



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

FIRST QUARTERLY RESULTS ANNOUNCEMENT

(For the three months ended 31 March 2019)

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 2019 together with the comparative figures for the corresponding period in 2018 as follows:

	<i>Notes</i>	For the 3 months ending 31 March 2019 HK\$'000	For the 3 months ending 31 March 2018 HK\$'000
Turnover	2	5,575	5,135
Cost of Services		(3,893)	(3,650)
Gross Profit		1,682	1,485
Other Income		104	92
Staff costs		(1,852)	(2,483)
Depreciation and amortization		(285)	(164)
Operation lease rental		(778)	(313)
Other operating expenses		(1,782)	(1,252)
Profit / (Loss) from operating activities		(2,911)	(2,635)
Finance costs		(281)	(271)
Profit / (Loss) before taxation		(3,192)	(2,906)
Taxation	4	(65)	–
Profit / (Loss) for the period		(3,257)	(2,906)
Attributable to:			
Equity holders of the Company		(3,257)	(2,906)
Non Controlling Interest		–	–
		(3,257)	(2,906)
Profit / (Loss) per share			
– Basic	5	(0.19) cents	(0.17) cents

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2019

	Attributable to equity holders of the Company								
	Issued	Share	Capital	Translation	Convertible		Total	Non	Total
	Share	Premium			Reserve	Bonds		Equity	
	Capital	Total	Reserve	Reserve	Reserve	Loss	Interest	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 2018	176,183	304,371	26,020	(4,613)	–	(472,744)	29,217	(1)	29,216
Movement of the period	–	–	–	–	–	(2,906)	(2,906)	–	(2,906)
As at 31 March 2018	<u>176,183</u>	<u>304,371</u>	<u>26,020</u>	<u>(4,613)</u>	<u>–</u>	<u>(475,650)</u>	<u>26,311</u>	<u>(1)</u>	<u>26,310</u>
As at 1 January 2019	176,183	304,371	26,020	(3,699)	3,091	(530,127)	(24,161)	(1)	(24,162)
Movement of the period	–	–	–	–	–	(3,257)	(3,257)	–	(3,257)
As at 31 March 2019	<u>176,183</u>	<u>304,371</u>	<u>26,020</u>	<u>(3,699)</u>	<u>3,091</u>	<u>(533,384)</u>	<u>(27,418)</u>	<u>(1)</u>	<u>(27,419)</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 generally 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 2018.

2. TURNOVER

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

	For the three months ended 31 March	
	2019 HK\$’000	2018 HK\$’000
Private Equity Management and consultancy fee	4,756	5,135
Multi-media and value added service income	819	–
Total turnover	<u>5,575</u>	<u>5,135</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

	As at 31 March 2019 HK\$’000	As at 31 March 2018 HK\$’000
	Hong Kong profits tax	–
PRC income tax	65	–
Total	<u>65</u>	<u>–</u>

5. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 31 March 2019 is based on the net loss from ordinary activities attributable to shareholders of approximately HK\$3,257,000 (2018: HK\$2,906,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2018: 1,761,825,563) during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2019 (2018: 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 2019 was approximately HK\$5,575,000 (2018: HK\$5,135,000). The unaudited consolidated loss from operations for the three months ended 31 March 2019 was approximately HK\$2,911,000 as compared to the loss of the corresponding period of 2018 of approximately HK\$2,635,000. The increase in loss was attributed to the increase in other operation and rental expenses. Loss for the period ended 31 March 2019 was approximately HK\$3,257,000 as compared to 2018's loss of HK\$2,906,000.

Financial cost

The financial cost of the Group for the three months ended 31 March 2019 was approximately HK\$281,000 (2018: HK\$271,000) which increased by approximately 3.69% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2019, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$17,584,000. The Group had a cash balance of approximately HK\$3,591,000 (2018: HK\$21,764,000).

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 2019 was HK\$176,182,556 (2018: HK\$176,182,556).

Gearing Ratio

As at 31 March 2019, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 121.86% (2018: 81.76%).

Employee and remuneration policies

As at 31 March 2019, the Group employed a total of 29 employees (as at 31 March 2018: 42), of which 4 were located in Hong Kong, 24 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 Company has been focused on actively developing and expanding businesses in the private equity services which includes corporate consulting & management services. In addition, the Group has actively reorganized the media & value-added services sector into multimedia value-added services. 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.

With the uncertainty of a trade war on the horizon it has caused a challenging outlook for the ongoing Chinese and global economic growth, the Group will continue to exert rigorous control over its business operations and strategies, with aims to safeguard the shareholders' assets, and be prudent and risk averse.

Private Equity Services

The Management is of the view that the private equity market remains strong and positive. According to the statistic published by Asset Management Association of China, the private equity fund market in the PRC has recorded a rapid growth in recent years. The number of registered private funds as at 2018 year-end was 74,642, representing an increase of approximately 12.38% as compared to that of 2017 and a compound annual growth rate of approximately 45.86% from 2015 to 2018. The size of asset under management of the registered private funds as at 2018 year-end was approximately RMB12.78 trillion, representing an increase of approximately 15.12% as compared to that of 2017 and a compound annual growth rate of approximately 46.68% from 2015 to 2018.

The regulatory reforms have been stabilized

The regulatory reforms were launched in 2018, the Group had spent a period on observing and studying the outcome and effect of the rules and regulations in order to fully comply with the same. The management considers that the regulatory reforms have been stabilized in 2019, as such the Group become more concentrated on the private equity fund advisory services. During the period under review, the Group has assisted and supervised in an application for fund that was submitted to the appropriate regulatory party in the PRC for approval. The Group is also pleased to report that in addition to a number of private equity projects currently being negotiated, the Company has been appointed to advise and an opportunity to invest in a qualified US-Sino inspection entity. In addition, the Singapore private equity investment which the Group had previously invested into has recently distributed dividends and the Group has received it during the period under review. The management believes that the business in the private equity services sector would be improved in 2019 and should be able to provide further steady cashflow for the Company.

Multimedia and Value-added Services

The directors viewed that the previous media value added service has a limited scope of providing services for audio only media content and since the future market is moving towards multi-media, the directors feel that it is the appropriate time to reorganize the Group of companies in order to fully take advantage of the current market demand. In addition, the Group will gradually phase out audio only media value added service as it is viewed as a declining market.

Leveraging on the data-resources of the Company over the years in China, with experiences in the logistic, media and internet services client base, the Company endeavors to provide, apart from consultancy and capital raising services, a host of ancillary services, including project team consultancy, PRC business networking opportunities, strategic financial advisory services together with international fund raising networking opportunities, and customized marketing support by using the multimedia infrastructure platform and the accelerator capability in business developments for the portfolio under management, to generate revenue and market leads for the General Partnership investing opportunities.

Directors and management believe that the value-added services program plays a major part in strategically complementing the private equity services provided by the Group; they are of the best interest to the investors of Company and the Company as a whole, without the value-added services the Company may lose deals to other groups under the restructuring period of the overall general market of the PRC private equity industry.

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.

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

CONVERTIBLE BONDS

On 21 December 2018 the Company, pursuant to the acquisition agreement as described in the Company's circular dated 10 September 2014, issued in aggregate HK\$111,237,682 of zero-coupon convertible bonds convertible at the initial Conversion Price of HK\$0.45 per Share with 24-month maturity, to the Vendors or its nominees.

As at 31 March 2019 there were outstanding and in issue in aggregate HK\$111,237,682 of zero-coupon convertible bonds convertible at the initial Conversion Price of HK\$0.45 per Share with 24-month maturity.

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 2019, 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 2019
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
Directors						
Mr. Xie Xuan	–	–	518,014,782 <i>(Note 1)</i>	–	518,014,782	29.40%
Mr. Qiu Yue	15,430,000	–	18,620,436 <i>(Note 2)</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 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 31 March 2019, 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 2019, 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 2019
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 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 2019, 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 and Mr. Xie Xuan as disclosed above, there was no other person as at 31 March 2019 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 2019.

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 2019.

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. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi who have 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, 15 May 2019

As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Qiu Yue, Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; the independent non-executive directors are Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi.

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 the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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.