



(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8025)

Third Quarterly Report 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 report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date of this report, the executive directors of the Company are Mr. Xie Xuan (Chairman), 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.

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 and nine months ended 30 September 2015 together with the comparative figures for the corresponding periods in 2014 as follows:

| | Notes | For the three months ended 30 September | | For the nine months ended 30 September | |
|-----------------------------------------------|-------|-----------------------------------------|------------------|----------------------------------------|------------------|
| | | 2015 HK\$'000 | 2014 HK\$'000 | 2015 HK\$'000 | 2014 HK\$'000 |
| CONTINUING OPERATION | | | | | |
| Turnover | 2 | 12,700 | – | 23,234 | – |
| Cost of services | | (1,363) | – | (2,540) | – |
| Gross profit | | 11,337 | – | 20,694 | – |
| Other revenue | | 43 | 54 | 143 | 108 |
| Interest income | | – | – | 3 | – |
| Staff costs | | (903) | (871) | (5,227) | (2,313) |
| Operating lease rentals | | (135) | (138) | (868) | (353) |
| Other operating expenses | | (3,107) | (3,272) | (7,434) | (7,033) |
| Depreciation and amortization | | (7,277) | (1,916) | (12,514) | (7,498) |
| (Loss)/Gain from operating activities | | (42) | (6,143) | (5,203) | (17,089) |
| Finance costs | | (296) | (293) | (883) | (858) |
| Income/(Loss) before taxation | | (338) | (6,436) | (6,086) | (17,947) |
| Taxation | 3 | – | – | – | (17) |
| Loss for the period from continuing operation | | (338) | (6,436) | (6,086) | (17,964) |
| DISCONTINUED OPERATION | | | | | |
| Profit/(Loss) from discontinued operation | 5 | – | 1,018 | – | 1,018 |
| Loss for the period | | (338) | (5,418) | (6,086) | (16,946) |
| Attributable to: | | | | | |
| Equity holders of the Company | | (338) | (5,510) | (5,669) | (16,902) |
| Non controlling interest | | – | 92 | (417) | (44) |
| | | (338) | (5,418) | (6,086) | (16,946) |
| Loss per share | | | | | |
| – Basic | 4 | (0.02 cents) | (0.37 cents) | (0.32 cents) | (1.14 cents) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2015:

| | Attributable to equity holders of the Company | | | | | | | |
|-------------------------------------------|-----------------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------------|----------------------------------------|--------------------------|----------------------------------------------------|--------------------------|
| | 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 <i>HK\$'000</i> | Non- Controlling interest <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| As at 1 January 2014 | 148,552 | 237,721 | 26,020 | (1,407) | (390,662) | 17,798 | (16,369) | 1,429 |
| Placing Expense Movement of the period | - | (2,426) | - | - | (16,902) | (16,902) | (44) | (16,946) |
| As at 30 September 2014 | 148,552 | 235,295 | 26,020 | (1,407) | (407,564) | 896 | (16,413) | (15,517) |
| As at 1 January 2015 | 176,183 | 304,371 | 26,020 | (3,587) | (401,961) | 101,026 | 1,739 | 102,765 |
| Movement of the period | - | - | - | - | (5,669) | (5,669) | (417) | (6,086) |
| As at 30 September 2015 | 176,183 | 304,371 | 26,020 | (3,587) | (407,630) | 95,357 | 1,322 | 96,679 |

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 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 30 September | | For the nine months ended 30 September | |
|--------------------------------|--------------------------------------------|----------|-------------------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Management and Consultancy Fee | 12,700 | – | 23,234 | – |
| Total turnover | 12,700 | – | 23,234 | – |

3. TAXATION

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---------------|--------------------------------------------|----------|-------------------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Hong Kong Tax | – | – | – | – |
| PRC Tax | – | 339 | – | 356 |

No Hong Kong profits tax has been provided for the nine months ended 30 September 2015 as the Group has no assessable profit in Hong Kong for the period.

2014 PRC Tax of approximately RMB4,339,000 (3 months and 9 months) were reclassified as discontinued operation.

4. EARNINGS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2015 is based on the net loss from ordinary activities attributable to equity holders of the Company of approximately HK\$338,000 (2014: loss HK\$5,510,000) and loss of HK\$5,669,000 (2014: loss HK\$16,902,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2014: 1,485,518,897) during the periods.

5. DISCONTINUED OPERATION

| | Discontinued Operation | |
|-------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| | 3 months ending 30 September 2014 HK\$'000 | 9 months ending 30 September 2014 HK\$'000 |
| Turnover | 36,104 | 107,601 |
| Cost of Services | (31,848) | (98,182) |
| Gross Profit | 4,256 | 9,419 |
| Administration and operating expenses | (2,889) | (7,957) |
| Loss from operating activities | 1,367 | 1,462 |
| Finance costs | (10) | (105) |
| Loss before taxation | 1,357 | 1,357 |
| Taxation | (339) | (339) |
| Profit/(Loss) from Discontinued Operation | 1,018 | 1,018 |

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The consolidated turnover of the Group for the nine months ended 30 September 2015 was approximately HK\$23,234,000 (2014: HK\$107,601,000, reclassified as Discontinued Operation). Three months turnover, from July to September 2015, was approximately HK\$12,700,000.

The unaudited consolidated loss from operations for the nine months ended 30 September 2015 was approximately HK\$5,203,000 which decreased as compared with the adjusted figure in last year (2014) corresponding period of HK\$17,089,000. Loss for the nine months ended 30 September 2015 was approximately HK\$6,086,000 as compared to 2014's HK\$16,946,000.

A total of approximate HK\$12,413,000 was set aside, including approximate of HK\$7,632,000 for amortization intangible assets and about HK\$4,781,000 for impairment of investment of the Group.

Financial cost

The financial cost of the Group for the nine months ended 30 September 2015 was approximately HK\$883,000 (2014: HK\$963,000) which decreased by approximately 8.31% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the nine months ended 30 September 2015, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$22,105,000. The Group had a cash balance of approximately HK\$20,671,000.

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 2015 was HK\$176,182,556 (2014: HK\$148,518,897).

Gearing Ratio

As at 30 September 2015, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 56.01% (2014: 82.67%).

Employee and remuneration policies

As at 30 September 2015, the Group employed a total of 9 employees (as at 30 September 2014: 7), of which 3 were located in Hong Kong and the remaining 5 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 in building up and expanding its management services and financial advisory as per the Company's strategy. 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 these services provided sufficient cash-flow to operate efficiently.

The Board, looking forward, views that by concentrating on providing our services which had been usual part of the Company's businesses since 2002, has been consolidating our international investment management operations 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 while servicing its initial clientele. The international business restructuring services provider that the Company acquired last year has been emergent and has been actively providing more restructuring and advisory services.

Since the acquisition of last year, the Company has been able to maintain stability over the contracts and projects that the financial services provider were developing while also concurrently able to secure additional contracts via the acquired infrastructure. With the board's expertise and leadership the Company feels it has greatly positioned itself to provide more services in the international financial sector.

For the PRC investment management business, the Company has been continuing with its plan of reducing the operational expense of the Subsidiary; this has resulted in the consolidating of the Subsidiary's Shanghai operations into its Guangzhou operations as stated in the announcement made on 24 March 2015. This is with the aim of having the overall PRC investment management business' operations to continue with the process of being rationalized, with such the Company envisions a greater efficiency for operations can be anticipated in the future.

In addition, currently the Company's negotiations for the financial advisory roles as a strategic/general partner for a number of overseas investment opportunities, which are in line with the PRC directives of Chinese outbound foreign direct investments, covering regions in Europe, South East Asia and America.

As for the restructuring of the payment terms of the subsidiary's fund, the Company has taken remedial action to mitigate the risk in relations to those transactions and we are pleased to state that those actions have resulted in minimizing significant financial impact to the operations of the Company as disclosed under the financial results for the period under review.

With the guarantee given by the Vendor of the acquired infrastructures and together with the results from the acquired infrastructures, it has provided sustainable business opportunities to the enlarged group as a result of the management repositioning and re-focus.

The Group has been continuing with the process of registering the "Private Investment Fund Management Registration Certificate" for the Group's Foreign-invested Equity Investment Enterprise in Qianhai Free Trade Zone.

The Group's Subsidiary in Beijing has been continuing its effort to form a strategic alliance with the Post-Doctoral Program of Guanghua Tiancheng Investment Management Limited Co. (which is affiliated with the Peking University). The focus of the platform is to explore on the process of incubation with the projects and venture investments that the Company would gain access to via the strategic alliance partner. In addition to providing the group with a stable pipeline of venture investments opportunities it will also provide the group with more business management opportunities in the future.

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 be 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 is: Sinobase Asia Limited and Kasun Asian Capital Resources Management Limited.

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

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Nil

SIGNIFICANT 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 30 September 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 30 September 2015 |
|------------------|---------------------------------------------------------------|----------------------------------|--------------------------------|------------------------|--------------------|---------------|-------------------------------------------------------------------|
| | Directly beneficially owned | Through spouse or minor children | Through controlled corporation | Beneficiary of a trust | | | |
| Directors | | | | | | | |
| Mr. Xie Xuan | - | - | 518,014,782 (Note 1) | - | 518,014,782 | 29.40% | |
| Mr. Qiu Yue | 15,430,000 | - | 18,620,436 (Note 2) | - | 34,050,436 | 2.29% | |
| | 15,430,000 | - | 536,635,218 | - | 552,065,218 | 31.69% | |

Note 1: The controlled corporation is Glamour House Limited, which is accustomed to acting in accordance with Mr. Xie Xuan's instructions who is its sole director, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Note 2: 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 30 September 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 30 September 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 30 September 2015 |
|--------------------------------------|--------------------------------------------------------|------------------|-------------------------------------------------------------------|
| Glamour House Limited | Interest of a controlled corporation (<i>Note 1</i>) | 518,014,782 | 29.40% |
| Asian Dynamics International Limited | Beneficial owner | 517,896,132 | 29.39% |
| Century Field Limited | Beneficial Owner | 276,306,666 | 15.68% |

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

Save as disclosed above, as at 30 September 2015, 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.

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 SHAREHOLDER

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited and Mr. Xie Xuan as disclosed above, there was no other person as at 30 September 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 30 September 2015.

CORPORATE GOVERNANCE REPORT

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

Compliance with Corporate Governance Code

To ensure compliance with the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code. In the opinion of the Directors, the Company has complied with all the provisions of the Code, for the period ended 30 September 2015, except:

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

Code of Conduct Regarding Securities Transactions by Directors

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

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the period ended 30 September 2015.

Board of Directors

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

The Board comprises a total of seven Directors, with four executive Directors, namely Mr. Xie Xuan (Chairman), Mr. Xiao Jing (Chief Executive), Mr. Qiu Yue and Dr. Feng Ke and three independent non-executive Directors namely Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang. They are professionals in different areas and provide independent opinions based on their expertise.

Internal Control

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

Audit Committee

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising Independent Non-executive Directors, namely Mr. Zhang Daorong (Chairman of the Committee), Mr. Wu Jixue and Mr. Zheng Hongliang, and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this quarterly report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 11 November 2015