亞洲資產（控股）有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

First Quarterly Report 2012

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), and Mr. Qiu Yue; the non-executive directors are Mr. Lo Mun Lam Raymond (Vice Chairman); and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong and Dr. Feng Ke.

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 2012 together with the comparative figures for the corresponding period in 2011 as follows:

		For the 3 months ending 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**1,482**	1,775
Cost of Services		**(386)**	(1,204)
Gross Profit		**1,096**	571
Interest Income		**—**	1
Other Income		**—**	—
Staff costs		**(447)**	(748)
Depreciation and amortization		**(2,896)**	(4,894)
Operation lease rental		**(64)**	(51)
Other operating expenses		**(399)**	(523)
Loss from operating activities		**(2,710)**	(5,644)
Finance costs		**(282)**	(247)
Loss before taxation		**(2,992)**	(5,891)
Taxation	*4*	**(89)**	517
Loss for the period		**(3,081)**	(5,374)
Attributable to:			
Equity holders of the Company		**(3,483)**	(5,493)
Non Controlling Interest		**402**	119
		(3,081)	(5,374)
Loss per share			
— Basic	*5*	**(0.32 cents)**	(0.51 cents)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2012:

	Attributable to equity holders of the Company								
	Issued Share Capital	Share Premium	Capital Reserve	Translation Reserve	Convertible Note Reserve	Accumulated Loss	Total	Non Controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2011	98,842	124,060	26,020	(3,456)	11,979	(378,075)	(120,630)	30,213	(90,417)
Movement of the period	8,650	7,074	—	—	(2,616)	(5,493)	7,615	119	7,734
As at 31 March 2011	107,492	131,134	26,020	(3,456)	9,363	(383,568)	(113,015)	30,332	(82,683)
As at 1 January 2012	108,269	135,790	26,020	(1,182)	9,158	(377,229)	(99,174)	11,948	(87,226)
Movement of the period	—	—	—	—	—	(3,483)	(3,483)	402	(3,081)
As at 31 March 2012	**108,269**	**135,790**	**26,020**	**(1,182)**	**9,158**	**(380,712)**	**(102,657)**	**12,350**	**(90,307)**

Notes:

1. **BASIS OF PREPARATION**

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), and accounting principles general accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31 December 2011.

2. **TURNOVER**

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

	For the three months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Internet protocol television ("IPTV") services income	**1,482**	1,775
Total turnover	**1,482**	1,775

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**

The tax reported for the three months ended 31 March 2012 was provision for China tax.

5. **LOSS PER SHARE**

The calculation of basic loss per share for the three months ended 31 March 2012 is based on the net loss from ordinary activities attributable to shareholders of approximately HK$3,483,000 (2011: HK$5,493,000) and the weighted average number of ordinary shares of approximately 1,082,687,986 (2011: 1,037,985,402) during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the three months ended 31 March 2012 was approximately HK$1,482,000 (2011: HK$1,775,000) which was decreased by approximately 16.5% as compared to that of the previous financial year. The decrease in turnover was due to market uncertainty which affected the Group's IPTV division.

The unaudited consolidated loss from operations for the three months ended 31 March 2012 was approximately HK$2,710,000, which decreased as compared with the corresponding period last year, HK$5,644,000. The decreased in loss for the period is mainly attributable to the reduction in the provision made for amortisation on the intangible assets of the Group.

Provision has been made for amortisation on the intangible assets of the Group in the amount of approximately HK$2,710,200 as the Board has adopted a prudent approach and determined that amortisation on the intangible assets provision should be made on the intangible assets of the Group.

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

The Group's gross profit margin is increased from approximately 32% for the three months ended 31 March 2011 to approximately 74% for the current period.

Financial cost

The financial cost of the Group for the three months ended 31 March 2012 was approximately HK$282,000 (2011: HK$247,000) which was increased by approximately 14.2% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2012, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK$21,172,000. The Group had a cash balance of approximately HK$1,339,000 (2011: HK$2,952,000).

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 2012 was HK$108,268,799 (2011: HK$107,491,799).

Gearing Ratio

As at 31 March 2012, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 399.33% (2011: 312.45%).

Employee and remuneration policies

As at 31 March 2012, the Group employed a total of 17 employees (as at 31 March 2011: 18), of which 3 were located in Hong Kong and the remaining 14 were located in the PRC. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

OPERATIONAL REVIEW

During the period under review, the Group had engaged into concrete discussion in the PRC to further enlarge its revenue base through the further development of the Group's IPTV division which currently provides IPTV value added services to the greater southern China region. Based on the believe of the Board and management, the Company has a sufficient level of operations in its IPTV division and has sufficient assets to operate its business as a going concern which serves as a development platform for the expanded value-added businesses that the Group would engaged into. The Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business. The Company also has, in addition to those assets held by the iPTV division, sufficient resources to operate its business given the continuing support of the Company's immediate holding company.

Looking forward, the Board is contemplating expanding the investment operations of the Group, which will allow the Company to invest in project with synergy effect to the existing business with the Group, which shall derive value for the Company's shareholders, and pave the way for the Company's future growth, both in terms of revenue streams and profits achieved from its business operations.

Information Technology Division

Since 2010, the Company entered into strategic alliance with a local internet carrier to deploy the iPTV services to selective blocks of subscribers as trial run, aiming at testing the maturity of the system and the interactive features of the Internet in order to ensure the system capability of reaching a critical mass of subscribers following the launch.

Due to the complexity of the regulatory frame-work of iPTV in China which is consisted of a combination of traditional TV regulatory measures, access regulations, and regulation of resources in the IPTV platform, the Company has endeavored to satisfy the customers' expectations, and navigated the regulatory framework through prudent and careful assessments prior to engage itself into large scale investment and marketing campaign to promote the services.

We are pleased to report to the shareholders that the Company had achieved great progress in the first quarter of the year in its pursuit of sustainable and synergetic technology partner, which aims to complement our own established iPTV operational platform. As announced on 12 May 2012, a non-legally binding memorandum of understanding ("MOU") had been entered into between the Group and the Vendor regarding the potential acquisition of a third party entity which is licensed to deploy satellite technology for civil application in the PRC. Based on a research published by the International Journal of Research and Reviews in Wireless Communication by Science Academy Publisher, United Kingdom, digital television is one of the most prevalent broadcast platform around the world and the use of satellite to transmit digital TV signal directly to consumers and homes is perhaps one of the most successful commercial applications of this communications technology, as displayed by the success of Sky Television in Europe. If the MOU materialises, further resources would be put in by the Company in the future to explore the synergy of the satellite technology platforms and to explore any viable value-added services to the consumers of China.

Besides, continuous market studies has been conducted by the Group's strategic team focusing on residential market and high profit customer base, which the Company had been trying to develop by engaging in various discussions with PRC developers to service their "residential communities" with value-added services on video and IP applications. The Management believes that it can be achieved better performance in the next two years with better deployment of technologies and service coverage and the possible use of the satellite application technology if the MOU materialises.

Following the streamlining of the Group business after the discontinuation of the logistic business, the Board is anxiously looking forward to the expansion of the Company's core expertise in the area of IPTV value-added services and to lead and restructure the operations of the Company in the direction as stated above.

Financial Consultancy

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.

With the acquisition of Vega International Group Limited, which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post-acquisition advisory and professional management services, the Group is researching, developing and exploring further opportunities for development in the corporate finance sector which will further contribute to the current revenue streams generated by the Group.

In relation to the corporate finance sector, the Board is planning to devote more time and resources towards expanding the provision of financial consultancy services to business sectors that complement and have synergy with the household consumers and media services that the IPTV division of the Company is presently pursuing. The Board envisages that such services, if agreed, will encompass the establishment of financial advisory offices which will provide investment, financial and project management advise to other companies. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division as it progresses.

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: Asian Information Resources Consultants Limited, AIR Logistics International Holdings Limited, Sinobase Asia Limited and Sino Resource Investments Limited

No subsidiaries have been deregistered during the period.

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

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

On 27 April 2010, Union Resources Educational Development (Yanjiao) Company Limited ("UREDY"), as the first plaintiff, and Union Resources (Educational Development) Limited ("UR"), as the second plaintiff (the "Plaintiffs"), initiated legal proceedings against the Company, as the first defendant, and four other persons, being the second to fifth defendants, by way of the issue of a Writ of Summons in the High Court of Hong Kong under action number HCA589 of 2010 (the "Writ of Summons"). For further details of the Writ of Summons and the indorsement of claim as it pertains to the Company, please refer to the Company's announcements dated 28 April 2010, and 3 May 2010.

As stated in the Company's announcement dated 3 May 2010, the Board is given to understand that in the event that the Plaintiffs prosecute the claims stated in the Writ of Summons, then the Plaintiffs will claim they are entitled to an award of specific damages in the sum of RMB9,744,000.

The Board, after a preliminary assessment of the Writ of Summons, is of the view that in the event that the Plaintiffs are successful in proving the relevant claims against the Company, and that if the possible specific damages of RMB9,744,000, and a possible claim for UREDY's and UR's legal costs are awarded against the Company, that such awards will not have a material adverse impact on the Group's financial position, in the long term.

On 11 February 2011, the Eastern Magistrates Court of Hong Kong issued five summonses to the Company. Each of them alleges that the Company, contrary to sections 384(1) and 384(6) of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, did provide to the Stock Exchange of Hong Kong Limited a copy of an announcement which was false or misleading in a material particular, and the Company knew or was reckless as to whether the information was false or misleading in a material particular.

After the Board has taken full legal advice from the Company's solicitors regarding each of the Five Summonses, at a hearing held on 16 April 2012, the Company has pleaded guilty to the five charges under the Five Summonses and is fined HK$20,000 for each Summons and ordered to pay the Securities and Futures Commission's investigation costs of HK$17,683, making a total of HK$117,683, which was being paid on 27 April 2012. Having given its consideration to each of the Five Summonses, the guilty plea and the fine, the Board is of the view that they will not have a material adverse impact on the Company's financial position.

Save as disclosed above, as at 31 March 2012 neither the Company nor any of its subsidiaries is involved in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Board to be pending or threatened against the Company or any of its subsidiaries.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 12 May 2012, the Company made an announcement, pursuant to Rule 17.10 of the GEM Listing Rules on "MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION", contents of the announcement is summarized below:

"**Memorandum of Understanding in respect of the Possible Acquisition**

The Board is pleased to announce that on 12 May 2012, the Purchaser entered into a non-legally binding MOU with the Vendor pursuant to which the Purchaser intended to acquire and the Vendor intended to sell 100% of the issued share capital of the Target, which is principally engaged in the civilian satellite applications business (by utilizing the Beidao (second generation) civilian application and its technology platform) in the PRC. The consideration for the Possible Acquisition is subject to further negotiations with reference to the profit guarantee to be agreed with the Vendor, and may be satisfied by the Purchaser by a combination of cash, consideration shares, convertible notes and/or promissory notes to be issued by the Company to the Vendor."

On the same date, the Company also made an announcement on "PLACING OF NEW SHARES UNDER GENERAL MANDATE", contents of the announcement is summarized below:

"PLACING OF NEW SHARES

On 12 May 2012, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, to not less than six independent Placees for up to 70,000,000 new Shares at a price of HK$0.428 per Placing Share.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

The maximum number of 70,000,000 Placing Shares represents approximately 6.5% of the entire issued share capital of the Company of 1,082,687,986 Shares as at the date of this announcement and approximately 6.1% of the Company's entire issued share capital as enlarged by the Placing Shares. The net proceeds from the Placing of approximately HK$28,800,000 (assuming the Placing Shares are fully placed and after all relevant expenses) will be used (i) as to HK$28,000,000 for the possible acquisition of the civilian satellite application business as announced by the Company on the even date if it materializes; and (ii) as to HK$800,000 as the general working capital of the Group."

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 2012, 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					
	Directly beneficially owned	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**Percentage of the Company's issued Shares as at 31 March 2012**
Directors						
Mr. Xie Xuan	—	—	546,964,782 *(Note 1)*	—	546,964,782	50.52%
Mr. Qiu Yue	15,430,000	—	18,620,436 *(Note 2)*	—	34,050,436	3.14%
	15,430,000	**—**	**565,585,218**	**—**	**581,015,218**	**53.66%**

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 2012, 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 2012, 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 2012
Glamour House Limited	Interest of a controlled corporation *(Note 1)*	546,964,782	50.52%
Mr. Chu Yat Hong	Interest of a controlled corporation *(Note 2)*	546,964,782	50.52%
Asian Dynamics International Limited	Beneficial owner	546,846,132	50.51%
Logic Ease Group Limited	Beneficial Owner	86,500,000	7.99%

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

Note 2: The controlled corporation is Glamour House Limited, which is beneficially owned as to 90% by Mr. Chu Yat Hong, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

(ii) Long Positions in the Underlying Shares

Long positions in the unlisted zero-coupon convertible redeemable notes with 24-month maturity issued on 11 October 2010 (the "2010 Convertible Notes") of the Company.

Name of Substantial Shareholder	Capacity and nature of interest	Amount of 2010 Convertible Notes *(HK$)*	Number of underlying Shares	Percentage of the Company's issued Shares as at 31 March 2012
Perfect Image Group Limited	Beneficial Owner	19,931,938.68	91,430,911	8.44%
Blue Balloon Limited	Beneficial Owner	18,857,000	86,500,000	7.99%
Sweetly Limited	Beneficial Owner	18,857,000	86,500,000	7.99%

Holders of the 2010 Convertible Notes are entitled to elect to convert 2010 Convertible Notes into Shares at the conversion price of HK$0.218 per Share until 10 October 2012.

Save as disclosed above, as at 31 March 2012, 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 SHAREHOLDERS

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited, Mr. Chu Yat Hong, Mr. Xie Xuan, and Logic Ease Group Limited, as disclosed above, there was no other person as at 31 March 2012 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.

CONVERTIBLE NOTES

On 11 October 2010 the Company, pursuant to the acquisition agreement as described in the Company's circular dated 28 February 2008, issued in aggregate HK$86,349,999 of zero-coupon convertible notes convertible at the initial conversion price of HK$0.218 per share with 24-month maturity, in the amounts of HK$76,272,955 of convertible notes were issued to Asian Dynamics International Limited and approximately HK$10,077,044 of convertible notes were issued to Lucky Peace Limited.

As at 31 March 2012, there were outstanding and in issue in aggregate HK$66,017,139 of zero-coupon convertible notes convertible at the initial Conversion Price of HK$0.218 per Share with 24-month maturity.

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 2012.

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 2012.

AUDIT COMMITTEE

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Zhang Daorong, Mr. Wu Jixue and Dr. Feng Ke and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 15 May 2012