



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

**(Stock Code: 8025)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT**

**(For the three months ended 31 March 2015)**

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

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

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

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

## UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of Asian Capital Resources (Holdings) Limited (the “Company”) present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015 together with the comparative figures for the corresponding period in 2014 as follows:

	<i>Notes</i>	<b>For the three months ended 31 March</b>	
		<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	2	<b>2,813</b>	–
Cost of Services		<u>–</u>	<u>–</u>
Gross Profit		<b>2,813</b>	–
Other Income		<b>50</b>	–
Staff costs		<b>(2,447)</b>	(675)
Depreciation and amortization		<b>(1,101)</b>	(2,661)
Operation lease rental		<b>(583)</b>	(108)
Other operating expenses		<u><b>(2,011)</b></u>	<u>(868)</u>
Loss from operating activities		<b>(3,279)</b>	(4,312)
Finance costs		<u><b>(329)</b></u>	<u>(316)</u>
Loss before taxation		<b>(3,608)</b>	(4,628)
Taxation	4	<u>–</u>	<u>–</u>
Loss for the period from Continuing Operation		<b>(3,608)</b>	(4,628)
Profit/(Loss) from Discontinue Operation	6	<u>–</u>	<u>(508)</u>
Loss for the period		<u><b>(3,608)</b></u>	<u>(5,136)</u>
Attributable to:			
Equity holders of the Company		<b>(2,479)</b>	(5,126)
Non Controlling Interest		<u><b>(1,129)</b></u>	<u>(10)</u>
		<u><b>(3,608)</b></u>	<u>(5,136)</u>
Loss per share			
– Basic	5	<u><b>(0.14) cents</b></u>	<u>(0.35) cents</u>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2015:

	Attributable to equity holders of the Company					Non		Total
	Issued Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Accumulated Loss <i>HK\$'000</i>	Total	Controlling interest <i>HK\$'000</i>	
As at 1 January 2014	148,552	235,295	26,020	(1,407)	(390,662)	17,798	(16,369)	1,429
<b>Movement of the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,126)</u>	<u>(5,126)</u>	<u>(10)</u>	<u>(5,136)</u>
As at 31 March 2014	<u>148,552</u>	<u>235,295</u>	<u>26,020</u>	<u>(1,407)</u>	<u>(395,788)</u>	<u>12,672</u>	<u>(16,379)</u>	<u>(3,707)</u>
As at 1 January 2015	176,183	304,371	26,020	(3,587)	(401,961)	101,026	1,739	102,765
<b>Movement of the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,479)</u>	<u>(2,479)</u>	<u>(1,129)</u>	<u>(3,608)</u>
As at 31 March 2015	<u>176,183</u>	<u>304,371</u>	<u>26,020</u>	<u>(3,587)</u>	<u>(404,440)</u>	<u>98,547</u>	<u>610</u>	<u>99,157</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 2014.

## 2. TURNOVER

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

	For the three months ended 31 March	
	2015 HK\$’000	2014 HK\$’000
<b>Continuing Operation</b>		
Management and consultancy fee income	<u>2,813</u>	<u>–</u>
Total turnover	<u><b>2,813</b></u>	<u><b>–</b></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 2015 is based on the net loss from ordinary activities attributable to shareholders of approximately HK\$2,479,000 (2014: HK\$5,126,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2014: 1,485,518,987) during the period.

**6. DISCONTINUED OPERATION**

	<b>Discontinued Operation</b>
	2014
	<i>HK\$'000</i>
Turnover	24,744
Cost of Services	<u>(23,017)</u>
Gross Profit	1,727
Administration and operating expenses	<u>(2,235)</u>
Loss from operating activities	(508)
Finance costs	<u>–</u>
Loss before taxation	(508)
Taxation	<u>–</u>
Loss from Discontinued Operation	<u><b>(508)</b></u>

## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2015 (2014: 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 2015 was approximately HK\$2,813,000 (2014: HK\$24,744,000, reclassified as Discontinued Operation). The turnover commenced during the last quarter of 2014 and was approximately HK\$1,939,000, therefore the revenue is exhibiting stabilization in terms of the business pursuit.

The unaudited consolidated loss from operations for the three months ended 31 March 2015 was approximately HK\$3,279,000 which decreased by 23.96% as compared with the corresponding period last year of approximately HK\$4,312,000.

Provision of approximately HK\$1,060,000 was made for amortizing the intangible assets of the Group.

#### **Financial cost**

The financial cost of the Group for the three months ended 31 March 2015 was approximately HK\$329,000 (2014: HK\$316,000) which increased by approximately 4.11% as compared to that of the same period of last year.

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

For the three months ended 31 March 2015, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$26,557,000. The Group had a cash balance of approximately HK\$23,439,000 (2014: HK\$35,693,000).

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 2015 was HK\$176,182,556 (2014: HK\$148,551,889).

#### **Gearing Ratio**

As at 31 March 2015, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 68.34% (2014: 87.31%).

## **Employee and remuneration policies**

As at 31 March 2015, the Group employed a total of 46 employees (as at 31 March 2014: 7), of which 3 were located in Hong Kong, 42 were located in the PRC and 1 located in USA. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

## **OPERATIONAL REVIEW**

During the period under review, the Group was focusing its effort in its management services and developing its financial services as per the Company's strategy stated in the Company's annual report year ended 31 December 2014. Furthermore the Group continues to research, develop and explore investment opportunities which are strategic to its business operations. Both the Group and the Company does not have any financial difficulties to an extent that may seriously impair the Company's ability to continue its business and the revenue generated by the services provided sufficient cashflow to operate efficiently.

The Board, looking forward, views that by concentrating on providing our services and expanding on its financial services will enhance the company's incremental business and the future value of the company.

## **Management Services and Financial Services**

During the period under review the Company has been focused on actively developing and expanding the business in the management services in the financial services sector. The offshore business restructuring services provider that the Company acquired last year has been developing and has been providing more services. The services ranges from commercial restructuring advisory services to debt restructuring services. In regards of commercial restructuring advisory services the subsidiary includes aspects such as analyzing the business financials and ensuring that there are correlations with the operational metrics in order to fully understand the key drivers of underperformance whereby identifying improvement opportunities through detailed analysis of key commercial factors such as product and customer profitability, contract performance, customer acquisition costs, sales channel performance and store profitability. This is all completed together with quantifying and assessing the financial impacts of the performance of the tailored prepared improvement plans for the clients.

As for debt restructuring advisory services, the subsidiary targets clients that have solid operations but are highly geared and are about to breach or expect to breach its financial covenants or have insufficient headroom on its banking facilities. The subsidiary has been advising and leading negotiations for the clients with their lenders and creditors from the initial discussions to full documentation of agreed alternative solutions. In addition, our distressed debt advisory team has the expertise to deliver in-depth diagnosis of the client's financing requirements and provides comprehensive analysis of options, appraising achievable alternatives and exploring alternative fund sources.

Since the acquisition the Company has been able to secure new contracts in providing the above services. With the board's expertise and leadership the Company feels it has greatly positioned itself to provide more services in the offshore financial sector.

For the PRC onshore investment management business as the per the clarification announcement made on 24 March 2015, the restructuring of the payment terms is still undergoing between the subsidiary's fund and its limited partners. On 21 March 2015, via PRC media the Subsidiary has issued a statement disclaiming the recent false claims against the Subsidiary while stating that the Subsidiary is in normal operations and their major goals are to protect the investors' investments and to their maximize the returns of their investments. It also stated that the Subsidiary will hold the right to legal actions for damages caused by them.

In addition, as the PRC leverage multiples increase and credit becomes more available, private equity has been an active driver of capital markets. However the PRC market has been characterized by high prices for quality assets and with a backdrop of a forecasted low economic growth in the medium term to long term. In order for firms to generate returns they will require more sophisticated due diligence and stringent management. These are the areas that the Company's onshore investment management business will be providing and it will be based on the entire private equity investment lifecycle in order to generate sustained positive returns.

While expanding on the private equity businesses and the management services, the Board carefully observed the current financial environment of the PRC, specifically the slow growth in the property sector and the economy as a whole. The overall slowdown has seriously affected the financial standings of many developers in PRC such as the embattled Kaisa Group.



While the Group's Foreign-invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen has been in the process of registering the "Private Investment Fund Management Registration Certificate" during the period under review.

Together with the experiences of the Board, the Group has the leadership and track record to achieve and create operational added value for the financial management services that the Group will be concentrating. The Board envisions that the Group by concentrating on the above mentioned services it will provide the shareholders with a higher level of performance and sustainable value.

Furthermore, 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 2015, 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 2015
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
<b>Directors</b>						
Mr. Chu Yat Hong	–	–	518,014,782 <i>(Note 1)</i>	–	518,014,782	29.40%
Mr. Xie Xuan	–	–	518,014,782 <i>(Note 2)</i>	–	518,014,782	29.40%
Mr. Qiu Yue	15,430,000	–	18,620,436 <i>(Note 3)</i>	–	34,050,436	1.93%
	<u>15,430,000</u>	<u>–</u>	<u>536,635,218</u>	<u>–</u>	<u>552,065,218</u>	<u>31.33%</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 2015, 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 2015, 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 2015
Glamour House Limited	Interest of a controlled corporation ( <i>Note 1</i> )	518,014,782	29.40%
Asian Dynamics International Limited	Beneficial owner ( <i>Note 2</i> )	517,896,132	29.39%
Century Field Limited	Beneficial Owner	276,306,666	15.68%

*Note 1:* The controlled corporation is Glamour House Limited, which is beneficially owned as to 90% by Mr. Chu Yat Hong and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited

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

*(ii) Long Position in the Underlying Shares*

Nil

Save as disclosed above, as at 31 March 2015, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

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

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

## **COMPETING INTERESTS**

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

## **MANAGEMENT SHAREHOLDERS**

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited, Mr. Chu Yat Hong and Mr. Xie Xuan as disclosed above, there was no other person as at 31 March 2015 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 2015.

## **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 2015.

## **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 Mr. Zheng Hongliang and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this announcement and has provided advice and comments thereon.

On behalf of the Board

**Xie Xuan**

*Chairman*

Hong Kong, 14 May 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Chu Yat Hong, Mr. Qiu Yue, Mr. Xiao Jing and Dr. Feng Ke; and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang.*

*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](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.airnet.com.hk](http://www.airnet.com.hk).*