



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

FIRST QUARTERLY RESULTS ANNOUNCEMENT

For the three months ended 31 March 2013

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2013 together with the comparative figures for the corresponding period in 2012 as follows:

		For the three months ending 31 March	
		2013	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	13,573	1,482
Cost of services		(14,868)	(386)
Gross profit		(1,295)	1,096
Interest income		–	–
Other income		–	–
Staff costs		(407)	(447)
Depreciation and amortization		(2,424)	(2,896)
Operation lease rental		(64)	(64)
Other operating expenses		(1,145)	(399)
Loss from operating activities		(5,335)	(2,710)
Finance costs		(319)	(282)
Loss before taxation		(5,654)	(2,992)
Taxation	4	–	(89)
Loss for the period		(5,654)	(3,081)
Attributable to:			
Equity holders of the Company		(5,687)	(3,483)
Non controlling interest		33	402
		(5,654)	(3,081)
Loss per share			
— Basic	5	(0.40 cents)	(0.51 cents)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2013:

	Attributable to equity holders of the Company							Non Controlling Interest	Total	
	Issued Share Capital	Share Premium	Capital Reserve	Placing Expenses	Translation Reserve	Convertible Note Reserve	Accumulated Loss			Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
As at 1 January 2012	108,269	135,790	26,020	–	(1,182)	9,158	(377,229)	(99,174)	11,948	(87,226)
Movement of the period	–	–	–	–	–	–	(3,417)	(3,417)	492	(2,925)
As at 31 March 2012	<u>108,269</u>	<u>135,790</u>	<u>26,020</u>	<u>–</u>	<u>(1,182)</u>	<u>9,158</u>	<u>(380,646)</u>	<u>(102,591)</u>	<u>12,440</u>	<u>(90,151)</u>
As at 1 January 2013	138,552	182,721	26,020	–	(1,321)	–	(390,916)	(44,944)	6,858	(38,086)
Movement of the period	<u>10,000</u>	<u>55,000</u>	<u>–</u>	<u>(2,425)</u>	<u>–</u>	<u>–</u>	<u>(5,687)</u>	<u>56,888</u>	<u>33</u>	<u>56,921</u>
As at 31 March 2013	<u>148,552</u>	<u>237,721</u>	<u>26,020</u>	<u>(2,425)</u>	<u>(1,321)</u>	<u>–</u>	<u>(402,257)</u>	<u>11,944</u>	<u>6,891</u>	<u>18,835</u>

Notes:

1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”), and accounting principles general accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group’s annual audited consolidated financial statements for the year ended 31 December 2012.

2. TURNOVER

The Group’s turnover represents the invoiced value of service fees from the provision of internet protocol television services; and excludes intra-Group transactions as follows:

	For the three months ended 31 March	
	2013 HK\$’000	2012 HK\$’000
Income from Internet protocol television (“IPTV”) related services	<u>13,575</u>	<u>1,482</u>
Total turnover	<u><u>13,575</u></u>	<u><u>1,482</u></u>

3. FINANCE COSTS

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

4. TAXATION

Nil

5. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 31 March 2013 is based on the net loss from ordinary activities attributable to shareholders of approximately HK\$5,687,000 (2012: HK\$3,483,000) and the weighted average number of ordinary shares of approximately 1,439,614,279 (2012: 1,082,687,986) during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The consolidated turnover of the Group for the three months ended 31 March 2013 was approximately HK\$13,575,000 (2012: HK\$1,482,000) which increased by approximately 816% as compared to that of the previous financial year. The increase in turnover was due to application of IFRS 10 which the group consolidated the March 2013 turnover of Guangdong Ying Xin.

The unaudited consolidated loss from operations for the three months ended 31 March 2013 was approximately HK\$5,335,000 which increased as compared with the corresponding period last year, HK\$2,710,000. The increase in loss for the period is mainly attributable to the loss reported in Ying Xin's March 2013 account.

Provision has been made for amortisation on the intangible assets of the Group in the amount of approximately HK\$2,260,000 as the Board has adopted a prudent approach and determined that amortisation on the intangible assets provision should be made on the intangible assets of the Group.

The intangible assets of the Group are comprised of the IPTV permit, namely the "Broadcast of Audio-Video Program On Web Permit" (信息網路傳播視聽節目許可證) (the "Permit") currently held by Guangzhou Wavecom Communications and Advertising Limited ("Guangzhou Wavecom"). Guangzhou Wavecom is a wholly-owned subsidiary of the Company and possession of the Permit allows Guangzhou Wavecom's subsidiary, South Pearl Limited, to operate the Group's IPTV division in the greater southern China region. The Permit has been granted by Guangzhou Television Broadcast Microwave General Station ("Guangzhou Television Station") to Guangzhou Wavecom. Possession of the Permit allows, and is a prerequisite to South Pearl Limited being able to act as the exclusive service provider of Guangzhou Television Station's programmes, advertising and other IPTV services within the greater southern China region. The Permit commenced on 1 October 2007 and will expire on 30 September 2015.

Financial cost

The financial cost of the Group for the three months ended 31 March 2013 was approximately HK\$319,000 (2012: HK\$282,000) which was increased by approximately 13.1% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2013, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$23,710,000. The Group had a cash balance of approximately HK\$59,224,000 (2012: HK\$1,339,000).

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 2013 was HK\$148,551,889 (2012: HK\$108,268,799).

Gearing Ratio

As at 31 March 2013, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 38.07% (2012: 399.33%).

Employee and remuneration policies

As at 31 March 2013, the Group employed a total of 16 employees (as at 31 March 2012: 17), of which 4 were located in Hong Kong and the remaining 12 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.

OPERATIONAL REVIEW

During the period under review, the Group was focusing its effort in its management services while enhancing a successful corporate synergy with its strategic partner, Guangdong Yingxin. Both the Board and the management believe that the company has sufficient resources and knowledge to provide management services which our partner will achieve a greater level of performance. Via the revenue generated by the services provided and other assets from the group it has sufficient cashflow generated to operate its business as a going concern. The Company does not have any financial difficulties to an extent that may seriously impair the Company's ability to continue its business.

The Board, looking forward, views that by concentrating on its management services provided and with the incorporating of our Information Technology Division (IPTV) with Yingxin's value added services, it will be able to enhance the company's incremental business and the future value of the company.

Performance of operating divisions

Information Technology Division

During the Quarter the Company, the Subsidiary and Guangdong Yingxin finalized the Management Agreement pursuant to which the Subsidiary agreed to provide management service (through Guangzhou Wavecom) to Guangdong Yingxin. It was finalized and approved during an Extraordinary General Meeting held on 18 February 2013. The agreement states that the Subsidiary will receive all the net profits after taxation of the Guangdong Yingxin as the management fee. Guangdong Yingxin is a company principally engaged in building the lastmile digital cable networks for residential real estate projects and the subsequent management of such network including, among others, provision of value-added services and content to end users of such networks. Yingxin provides coverage of three major cities in China: Guangzhou, Shenzhen and Beijing. This management service provided by the Company is viewed as a synergy that compliments both the Company and Guangdong Yingxin. This arrangement is viewed as utilizing the strong background of both companies; where the group will provide the expert operating and market knowledge while Guangdong Yingxin can concentrate on deployment and maintaining their solid digital network backbone. In addition, the Company has been incorporating the Information Technology Division (IPTV) into Yingxin's value added services division. This synergy is maximizing the efficient deployment of both companies' existing resources.

In managing Guangdong Yingxin, the Company believes it can assist by helping Yingxin to reach a higher level of profitability and to create more value in the company. This is because the Company views the PRC Internet market is a market that has yet to reach its maturity. According to the statistics provided by the Ministry of Industry and Information Technology of the People's Republic of China (MIIT) the number of Internet users in PRC will reach over 20 million with an Internet penetration rate of only 11.5%. When comparing to the penetration rate of the OECD member countries' 16%, it can be viewed as a market yet to reach its maturity. In addition, Yingxin currently only has coverage over 3 major cities. It would be able to increase a substantial amount of business by expanding their network coverage across the nation since the MIIT is now accepting new applications for the Nationwide ISP provider license. Furthermore, Focused Marketing can be viewed as another value added services to be considered. Customer data of the websites they visited and programs they watched can be collected and retrieved from the technical platforms and can be used as a tool for analyzing the market interests and concerns. Specific groups with points of interest can be identified which in turn would serve as a valuable asset for providing specific focused marketing that can be deployed as a new service. The Management believes it is in a better position to achieve a higher level of performance together with the deployment of other value added services.

Financial Consultancy

The Group's Financial Consultancy division is now concentrating its efforts on the aforementioned business management services that it is providing to Guangdong Yingxin. In addition, apart from the aforementioned operations, the Group continues to research, develop and explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of the Company's shareholders.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Deregistration and Winding-Up of various Subsidiaries in the Group

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

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

No subsidiaries have been deregistered during the period.

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

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Nil

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Nil

DISCLOSURE OF INTERESTS

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

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares, or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571, (“SFO”) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

	Number of issued shares held, capacity and nature of interest				Total	Percentage of the Company's issued Shares as at 31 March 2013
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
<i>Directors</i>						
Mr. Chu Yat Hong	-	-	546,964,782 <i>(Note 1)</i>	-	546,964,782	36.82%
Mr. Xie Xuan	-	-	546,964,782 <i>(Note 2)</i>	-	546,964,782	36.82%
Mr. Qiu Yue	15,430,000	-	18,620,436 <i>(Note 3)</i>	-	34,050,436	2.29%
	<u>15,430,000</u>	<u>-</u>	<u>565,585,218</u>	<u>-</u>	<u>581,015,218</u>	<u>39.11%</u>

Note 1: The controlled corporation is Glamour House Limited, which is 90% beneficially owned by Mr. Chu Yat Hong.

Note 2: The controlled corporation is Glamour House Limited, which is accustomed to acting in accordance with Mr. Xie Xuan's instructions who is its sole director, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Note 3: The controlled corporation is Lucky Peace Limited, which is incorporated in Samoa, and which is 100% wholly-owned by Mr. Qiu Yue.

Save as disclosed above, as at 31 March 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2013, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

(i) Long Positions in the Shares

Name of Shareholder	Capacity	Number of shares	Percentage of the Company's issued Shares as at 31 March 2013
Glamour House Limited	Interest of a controlled corporation (<i>Note 1</i>)	546,964,782	36.82%
Asian Dynamics International Limited	Beneficial owner	546,846,132	36.81%
Perfic Image Group Limited	Beneficial Owner	91,430,911	6.15%
Logic Ease Group Limited	Beneficial Owner	86,500,000	5.82%
Blue Balloon Limited	Beneficial Owner	86,500,000	5.82%
Sweetly Limited	Beneficial Owner	86,500,000	5.82%

Note 1: The controlled corporation is Asian Dynamics International Limited, which is beneficially owned as to 67.18% by Glamour House Limited.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

COMPETING INTERESTS

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

MANAGEMENT SHAREHOLDERS

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited, Mr. Chu Yat Hong, Mr. Xie Xuan, Perfect Image Group, Logic Ease Group Limited, Blue Balloon Limited and Sweetly Limited as disclosed above, there was no other person as at 31 March 2013 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 31 March 2013.

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 2013.

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
Chu Yat Hong
Chairman

Hong Kong, 14 May 2013

As at the date of this announcement, the executive directors of the Company are Mr. Chu Yat Hong (Chairman), Mr. Xiao Jing, Mr. Xie Xuan, and Mr. Qiu Yue; the non-executive director is Mr. Lo Mun Lam Raymond (Vice Chairman); and the independent non-executive directors are Mr. Wu Jixue, Dr. Feng Ke and Mr. Zhang Daorong.

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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

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.