



ASIAN CAPITAL HOLDINGS LIMITED

卓亞資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8295

Interim Report 2011



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

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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 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 (the “Directors”) of Asian Capital Holdings Limited (the “Company”) 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

HIGHLIGHTS

- The Group's corporate advisory income in the second quarter of 2011 at approximately HK\$4.95 million marginally exceeded that of the corresponding period in 2010. Loss in securities dealing (second quarter of 2011 being approximately HK\$0.13 million and first half of 2011 being approximately HK\$0.26 million) however dragged the overall revenue of the Group for the six months ended 30 June 2011 to approximately HK\$8.51 million (2010: approximately HK\$9.44 million), representing a comparative decrease of approximately 10%.
- Operating expenses were largely contained, at approximately HK\$4.97 million in the second quarter of 2011 and approximately HK\$9.62 million for the first half of 2011 (2010: approximately HK\$7.22 million and HK\$12.34 million respectively). Allowing for the Listing expenses of approximately HK\$4.15 million charged to the consolidated income statement for the six months ended 30 June 2010, there was indeed an approximately 17% increase in operating expenses for the first half of 2011, largely representing the effects of the provision in the first quarter for prepaid professional fees and expenses relating to a litigation support and distressed asset recovery assignment for HK\$0.47 million, and fair value provision for pre-IPO share options of approximately HK\$1.27 million.
- Accordingly, the Group in the second quarter of 2011 recorded a small consolidated loss of approximately HK\$0.09 million, aggregating to a loss for the first half of 2011 to approximately HK\$1.05 million (2010: approximately HK\$3.10 million). However, the net assets value of the Group as at 30 June 2011 of approximately HK\$70.32 million (31 December 2010: approximately HK\$70.10 million) was actually marginally higher than that as at 31 December 2010, primarily because of the fair value treatment of the pre-IPO share options which charges against the operating expenses but adds to the reserves.
- Loss per share for the six months ended 30 June 2011 was approximately HK0.09 cents (2010: approximately HK0.34 cents), whereas net assets value per share as at 30 June 2011 edged up to approximately HK5.86 cents (31 December 2010: approximately HK5.84 cents).
- The Group is relatively rich in cash and continues to identify suitable underwriting, placing and investment activities to enhance its income.
- The Board does not recommend payment of interim dividend for the six months ended 30 June 2011.

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS



**To the Board of Directors of
Asian Capital Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements of Asian Capital Holdings Limited set out on pages 4 to 14, which comprises the condensed consolidated statement of financial position as of 30 June 2011 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

8 August 2011

The board (the “Board”) of directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2011 together with comparative unaudited figures for the corresponding periods ended 30 June 2010, as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2011

	Notes	Three months ended 30 June		Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue	3	4,824	4,945	8,506	9,437
Other income and gains	3	70	14	160	39
Operating expenses		(4,972)	(7,219)	(9,621)	(12,343)
Loss before tax	5	(78)	(2,260)	(955)	(2,867)
Income tax expense	6	(7)	(112)	(97)	(234)
Loss for the period		(85)	(2,372)	(1,052)	(3,101)
Other comprehensive loss for the period:					
Revaluation surplus realised upon redemption of available- for-sale investments		-	-	(2)	-
Change in fair value of available-for-sale investments		-	(43)	(3)	(43)
		-	(43)	(5)	(43)
Total comprehensive loss for the period		(85)	(2,415)	(1,057)	(3,144)
Loss per share attributable to ordinary equity holders of the Company	8				
Basic (HK cents)		(0.01)	(0.25)	(0.09)	(0.34)
Diluted (HK cents)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	9	1,612	460
Intangible asset		938	938
Deposits		100	100
Available-for-sale investments		20	2,502
Total non-current assets		<u>2,670</u>	<u>4,000</u>
Current assets			
Trade receivables	10	1,023	2,351
Prepayments, deposits and other receivables		937	3,108
Equity investments at fair value through profit or loss		2,818	1,242
Cash held on behalf of clients	11	78	102
Cash and cash equivalents		65,023	62,848
Total current assets		<u>69,879</u>	<u>69,651</u>
Current liabilities			
Trade payables	12	78	102
Other payables and accruals		1,805	3,196
Tax payable		346	248
Total current liabilities		<u>2,229</u>	<u>3,546</u>
Net current assets		<u>67,650</u>	<u>66,105</u>
Net assets		<u>70,320</u>	<u>70,105</u>
Equity			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	12,000	12,000
Reserves		58,320	58,105
Total equity		<u>70,320</u>	<u>70,105</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

Attributable to ordinary equity holders of the Company

	Issued capital <i>HK\$'000</i> (Unaudited)	Share premium account <i>HK\$'000</i> (Unaudited)	Contributed surplus <i>HK\$'000</i> (Unaudited)	Share option reserve <i>HK\$'000</i> (Unaudited)	Asset revaluation reserve <i>HK\$'000</i> (Unaudited)	Available- for-sale investments reserve <i>HK\$'000</i> (Unaudited)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2011	12,000	43,886	9,000	1,990	-	2	3,227	70,105
Total comprehensive loss for the period	-	-	-	-	-	(5)	(1,052)	(1,057)
Equity-settled share option arrangements	-	-	-	1,272	-	-	-	1,272
At 30 June 2011 (unaudited)	12,000	43,886	9,000	3,262	-	(3)	2,175	70,320
At 1 January 2010	-	141	10,000	-	348	-	32,360	42,849
Total comprehensive loss for the period	-	-	-	-	-	(43)	(3,101)	(3,144)
Acquisition of subsidiaries pursuant to the reorganisation	1,000	-	(1,000)	-	-	-	-	-
Capitalisation issue	8,000	(8,000)	-	-	-	-	-	-
Placing of shares	3,000	57,000	-	-	-	-	-	60,000
Share placement expenses	-	(5,255)	-	-	-	-	-	(5,255)
Equity-settled share option arrangements	-	-	-	218	-	-	-	218
Interim 2010 dividend distributed by a subsidiary	-	-	-	-	-	-	(29,000)	(29,000)
At 30 June 2010 (unaudited)	12,000	43,886	9,000	218	348	(43)	259	65,668

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash inflow/(outflow) from operating activities	908	(221)
Net cash inflow/(outflow) from investing activities	1,267	(2,569)
Net cash inflow from financing activities	—	25,745
Net increase in cash and cash equivalents	2,175	22,955
Cash and cash equivalents at beginning of period	62,848	41,475
Cash and cash equivalents at end of period	65,023	64,430

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2011

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of corporate advisory services and related activities, including investment activities.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2010. The Interim Financial Statements do not include all of the information required for annual financial statements. Therefore, they should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

Pursuant to a group reorganisation (the "Reorganisation") on 4 June 2010 in preparation for the listing of shares of the Company (the "Listing") on GEM of the Stock Exchange and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group.

The Reorganisation involved business combinations of entities under common control. Accordingly, for the purpose of this announcement, the comparative figures of the Interim Financial Statements and the related notes thereto have been prepared by applying the principles of merger accounting. On this basis, the comparative figures of the Interim Financial Statements are presented as if the current group structure had been in existence throughout the comparative period, or since their respective dates of incorporation of the companies comprising the Group where there is a shorter period.

All significant intra-group transactions and balances have been eliminated on consolidation.

The Interim Financial Statements have been prepared under the historical cost convention, except for certain equity investments at fair value through profit or loss and available-for-sale investments which have been measured at fair values. The Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the Group's functional currency. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

In the current period, the Group applied for the first time the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

Apart from the above, the Group has also adopted Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs.

The adoption of these new and revised HKFRSs has had no material effect on the Interim Financial Statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

In the Interim Financial Statements, the Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, and so far, the Group believes that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents corporate advisory income and securities dealing commission and gain.

An analysis of revenue and other income and gains is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue				
Corporate advisory income	4,950	4,940	8,766	9,428
Securities dealing commission and gain/(loss), net	(126)	5	(260)	9
	<u>4,824</u>	<u>4,945</u>	<u>8,506</u>	<u>9,437</u>
Other income and gains				
Interest income	56	2	134	27
Others	14	12	26	12
	<u>70</u>	<u>14</u>	<u>160</u>	<u>39</u>

4. OPERATING SEGMENT INFORMATION

The Group focuses on the provision of corporate advisory and related activities, including investment activities. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, is concentrated on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Depreciation	108	89	191	177
Minimum lease payments under operating leases on land and buildings	378	374	753	750
Employee benefit expense (including directors' remuneration)	<u>3,409</u>	<u>3,143</u>	<u>6,141</u>	<u>5,049</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the three months and six months ended 30 June 2011 and 2010.

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Current – Hong Kong	<u>7</u>	<u>112</u>	<u>97</u>	<u>234</u>

There was no significant unprovided deferred tax for the relevant periods and at the end of each reporting period.

7. DIVIDENDS

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Interim dividends distributed by subsidiaries (<i>Note</i>)	<u>-</u>	<u>20,500</u>	<u>-</u>	<u>29,000</u>

The Board does not recommend payment of an interim dividend for the three months and six months ended 30 June 2011.

Note: The amount represented interim dividends declared and paid by the Company's subsidiaries to their then shareholders prior to the Listing during the three months and six months ended 30 June 2010. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of the Interim Financial Statements.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic loss per share for the three months and six months ended 30 June 2011 are based on the unaudited consolidated loss of HK\$85,000 and unaudited consolidated loss of HK\$1,052,000 attributable to ordinary equity holders of the Company for each of the three months and six months ended 30 June 2011, respectively, (three months and six months ended 30 June 2010: consolidated loss of HK\$2,372,000 and HK\$3,101,000, respectively) and the weighted average number of 1,200,000,000 shares in issue for each of the three months and six months ended 30 June 2011, respectively, (pro forma weighted average number of shares in issue for the three months and six months ended 30 June 2010: 942,857,143 and 921,546,961 shares, respectively) as if they had been in issue throughout the periods.

No adjustment has been made to the basic loss per share amounts presented for the three months and six months ended 30 June 2011 as the conversion of the outstanding share options during the period had an anti-dilutive effect on the basic loss per share. There were no dilutive potential ordinary shares in existence for the three months and six months ended 30 June 2010 and therefore no diluted earnings per share amounts have been presented.

9. PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired items of plant and equipment with a cost of HK\$1,343,000 (2010: HK\$95,000). During the six months ended 30 June 2011 and 2010, no items of plant and equipment were disposed of.

10. TRADE RECEIVABLES

The Group's trade receivables arose from the provision of corporate advisory and securities dealings during the relevant periods.

The Group's trading term with its customers is due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of provision, is as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Current to 30 days	873	1,468
31 to 60 days	-	355
61 to 90 days	-	528
Over 90 days	150	-
	<hr/> 1,023 <hr/>	<hr/> 2,351 <hr/>

11. CASH HELD ON BEHALF OF CLIENTS

The Group's licensed subsidiary maintains a segregated trust account with a licensed bank to hold clients' monies arising from its normal course of business. This subsidiary has classified the clients' monies as cash held on behalf of clients under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

12. TRADE PAYABLES

The aged analysis of the Group's trade payables as at the end of each reporting period, based on the settlement due date, was current to 30 days (31 December 2010: current to 30 days). The sum as at 30 June 2011, which represented clients' trust funds, has been segregated in the trust accounts as described in note 11 to the Interim Financial Statements.

13. SHARE CAPITAL

	<i>Notes</i>	Number of shares (unaudited)	Nominal value HK\$ (unaudited)
Authorised			
Upon incorporation	<i>(a)</i>	30,000,000	300,000
Increase in authorised share capital	<i>(c)(i)</i>	9,970,000,000	99,700,000
As at 30 June 2010, 31 December 2010, 1 January 2011 and 30 June 2011		<u>10,000,000,000</u>	<u>100,000,000</u>
Issued			
Upon incorporation	<i>(a)</i>	1	0.01
Issue of shares on Reorganisation	<i>(b),(c)(iii)</i>	99,999,999	999,999.99
Capitalisation issue	<i>(d)</i>	800,000,000	8,000,000
Placing of shares	<i>(d)</i>	300,000,000	3,000,000
As at 30 June 2010, 31 December 2010, 1 January 2011 and 30 June 2011		<u>1,200,000,000</u>	<u>12,000,000</u>

Notes:

- (a) Upon incorporation of the Company, the authorised share capital was HK\$300,000 divided into 30,000,000 ordinary shares of HK\$0.01 each, of which one fully-paid share of HK\$0.01 was allotted and issued.
- (b) On 26 January 2010, an aggregate of 29,999,999 ordinary shares of HK\$0.01 each were issued at nil-paid to the then shareholders of the subsidiaries. These shares were subsequently credited as fully paid as described in (c)(ii) below.
- (c) In preparation for the Listing, the following changes in authorised and issued share capital of the Company took place on 4 June 2010:
- (i) the authorised share capital of the Company was increased from HK\$300,000 to HK\$100,000,000 by the creation of additional 9,970,000,000 ordinary shares of HK\$0.01 each.
- (ii) the Company credited an aggregate of 29,999,999 ordinary shares of HK\$0.01 each as set out in (b) above, as fully paid at par, and allotted and issued an aggregate of 70,000,000 ordinary shares of HK\$0.01 each to the then shareholders of the subsidiaries, credited as fully paid at par, as consideration for the acquisition of the entire issued capital of the subsidiaries.
- (d) On 17 June 2010, 300,000,000 ordinary shares of HK\$0.01 each were issued by way of placing (the "Placing") at a price of HK\$0.20 per share for cash consideration of HK\$60,000,000. The excess of the placing price over the par value of the shares issued was credited to the share premium account. On the same date, an aggregate of 800,000,000 ordinary shares of HK\$0.01 each were allotted, issued and fully paid at par, by way of capitalisation of the sum of HK\$8,000,000 from the share premium account, to the then shareholders of the Company, whose names appeared in the register of the Company on 7 June 2010.

14. CONTINGENT LIABILITIES

As at 30 June 2011, neither the Group nor the Company had any significant contingent liabilities (31 December 2010: Nil).

15. COMMITMENT

As at 30 June 2011, the Group had a commitment arisen from an underwriting agreement for an open offer of a client of approximately HK\$150 million, out of which HK\$142 million were sub-underwritten to other stock brokers.

As at 31 December 2010, the Group had the following capital commitment:

	Group <i>HK\$'000</i>
Authorised, but not contracted for: Unlisted fund investments	<u>2,500</u>

As at 30 June 2011, the Company did not have any significant commitments (31 December 2010: Nil).

16. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2011, corporate advisory income of HK\$519,000 was received by the Group from a related company, a non-executive director of which is also a director of the Company, on a mutually agreed basis.
- (b) On 7 February 2010 and 14 April 2010, the Group was advanced an aggregate amount of HK\$10,500,000 by way of shareholders' loans. The loans were interest-free, and were repaid out of the proceeds from the Placing in June 2010.
- (c) Compensation of key management personnel of the Group

	Three months ended 30 June		Six months ended 30 June	
	2011 <i>HK\$'000</i> (Unaudited)	2010 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)	2010 <i>HK\$'000</i> (Unaudited)
Short term employees benefits	963	1,049	1,559	1,678
Post-employment benefits	6	6	12	12
Total compensation paid to key management personnel	969	1,055	1,571	1,690

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 8 August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in corporate advisory and related activities involving the provision of a variety of corporate finance advisory services with a primary focus on companies listed in Hong Kong. The scope of corporate advisory services and related activities offered by the Group includes one or more of the following:

- (i) the resumption of trading in the shares of companies listed on the Stock Exchange, the trading of which has generally been suspended for more than ten business days (“Corporate Resumption”);
- (ii) advising on corporate finance activities of companies (whether listed or unlisted), including mergers and acquisitions, arranging pre-initial public offering fund raising for listing candidates and acting as independent financial adviser to listed companies;
- (iii) acting as sponsor in initial public offering and listing of shares on the Stock Exchange (“IPO”), advising listed companies on compliance requirements, and acting as compliance adviser to listed companies (whether post-IPO or post-resumption);
- (iv) services related to litigation support and distressed asset recovery; and
- (v) dealing and investment in securities, as principal and agent.

Corporate Resumption services of the Group remained active during the six months ended 30 June 2011 with one new case taken on during that period. During the first half of 2011, two Corporate Resumption cases received the Stock Exchange’s extension for the satisfaction of the resumption conditions. The shares of Tack Fat Group International Limited (“Tack Fat”) (Stock Code: 928) are scheduled to resume for trading on 9 August 2011, and in the case of China Medical and Bio Science Limited (Provisional Liquidators Appointed) (Stock Code: 8120), the satisfaction of the resumption conditions has been extended to 31 October 2011. Smart Union Group (Holdings) Limited (Provisional Liquidators Appointed) (Stock Code: 2700) also received Stock Exchange’s in-principle, conditional resumption approval in June 2011, with resumption conditions to be satisfied by 30 November 2011.

During the reporting period, the Group’s corporate finance advisory services were mostly rendered towards Corporate Resumption related work. With regard to IPO related activities, we advised the controlling shareholder of a Stock Exchange Main Board listing candidate who, despite having obtained listing approval, aborted the IPO due to market conditions. The Group continued to render services as compliance adviser to three Main Board issuers, and was engaged by one client for a proposed IPO.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

The Group collected revenue from one assignment for litigation support and distressed asset recovery during the reporting period, but had to provide for prepaid professional fees and expenses for another case for HK\$0.47 million.

In June 2011, Asian Capital (Corporate Finance) Limited, a wholly-owned subsidiary of the Company, entered into an underwriting agreement for approximately HK\$150.01 million (the "Underwriting") in an open offer for Tack Fat. Approximately HK\$142.40 million were sub-underwritten to other brokers, with the Group taking up an exposure of approximately HK\$7.61 million. The Underwriting was completed on 2 August 2011 and the Group has been allotted some Tack Fat shares.

The Group's investment in the CEG-MCL Renaissance Fund Segregated Portfolio (the "Renaissance Fund") was largely refunded pursuant to the terms of fund as the fund had been underinvested. During the reporting period, the Group traded in Hong Kong securities and recorded a marked to market loss of approximately HK\$0.26 million against a maximum investment exposure of approximately HK\$2.82 million.

Financial Review

The Group's corporate advisory income in the second quarter of 2011 at approximately HK\$4.95 million marginally exceeded that of the corresponding period in 2010. Loss in securities dealing (second quarter of 2011 being approximately HK\$0.13 million and first half of 2011 being approximately HK\$0.26 million) however dragged the overall revenue of the Group for the six months ended 30 June 2011 to approximately HK\$8.51 million (2010: approximately HK\$9.44 million), representing a comparative decrease of approximately 10%.

Operating expenses were largely contained, at approximately HK\$4.97 million in the second quarter of 2011 and approximately HK\$9.62 million for the first half of 2011 (2010: approximately HK\$7.22 million and HK\$12.34 million respectively). Allowing for the Listing expenses of approximately HK\$4.15 million charged to the consolidated income statement for the six months ended 30 June 2010, there was indeed an approximately 17% increase in operating expenses for the first half of 2011, largely representing the effects of the provision in the first quarter for prepaid professional fees and expenses relating to a litigation support and distressed asset recovery assignment for HK\$0.47 million, and fair value provision for pre-IPO share options of approximately HK\$1.27 million.

Accordingly, the Group in the second quarter of 2011 recorded a small consolidated loss of approximately HK\$0.09 million, aggregating to a loss for the first half of 2011 to approximately HK\$1.05 million (2010: approximately HK\$3.10 million). Loss per share for the six months ended 30 June 2011 was approximately HK0.09 cents (2010: approximately HK0.34 cents).

The net assets value of the Group as at 30 June 2011 of approximately HK\$70.32 million (31 December 2010: approximately HK\$70.10 million) was marginally higher than that as at 31 December 2010, primarily because of the fair value treatment of the pre-IPO share options which charges against the operating expenses but adds to the reserves. The net assets value per share as at 30 June 2011 edged up to approximately HK5.86 cents (31 December 2010: approximately HK5.84 cents).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and financial resources

The Group adopts a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2011. The Group had cash and cash equivalents of approximately HK\$65.02 million as at 30 June 2011 (31 December 2010: approximately HK\$62.85 million). As at 30 June 2011, the Group had net current assets of approximately HK\$67.65 million (31 December 2010: approximately HK\$66.10 million). Current ratio as at 30 June 2011 was 31.35 (31 December 2010: 19.64).

The Group's operations and investments are financed principally by revenues generated from business operations, available bank balances and its capital. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was nil as at 30 June 2011 (31 December 2010: Nil).

For the six months ended 30 June 2011, the Group had minimal exposure in foreign currency risk as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will continue to monitor its foreign currency exposure closely and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 18 June 2010. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises only ordinary shares.

Total equity attributable to ordinary equity holders of the Company amounted to approximately HK\$70.32 million as at 30 June 2011 (31 December 2010: approximately HK\$70.10 million). This increase despite comprehensive loss for the period was attributable to the fair value charge of the pre-IPO options being credited to the reserves.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Commitments

As at 30 June 2011, save for the Group's commitment in the Underwriting as described under the section headed "Business Review" above, the Group did not have any significant commitments (31 December 2010: HK\$2.50 million).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Information on employees

As at 30 June 2011, the Group had 21 employees (31 December 2010: 20), including the executive Directors. Total staff costs (including Directors' emoluments and fair value charge for the Group's pre-IPO share options) were approximately HK\$6.14 million for the six months ended 30 June 2011 as compared to approximately HK\$5.05 million for the six months ended 30 June 2010. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses are paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to mandatory provident fund scheme in Hong Kong, social insurance in the People's Republic of China (the "PRC"), and share options.

Charges on assets

As at 30 June 2011, the Group did not have any charges on its assets (31 December 2010: Nil).

Contingent liabilities

As at 30 June 2011, the Group had no material contingent liabilities (31 December 2010: Nil).

Outlook

The Group has benefited from its Listing which has strengthened its capital base and enhanced its profile. The Group is relatively rich in cash and continues to identify suitable underwriting, placing and investment opportunities to enhance its income, and considers that follow on investments in Corporate Resumption cases represent good uses of the Group's capital. As the Renaissance Fund no longer provides a useful avenue for the Group's equities involvement arising from Corporate Resumption cases, the Group will directly yet discriminatively apply its capital resources in this area. While making investment decisions, the Group's management is mindful of the possible effects of the sustained weakness of the United States dollars because of its debt levels, uncertainties in Europe because of its sovereign debt crisis and the tightening of liquidity in the PRC in the wake of rising inflation.

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS

An analysis comparing the future plans and prospects as stated in the Company's prospectus dated 11 June 2010 (the "Prospectus") with the Group's actual business progress for the period from 1 January 2011 to 30 June 2011 (the "Relevant Period") is set out below:

	Future plans and prospects	Actual business progress during the Relevant Period
1. Enhancement of technical competence	Recruit additional professional with relevant experience/qualifications in corporate advisory and/or supporting staff	Four new executive staff and two supporting staff were recruited. However, we lost four executive staff and one supporting staff due to resignations. Recruitment firms requested to seek suitable, experienced candidates. In-house and other professional development courses have been organised and attended by executive staff as an on-going process to enhance their technical competence and skills.
2. Expansion of alliance network	Continue to explore existing and new client network and alliances and develop a stronger relationship with Phillip Capital (HK) Limited ("Phillip Capital (HK)") and Phillip Securities (Hong Kong) Limited in Hong Kong and the PRC	Regular client/business associates gathering organised to explore business opportunities and foster good relationships.
3. Improvement of public awareness	Participate in seminars and related activities promoting the Group's corporate advisory services	The executive chairman of the Company served as a judge in the 2010/11 Junior Achievement Hong Kong Company Programme and the PolyU Innovation & Entrepreneurship Global Student Challenge. He also spoke at an external seminar. The Group's executives in aggregate participated in no less than 30 seminars during the period enhancing corporate exposures. The Group also contributed sponsorships and scholarships in respect of two universities in Hong Kong.
4. Taking a more active role in fund raising and investment activities	Involve in underwriting, placing and/or investment activities	The Group was engaged in the Underwriting as described in the section under "Business Review" above.

USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$49.34 million. The future plans and prospects as stated in the Prospectus were formulated based on the best estimation of the future market conditions at the time of preparing the Prospectus. The Directors are mindful of the financial performance of the Group in engaging actual costs and capital expenditure. The proceeds were applied in accordance with the ongoing development of the market. During the Relevant Period, the net proceeds from the Placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus during the Relevant Period (HK\$'000)	Actual use of proceeds during the Relevant Period (HK\$'000)
Enhancement of technical competence (Notes 1 and 2)	600	386
Expansion of alliance network (Note 3)	100	11
Improvement of public awareness (Note 4)	100	26
Taking a more active role in fund raising and investment activities (Note 5)	–	–
	<hr/>	<hr/>
Total	800	423
	<hr/>	<hr/>

Notes:

1. The job market in Hong Kong continued to be intensively competitive. In the first half of 2011, the Group was only able to recruit four junior executives and two supporting staff, some of whom also served replacement purposes. The relevant expenditure has thus been lower than expected. As at the date of this announcement, recruitment efforts are continuing.
2. During the Relevant Period, out of the planned spending brought forward from the second half of 2010, the Group invested approximately HK\$0.14 million to enhance certain aspects of its computer systems to support better delivery of corporate advisory services. The Group is in the process of identifying a suitable consultant to review certain aspects of its computer application. Meanwhile, further investment is expected to be made in the second half of 2011 to enhance the backup capabilities of the file server and mail server.
3. Amounts spent on expansion of alliance network were lower than expected as clients and business associates shared most of the costs.
4. Expenditure on improvement of public awareness was lower as the Group had ceased to engage the services of public relation companies since the end of 2010.
5. The Group's capital continues to serve as available funds to support underwriting, placing and investment activities when opportunities arise. The Group was exposed to a gross underwriting of approximately HK\$150 million as at 30 June 2011. Surplus cash has been placed on short term deposits with Hong Kong licensed banks.

SHARE OPTIONS SCHEMES

The Company has adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and a share option scheme (the “Share Option Scheme”) on 7 June 2010. The principal terms of the two schemes were summarised in the sections headed “Pre-IPO Share Option Scheme” and “Share Option Scheme” in Appendix V to the Prospectus.

The purpose of the Pre-IPO Share Option Scheme and the Share Option Scheme is to enable the Company to grant options to the participants as incentive or rewards for their contributions to the Group.

Pre-IPO Share Option Scheme

Options to subscribe for an aggregate of 120,000,000 shares at an exercise price of HK\$0.20 were granted to 24 participants by the Company, each at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the available options under the Pre-IPO Share Option Scheme were granted on 10 June 2010 and no further options were granted under the Pre-IPO Share Option Scheme thereafter.

As at 30 June 2011, details of the options granted under the Pre-IPO Share Option Scheme were as follows:

Name of grantee	Exercise period (dd/mm/yy)	Number of options				Outstanding as at 30 June 2011	Approximate percentage of issued share capital of the Company
		Outstanding as at 31 December 2010	Exercised during the period	Cancelled during the period	Lapsed during the period		
Directors							
Mr. YEUNG Kai Cheung Patrick (“Mr. Yeung”)	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.83%
Mr. CHAN Hok Leung	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.83%
Mr. XIN Luo Lin	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.83%
Mr. CHAN Kai Nang	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.50%
Mr. YI Xiqun	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.50%
Employees of the Group	10/06/12 – 09/06/20	61,500,000	-	-	(6,500,000)	55,000,000	4.58%
Consultant to the Group	10/06/12 – 09/06/20	<u>3,000,000</u>	-	-	<u>(3,000,000)</u>	-	-
Total		<u>106,500,000</u>	-	-	<u>(9,500,000)</u>	<u>97,000,000</u>	<u>8.07%</u>

SHARE OPTIONS SCHEMES *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holder in tranches in the following manner:

- (a) 10% of the option shall vest on 10 June 2012;
- (b) 20% of the option shall vest on 10 June 2013;
- (c) 30% of the option shall vest on 10 June 2014; and
- (d) 40% of the option shall vest on 10 June 2015.

Share Option Scheme

During the six months ended 30 June 2011, no option was granted, exercised or lapsed under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2011, interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors to be notified to the Company and the Stock Exchange, were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Mr. Yeung	Interest of controlled corporation	630,000,000 <i>(Note 1)</i>	–	630,000,000	52.50%
	Beneficial owner	–	10,000,000 <i>(Note 2)</i>	10,000,000	0.83%
Mr. CHAN Hok Leung	Beneficial owner	–	10,000,000 <i>(Note 2)</i>	10,000,000	0.83%
Mr. XIN Luo Lin	Beneficial owner	–	10,000,000 <i>(Note 2)</i>	10,000,000	0.83%
Mr. CHAN Kai Nang	Beneficial owner	–	6,000,000 <i>(Note 2)</i>	6,000,000	0.50%
Mr. YI Xiqun	Beneficial owner	–	6,000,000 <i>(Note 2)</i>	6,000,000	0.50%

Notes:

1. These 630,000,000 shares are owned by Master Link Assets Limited (“Master Link”), a company whose entire issued share capital is owned by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 630,000,000 shares owned by Master Link.
2. These shares represent the underlying interest in shares pursuant to the options granted to the Directors by the Company under the Pre-IPO Share Option Scheme. Further details are set out in the paragraph headed “Pre-IPO Share Option Scheme” under the section headed “Share Option Schemes” above.

Save as disclosed above, as at 30 June 2011, none of the directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or 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 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2011, so far as was known to the Directors, the following persons (other than the directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Master Link (<i>Note 1</i>)	Beneficial owner	630,000,000	52.50%
Mr. LIM Hua Min ("Mr. Lim") (<i>Note 2</i>)	Interest of controlled corporation	252,955,791	21.08%
Phillip Capital (HK) (<i>Note 2</i>)	Beneficial owner	252,955,791	21.08%
Ms. LAM Pik Wah	Beneficial owner	90,000,000	7.50%

Notes:

1. Master Link is an investment holding company incorporated on 8 January 1999 under the laws of the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and beneficially owned by Mr. Yeung.
2. Phillip Capital (HK) is an investment holding company incorporated on 17 January 2006 under the laws of Hong Kong with limited liability, which is owned as to 85% by Mr. Lim. By virtue of the SFO, Mr. Lim is deemed to be interested in the 252,955,791 shares owned by Phillip Capital (HK).

Save as disclosed above, as at 30 June 2011, the Directors were not aware of any other person (other than the directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2011.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by VC Capital Limited ("VC Capital"), the compliance adviser of the Company, neither VC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2011.

Pursuant to the agreement dated 17 June 2010 entered into between VC Capital and the Company, VC Capital received and will receive fees for acting as the compliance adviser of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 June 2011, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DISCLOSURE OF UPDATED INFORMATION ON DIRECTOR PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

Mr. Xin Luo Lin, the non-executive Director and honorary chairman of the Company, was appointed as a non-executive director of China Environmental Technology Holdings Limited (Stock Code: 646), a company listed on the Main Board of the Stock Exchange, on 17 March 2011.

Having made specific enquiries to all the Directors, save as disclosed above, there is no change in the information of the Directors that is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company's 2010 annual report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2011.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules during the period under review, except code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Yeung to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With their strong business and governance experience, the Directors do not expect any issues would arise due to the combined role of Mr. Yeung. The Group also has in place an internal control system to perform the check and balance function.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chan Kai Nang (chairman of the audit committee), Mr. Tsui Pui Yan and Mr. Yi Xiqun.

Since the listing of the Company on GEM of the Stock Exchange, the Group has engaged a professional accounting firm (the "Internal Auditors") to conduct regular internal audits and to report its findings to the audit committee. The Interim Financial Statements have been reviewed by the Internal Auditors and they confirm that they have not identified any matters that need to be brought to the attention of the audit committee.

Our external auditors, Ernst & Young, were also engaged to conduct a review of the Interim Financial Statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Based on their review, nothing has come to their attention that causes them to believe that the Interim Financial Statements have not been prepared fairly, in all material aspects, in accordance with the HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

The audit committee has reviewed the Interim Financial Statements and is of the opinion that the preparation of those statements complies with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board
Asian Capital Holdings Limited
YEUNG Kai Cheung Patrick
Executive Chairman

Hong Kong, 8 August 2011

As at the date of this report, the Board comprises Mr. YEUNG Kai Cheung Patrick (executive chairman) and Mr. CHAN Hok Leung being executive Directors; Mr. XIN Luo Lin (honorary chairman) being non-executive Director; and Mr. YI Xiqun, Mr. CHAN Kai Nang and Mr. TSUI Pui Yan being independent non-executive Directors.