to provide additional equity funding to the Group by way of a further issue of the Company's shares or private placement of the Company's shares in the forthcoming periods of 2010, following the consolidation of the shareholdings of it's immediate holding company, which is presently underway.

The Board has been advised that South Pearl, which the Company owns indirectly as to 55%, has already managed to generate via the IPTV platform, media and value-added services revenue attributable to the Company for the first quarter of 2010 of approximately HK$1,662,000. This revenue is composed of technology and upgrades, contents and HD services to networks, which shall be expanded in future through the other internet services carriers. The revenue derived from South Pearl's business operations are now sufficient to cover its carrying costs excluding the amortization and non-cash flow related expenses. Presently South Pearl is the only provider of HD IPTV services in the Guangzhou and Guangdong province regions, and is facing competition from five other providers of IPTV services, however none of the competitors offer HD IPTV services and the Company hopes that some of the subscribers of the ordinary TV services will switch to HD services in the future.

As to the operations of the IPTV division, and revenue expected to be derived therefrom, these are mainly comprised, at present, of the provision of value added services, by South Pearl, to established internet and network services providers, which generally involves the provision of upgraded HD products and services to the customers of the established internet and network providers which South Pearl is currently in partnership with. South Pearl currently provides value added services, such as HD services, to an established internet provider with direct subscribed customer base, of about 89,000 families, and about 400,000 households which connections are being completed. The services now provided by South Pearl are scalable in the next few months such that South Pearl expects to be providing its value added services to an additional 20,000 to 30,000 families.

As to South Pearl's provision of direct IPTV services, this is a complicated technology platform. Nevertheless, the Board is pleased to report that to date test runs have been successfully implemented with about 200 families and the receptive level has been excellent. Having established and upgraded its necessary networks, South Pearl expects that it will launch the provision of IPTV services and the value-added services in full force in the next 1 to 2 years, and that the potential subscribers to the expected HD-IPTV services to be provided will be no less than 50,000 subscribers, generating an expected revenue of RMB50 million and above.

Financial Consultancy

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

With the acquisition of Vega International Group Limited ("Vega"), which 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, the Group is expanding and exploring further opportunities for development in the corporate finance sector which will further contribute to the current revenue streams generated by the Group.

Following the restructuring of the Company's services, the Group is planning to devote more time and resources towards expanding the provision of financial consultancy services to business sectors that complement and have synergy with the household consumers and media services that the IPTV division of the Company is presently pursuing. The Board envisages that such services, if agreed, will encompass the establishment of financial advisory offices which will provide investment, financial and project management advise to other companies. 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 as it progresses, and of the additional revenue to the Group which is expected to be derived therefrom.

SUBSEQUENT EVENTS

Execution of a Conditional Agreement in Relation to the Acquisition of Approximately 37.59% of the Issued Share Capital of Asian Dynamics International Limited ("Asian Dynamics")

Reference is made to the Company's joint announcement dated 4 May 2010 (the "Joint Announcement"). In the Joint Announcement it was stated that on 5 April 2010 Glamour House Limited (as the purchaser) (the "Offeror"), in co-operation with the existing management of the Company, entered into a conditional agreement (the "Agreement") for the purchase of all the sale shares (the "Sale Shares") owned by Denwell Enterprises Limited and Mr. Chan Chi Ming (the "Vendors"), such that upon completion of the Agreement, the Offeror and parties acting in concert with it will become interested in approximately 67.18% of the issued share capital of Asian Dynamics International Limited ("Asian Dynamics").

Pursuant to the Agreement among the Offeror and the Vendors, the Vendors have agreed to sell and the Offeror has agreed to acquire 13,750 Sale Shares in aggregate, representing 37.59% of the issued share capital of Asian Dynamics. The total consideration for the Sale Shares is HK$12,323,329, which is equivalent to approximately HK$896.24 per Sale Share, and was agreed among the Offeror and the Vendors after arm's length negotiations and is equivalent to the possible offer price of HK$0.06 per Share. The total consideration has been be paid by the Offeror in full in cash upon execution of the Agreement.

Possible Mandatory Unconditional Cash Offers

Prior to completion of the Agreement, the Offeror is interested in 10,821 shares, representing approximately 29.59% of the issued share capital of Asian Dynamics. Upon completion of the Agreement, the Offeror and parties acting in concert with it will become interested in a total of 24,571 shares, representing 67.18% of the issued share capital of Asian Dynamics. Upon completion of the Agreement, as Asian Dynamics is a substantial shareholder of the Company, holding 546,846,132 Shares, representing 56.76% of the issued share capital of the Company, pursuant to Note 8 to Rule 26.1 and Rule 13.1 of the Hong Kong Code of Takeovers and Mergers, the Offeror will be required to make mandatory unconditional general offers in cash for all the issued shares in the Company, and 97,840,073 outstanding share options, other than those already owned or agreed to be acquired by the Offeror and Asian Dynamics and parties acting in concert with any of them.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, the interests and short positions of the Directors and the chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

Name of Director	Capacity/ Nature of interests	Number of Issued ordinary shares held	Approximate percentage holding
Mr. Qiu Yue *(Note 1)*	Interest of a controlled Corporation	18,620,436	1.93%
Mr. Qiu Yue	Beneficial Owner	15,600,000	1.62%
Total		34,220,436	3.55%

Note:

1 The controlled corporation is Lucky Peace Limited, which is incorporated in Samoa, and which is 100% wholly-owned by Mr. Qiu Yue.

Other than as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2010.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 31 March 2010, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Asian Dynamics International Limited *(Note 1)*	Beneficial owner	Corporate	546,846,132	56.76%
Concord Square Limited	Beneficial owner	Corporate	57,182,000	5.94%

Note:

1. Asian Dynamics International Limited is a company incorporated in the British Virgin Islands and beneficially owned by Asian Wealth Incorporated, Denwell Enterprises Limited, Glamour House Limited, Mr. Chan Chi Ming and Mr. Chau Tak Tin.

Save as disclosed above, as at 31 March 2010, no persons, other than the Directors and chief executive of the Company, whose interests are set out under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in any shares, underlying shares or debentures of the Company that was required to be recorded under Section 336 of the SFO.

COMPETING INTERESTS

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

MANAGEMENT SHAREHOLDER

As far as the Directors are aware of, other than Asian Dynamics International Limited, and Concord Square Limited, as disclosed above, there was no other person during the three months ended 31 March 2010 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

SHARE OPTIONS

There are outstanding 97,840,073 share options ("the Share Options") which were granted by the Company pursuant to a specific mandate granted by the Company's shareholders at the extraordinary general meeting held on 4 October 2007 entitling the holders of the Share Options to subscribe for 97,840,073 ordinary shares of HK$0.10 each in the capital of the Company at the exercise price of HK$0.275 per ordinary share.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 31 March 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the three months ended 31 March 2010.

AUDIT COMMITTEE

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

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 14 May 2010

As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Yang Qiulin and Mr. Qiu Yue; the non-executive directors are Mr. Lo Mun Lam Raymond (Vice Chairman), and Mr. Andrew James Chandler; and the independent non-executive directors are Mr. Wu Jixue, Dr. Feng Ke and Mr. Zhang Daorong.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.airnet.com.hk.