



**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 2013



## 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 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

- Strong growth in advisory fee revenue during the first half of 2013 at approximately HK\$10.88 million (2012: approximately HK\$7.72 million) was unfortunately undermined by low securities dealing commission and investment income of approximately HK\$0.89 million (2012: approximately HK\$10.37 million), resulting in the overall revenue at approximately HK\$11.76 million (2012: approximately HK\$18.19 million) which was approximately 35.33% lower than that of the corresponding period in 2012. During the second quarter of 2013, the Group reduced its investment portfolio by approximately HK\$10.41 million and realised a gain of approximately HK\$3.36 million. The remaining portfolio (of approximately HK\$17.26 million as at 30 June 2013) also generated an unrealised gain of approximately HK\$1.89 million for the three months ended 30 June 2013. These gains reversed the Group's first quarter comprehensive loss, which was caused mainly by the then lower marked to market valuation of the Group's investments.
- Operating expenses for the six months ended 30 June 2013 were approximately HK\$11.91 million (2012: approximately HK\$11.27 million), representing a modest increase of approximately 5.67% as compared to the corresponding period in 2012. Staff costs actually dropped by approximately 23.64% compared to 2012 following a reduction in bonus provision. The staff costs reduction, however, was more than offset by professional fees incurred in the Asset Recovery Assignment.
- Helped by securities dealing commission and investment income of approximately HK\$5.25 million (2012: approximately HK\$3.26 million), the Group achieved in the second quarter of 2013 a total comprehensive income of approximately HK\$5.20 million (2012: approximately HK\$1.02 million), and reversed the loss recorded in the first quarter with a small total comprehensive income for the six months ended 30 June 2013 of approximately HK\$0.13 million (2012: approximately HK\$5.61 million).
- Earnings per share for the six months ended 30 June 2013 was approximately HK0.01 cents (2012: approximately HK0.42 cents). The net assets value of the Group as at 30 June 2013 was approximately HK\$118.54 million or HK8.23 cents per share (31 December 2012: approximately HK\$117.55 million or HK8.16 cents per share).
- With cash and cash equivalents of approximately HK\$88.17 million as at 30 June 2013 (31 December 2012: approximately HK\$85.09 million), the Group will continue to identify suitable underwriting, placing and other investment opportunities to enhance its profitability and diversify its income source.
- The Board does not recommend payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

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 2013 together with the comparative unaudited figures for the corresponding periods ended in 2012, as follows.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2013

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>9,786</b>	8,147	<b>11,763</b>	18,190
Other income and gains, net	3	<b>168</b>	170	<b>318</b>	356
Operating expenses		<b>(4,707)</b>	(6,775)	<b>(11,913)</b>	(11,274)
<b>Profit before tax</b>	5	<b>5,247</b>	1,542	<b>168</b>	7,272
Income tax expense	6	<b>(43)</b>	(527)	<b>(43)</b>	(1,667)
<b>Profit for the period</b>		<b>5,204</b>	1,015	<b>125</b>	5,605
<b>Total comprehensive income for the period</b>		<b>5,204</b>	1,015	<b>125</b>	5,605
<b>Earnings per share attributable to ordinary equity holders of the Company</b>	7				
– Basic (HK cents)		<b>0.36</b>	0.07	<b>0.01</b>	0.42
– Diluted (HK cents)		<b>N/A</b>	N/A	<b>N/A</b>	N/A

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2013*

	<i>Notes</i>	<b>30 June 2013 HK\$'000 (Unaudited)</b>	31 December 2012 HK\$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	9	819	941
Intangible asset		866	866
Deposits		<u>100</u>	<u>100</u>
Total non-current assets		<u>1,785</u>	<u>1,907</u>
<b>Current assets</b>			
Trade receivables	10	14,972	1,260
Prepayments, deposits and other receivables		2,647	7,258
Investments at fair value through profit or loss		17,261	26,877
Cash held on behalf of clients	11	41	41
Cash and cash equivalents		<u>88,169</u>	<u>85,085</u>
Total current assets		<u>123,090</u>	<u>120,521</u>
<b>Current liabilities</b>			
Trade payables	12	2,811	369
Other payables and accruals		2,050	2,586
Tax payable		<u>1,477</u>	<u>1,928</u>
Total current liabilities		<u>6,338</u>	<u>4,883</u>
<b>Net current assets</b>		<u>116,752</u>	<u>115,638</u>
<b>Net assets</b>		<u>118,537</u>	<u>117,545</u>
<b>Equity</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	14,400	14,400
Reserves		<u>104,137</u>	<u>103,145</u>
Total equity		<u>118,537</u>	<u>117,545</u>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2013*

	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)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2013	14,400	65,898	9,000	5,913	22,334	117,545
Total comprehensive income for the period	-	-	-	-	125	125
Equity-settled share option arrangements	-	-	-	867	-	867
<b>At 30 June 2013 (Unaudited)</b>	<b>14,400</b>	<b>65,898</b>	<b>9,000</b>	<b>6,780</b>	<b>22,459</b>	<b>118,537</b>
At 1 January 2012	12,000	43,886	9,000	3,632	23,953	92,471
Total comprehensive income for the period	-	-	-	-	5,605	5,605
Placing of new shares	2,400	22,800	-	-	-	25,200
Share placement expenses	-	(788)	-	-	-	(788)
Equity-settled share option arrangements	-	-	-	1,188	-	1,188
<b>At 30 June 2012 (Unaudited)</b>	<b>14,400</b>	<b>65,898</b>	<b>9,000</b>	<b>4,820</b>	<b>29,558</b>	<b>123,676</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2013*

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash flows from/(used in) operating activities	<b>2,806</b>	(4,425)
Net cash flows from investing activities	<b>278</b>	327
Net cash flows from financing activities	<b>–</b>	24,412
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>3,084</b>	20,314
Cash and cash equivalents at beginning of period	<b>85,085</b>	66,445
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<b>Cash and cash equivalents at end of period</b>	<b>88,169</b>	86,759
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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2013

### 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, as well as investment activities.

### 2. BASIS OF PREPARATION

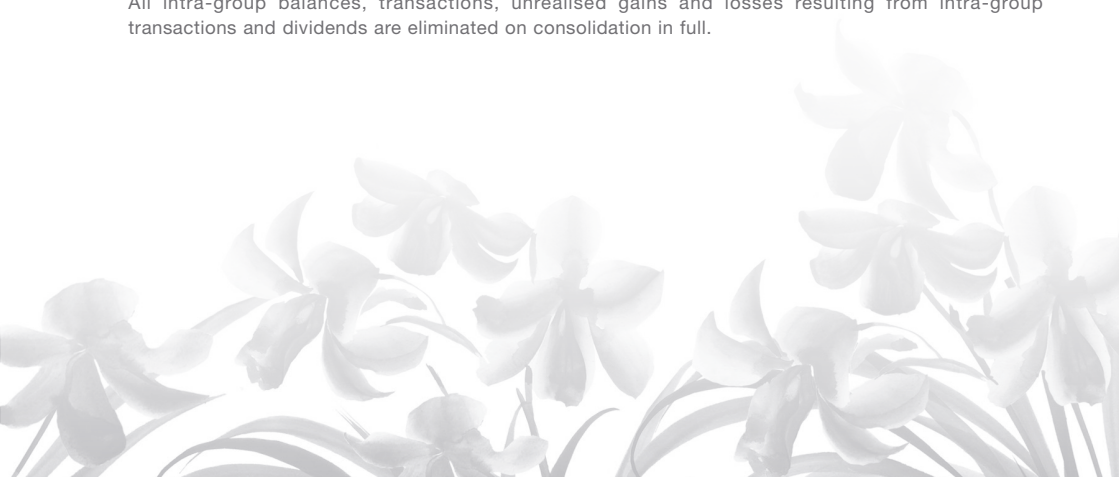
The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 (the “Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The principal accounting policies 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 2012. However, the Interim Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the Interim Financial Statements, and there are no significant changes to the accounting policies applied in these financial statements.

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.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.





### 3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents corporate advisory income, placing and underwriting service income/commission and securities dealing commission and investment income.

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

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Revenue</b>				
Corporate advisory income	4,535	4,789	10,876	7,723
Placing and underwriting service income/commission	-	98	-	98
Securities dealing commission and investment income	5,251	3,260	887	10,369
	<u>9,786</u>	<u>8,147</u>	<u>11,763</u>	<u>18,190</u>
<b>Other income and gains, net</b>				
Interest income from bank balances	168	170	318	356

### 4. OPERATING SEGMENT INFORMATION

The Group focuses on the provision of corporate advisory services and related activities, as well as investment activities. Information reported to the Group's chief operating decision maker, for the purpose of resources 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. PROFIT BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Depreciation	81	108	162	254
Minimum lease payments under operating leases on land and buildings	685	663	1,371	1,328
Employee benefit expense (including directors' remuneration)	2,952	4,744	5,829	7,634

## 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 2013 and 2012.

	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current – Hong Kong	<u>43</u>	<u>527</u>	<u>43</u>	<u>1,667</u>

There was no significant unprovided deferred tax for the relevant periods.

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the three months and six months ended 30 June 2013 are based on the unaudited consolidated profits of approximately HK\$5,204,000 and approximately HK\$125,000 attributable to ordinary equity holders of the Company for respectively the three months and six months periods ended 30 June 2013 (three months and six months ended 30 June 2012: consolidated profits of approximately HK\$1,015,000 and HK\$5,605,000, respectively) and the weighted average number of 1,440,000,000 shares in issue for each of the three months and six months ended 30 June 2013, respectively (three months and six months ended 30 June 2012: 1,440,000,000 shares and 1,337,142,857 shares, respectively).

No adjustment was made to the basic earnings per share presented for the three months and six months ended 30 June 2013 and 2012, as share options had anti-dilutive effect on the basic earnings per share.

## 8. DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

## 9. PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of plant and equipment with a cost of approximately HK\$40,000 (2012: approximately HK\$29,000). During the six months ended 30 June 2013 and 2012, no items of plant and equipment were disposed of.



**10. TRADE RECEIVABLES**

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

The Group's normal trading term with its customers is that payment 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 the reporting period, based on the invoice date and net of provision, is as follows:

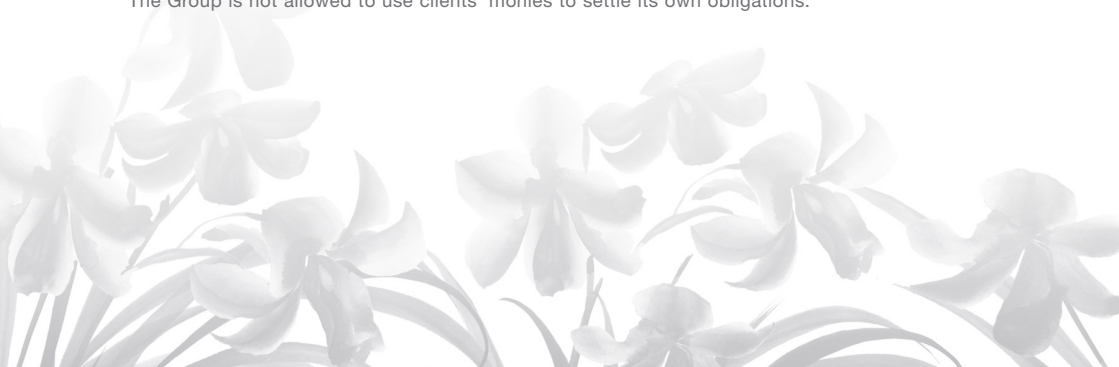
	<b>As at 30 June 2013 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2012 HK\$'000 (Audited)</b>
Current to 30 days	<b>8,969</b>	661
31 to 60 days	<b>1,175</b>	329
61 to 90 days	<b>65</b>	211
Over 90 days	<b>4,763</b>	59
	<b>14,972</b>	1,260

*Notes:*

- (a) A receivable of approximately HK\$4,729,000 represents an advisory services fee relating to a distressed asset recovery assignment that was concluded in the first quarter of 2013 (the "Asset Recovery Assignment"); the debtor being a company under compulsory liquidation. As advised by its liquidator, the aforementioned advisory fee requires taxation by the High Court of Hong Kong and payment will take longer.
- (b) Up to the date of approval of this report, subsequent settlement of trade receivables as at 30 June 2013 amounted to approximately HK\$8,686,000.

**11. CASH HELD ON BEHALF OF CLIENTS**

The Group's licensed subsidiary maintains segregated trust accounts 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 payables to the 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**

Aging of the Group's trade payables excluding clients' monies as at the end of the reporting period, based on the settlement due date, was current to 30 days (31 December 2012: current to 30 days). Clients' monies are segregated in the trust accounts as described in note 11 to the Interim Financial Statements.

**13. SHARE CAPITAL**

	<i>Note</i>	<b>Number of shares</b>	<b>Nominal value HK\$</b>
<b>Authorised</b>			
As at 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013		<u>10,000,000,000</u>	<u>100,000,000</u>
<b>Issued</b>			
As at 1 January 2012		<u>1,200,000,000</u>	<u>12,000,000</u>
Placing of new shares	<i>(a)</i>	<u>240,000,000</u>	<u>2,400,000</u>
As at 30 June 2012, 31 December 2012 and 30 June 2013		<u>1,440,000,000</u>	<u>14,400,000</u>

*Note:*

- (a) A conditional placing agreement dated 8 March 2012 (the "Placing Agreement") was entered into between the Company and its wholly-owned subsidiary, Asian Capital (Corporate Finance) Limited ("Asian Capital") in relation to the placing of up to 240,000,000 new shares (the "Placing") by Asian Capital on a best effort basis pursuant to the terms of the Placing Agreement. The Placing was successfully completed on 19 March 2012. An aggregate of 240,000,000 shares were placed to not less than six independent placees. The placing price was HK\$0.105 per share, and the net proceeds from the Placing amounting to approximately HK\$24 million are used by the Group for general working capital and business development purposes.



## 14. RELATED PARTY TRANSACTIONS

- (a) There were no related party transactions during the six months ended 30 June 2013. During the six months ended 30 June 2012, the Group generated corporate advisory income in the sum of approximately HK\$774,000 from two clients both of whom were Hong Kong listed companies. The Company's non-executive director was an independent non-executive director of one such client, and a non-executive director of the other. The income so derived was determined by reference to market rates and agreed on an arm's length basis.
- (b) Compensation of key management personnel of the Group:

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short term employees benefits	667	1,643	1,356	2,256
Post-employment benefits	8	6	15	12
Equity-settled share option expense	206	266	368	471
	<u>881</u>	<u>1,915</u>	<u>1,739</u>	<u>2,739</u>
Total compensation for key management personnel	<u>881</u>	<u>1,915</u>	<u>1,739</u>	<u>2,739</u>

## 15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group realised approximately HK\$1.93 million of its investments that subsisted in the Group's condensed consolidated statement of financial position as at 30 June 2013 for a small profit.

## 16. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 5 August 2013.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

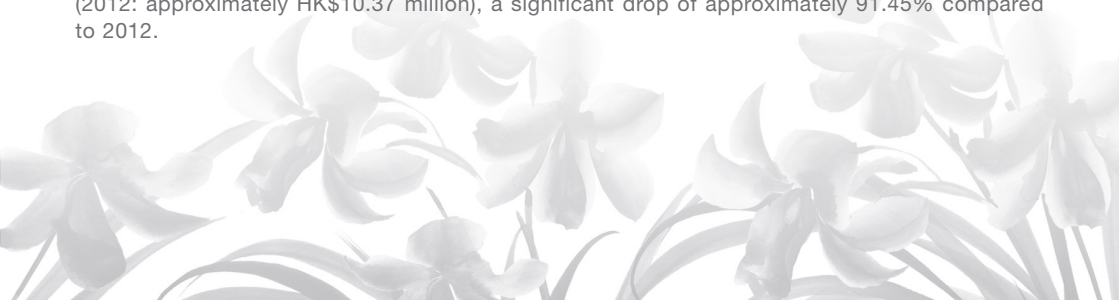
Recovery in the equities market that started in the last quarter of 2012 suffered a major setback ignited in May 2013, as long bond yield increased sharply on the back of visible recovery in the United States (“US”) that shock-waved most stock markets, for fear that the Federal Reserve would begin to withdraw the fiscal stimulus.

Against these volatilities, during the first half of 2013, the Group remained active in corporate advisory and related activities. Out of the Group’s pre-existing five corporate resumption engagements, shares of Sino-Tech International Holdings Limited (Stock code: 724) resumed trading, and Grand Field Group Holdings Limited (Stock code: 115) received conditional resumption approval from the Stock Exchange. The Group took on one new corporate resumption engagement during the second quarter of 2013. Apart from corporate resumption engagements which generated revenue, during the reporting period, 11 merger and acquisition (“M&A”), fund raising and other advisory assignments also added to the Group’s revenue, with the Asset Recovery Assignment giving a significant contribution. The two ongoing initial public offering (“IPO”) engagements also progressed and generated revenue for the Group.

In the second quarter of 2013, the Group reduced about one-third of its investment portfolio and realised some respectable profit. The remaining investment portfolio of approximately HK\$17.26 million as at 30 June 2013 also produced a fair value gain for the second quarter of 2013. These realised and unrealised gains helped reverse the Group’s first quarter comprehensive loss, which was caused mainly by lower marked to market valuation of the Group’s investments as at 31 March 2013.

### Financial review

The Group’s overall revenue for the six months ended 30 June 2013 was approximately HK\$11.76 million (2012: approximately HK\$18.19 million), representing a decline of approximately 35.33% compared to the corresponding period in 2012. Helped by the advisory fee arising from the successful Asset Recovery Assignment, the Group’s corporate advisory income for the first half of 2013 attained approximately HK\$10.88 million (2012: approximately HK\$7.72 million), a growth of approximately 40.84% from last year. During the first half of 2013, the Group did not participate in any underwriting and placing activities hence no revenue was recorded (2012: approximately HK\$0.10 million). During the second quarter of 2013, the Group reduced its investment portfolio by approximately HK\$10.41 million and recorded a realised gain of approximately HK\$3.36 million. The remaining portfolio (of approximately HK\$17.26 million as at 30 June 2013) also generated an unrealised gain of approximately HK\$1.89 million for the three months ended 30 June 2013. The divestments made in the second quarter of 2013 have reversed the significant fair value loss arising out of the investment portfolio recorded in the first quarter, resulting in the Group’s net securities dealing commission and investment income only amounted to approximately HK\$0.89 million for the first half of 2013 (2012: approximately HK\$10.37 million), a significant drop of approximately 91.45% compared to 2012.





## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Financial review *(Continued)*

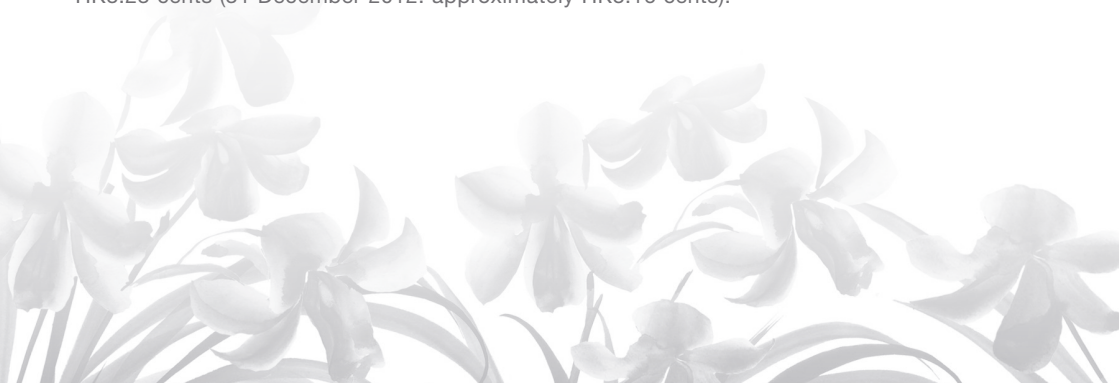
Operating expenses for the six months ended 30 June 2013 were approximately HK\$11.91 million (2012: approximately HK\$11.27 million), representing a modest increase of approximately 5.67% as compared to the corresponding period in 2012. Staff costs actually dropped by approximately 23.64% compared to 2012 following a reduction in bonus provision, yet remained the largest cost component of the operating expenses for the first half of 2013. The staff costs reduction, however, was more than offset by the professional fees incurred in the Asset Recovery Assignment. Other operating expense items were kept more or less at the 2012 level.

Helped by securities dealing commission and investment income of approximately HK\$5.25 million (2012: approximately HK\$3.26 million), the Group achieved in the second quarter of 2013 a total comprehensive income of approximately HK\$5.20 million (2012: approximately HK\$1.02 million), and reversed the loss recorded in the first quarter, with a small total comprehensive income for the six months ended 30 June 2013 of approximately HK\$0.13 million (2012: approximately HK\$5.61 million).

Earnings per share for the six months ended 30 June 2013 was approximately HK0.01 cents (2012: approximately HK0.42 cents).

As at 30 June 2013, the Group's trade receivables amounted to approximately HK\$14.97 million (31 December 2012: approximately HK\$1.26 million), which was almost 11 times higher than that as at 31 December 2012. This increase was mainly attributable to (i) the advisory fee of approximately HK\$4.73 million in respect of the Asset Recovery Assignment (details of which are set out in note 10 to the Interim Financial Statements); and (ii) the receivable of approximately HK\$7.60 million arising from the disposal of certain securities investments. This latter receivable was collected in July 2013. The Group's trade payable was approximately HK\$2.81 million (31 December 2012: approximately HK\$0.37 million), representing an increase of approximately 6.6 times as compared to 31 December 2012. The increase was mainly attributable to the professional fees payable of approximately HK\$2.61 million incurred for the Asset Recovery Assignment which will become due and payable upon successful collection of the relevant advisory fee.

The net assets value of the Group as at 30 June 2013 stood at approximately HK\$118.54 million (31 December 2012: approximately HK\$117.55 million), which was approximately 0.84% higher than that as at 31 December 2012, as a result of increases in the retained profits and the share option reserve. The net assets value per share as at 30 June 2013 was approximately HK8.23 cents (31 December 2012: approximately HK8.16 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 2013. The Group had cash and cash equivalents of approximately HK\$88.17 million as at 30 June 2013 (31 December 2012: approximately HK\$85.09 million). As at 30 June 2013, the Group had net current assets of approximately HK\$116.75 million (31 December 2012: approximately HK\$115.64 million). Current ratio as at 30 June 2013 was approximately 19.42 (31 December 2012: approximately 24.68).

The Group's operations and investments were financed principally by revenues generated from business operations and available bank balances. 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 2013 (31 December 2012: Nil).

For the six months ended 30 June 2013, the Group had minimal exposure to foreign currency risks 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

There has been no change in the capital structure of the Company during the six months ended 30 June 2013. The capital of the Company comprises only ordinary shares.

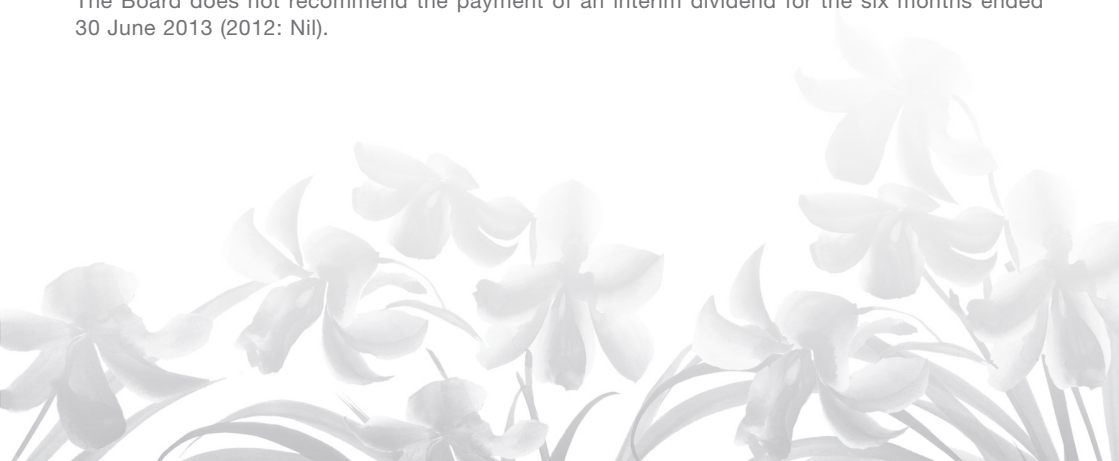
Total equity attributable to ordinary equity holders of the Company amounted to approximately HK\$118.54 million as at 30 June 2013 (31 December 2012: approximately HK\$117.55 million). This increase was mainly attributable to increases in the retained profits and the share option reserve.

### Commitments

As at 30 June 2013, the Group did not have any significant commitments (31 December 2012: Nil).

### Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Employees and remuneration policies

The Group places strong emphasis on attracting, engaging, training and retaining professional talents, and regards human resource as a cornerstone in the Group's ability to secure and deliver its advisory services and manage its assets. Its policy concerning remuneration of Directors is to consider and determine remuneration (including bonuses) and terms of service by reference to the relevant Director's qualifications, experience, level of responsibilities, capabilities, workload and performance, having regard to market conditions and performance of the individual business units and the Group as a whole. The Group adopts a similar policy in respect of all employees.

The Group has adopted and maintained incentive bonus schemes seeking to align the financial well-being of the Group with that of the employees, and to retain professional staff of high calibre. Staff are offered basic salaries commensurate with market levels. On top of basic salaries, bonuses are paid to professional staff by reference to the performance of the business units and of the Group as a whole as well as that of the individual. Generally a bonus of one month's basic salary is paid to supporting staff.

In addition to other staff benefits including contributions to mandatory provident fund scheme in Hong Kong and social insurance in the People's Republic of China (the "PRC") for PRC based staff, medical insurance, education subsidy and training are offered to employees. The Group has regularly arranged and conducted professional development and training programs, enabling its executives to refresh their knowledge and sharpen their skills. All directors and employees who were with the Group at the time of listing of the Company on GEM were granted pre-IPO share options.

As at 30 June 2013, the Group employed 22 employees including executive Directors (31 December 2012: 22 employees). Total staff costs were approximately HK\$5.83 million for the six months ended 30 June 2013 (2012: approximately HK\$7.63 million). The Group also engaged one contractor for business development as at 30 June 2013 (31 December 2012: one contractor).

### Charge on the Group's assets

As at 30 June 2013, the Group did not have any charge on its assets (31 December 2012: Nil).

### Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities (31 December 2012: Nil).

### Future plans for material investments or capital assets

The Group had no plans for material investments or acquisitions of capital assets as at 30 June 2013, but will actively pursue opportunities for investments to enhance its profitability in the ordinary course of its business.



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Material acquisitions and disposals of subsidiaries and associated companies

The Group had no acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 June 2013.

### Outlook

Following the unprecedented monetary stimuli by central banks around the world, the US economy appears to be improving, albeit very slowly. With the European purchasing managers' index showing signs of recovery lately, the global economic growth could improve somewhat in the second half of 2013. The US Federal Reserve said lately that the economy continues to recover but is still in need of support, offering no indication that it is planning to reduce its bond-buying programme at its next meeting in September. The Chinese government is focusing on structural reforms yet seems to be somewhat wobbling at its monetary policies as it strives to maintain economic growth at above 7%. Motivated by infrastructure investments and domestic consumption in the PRC, there appears some growing appetite for corporate actions and transactions and the Group is actively pursuing new deals.

As at the date of this report, the Group continued to work on as sponsors for two proposed listings targeted for 2013. Having taken on one new corporate resumption engagement in July, the Group has on hand six corporate resumption engagements, two of which involve reverse takeovers. With other corporate advisory, M&A, fund raising and asset recovery mandates, the Directors believe that the Group will be busy throughout the rest of the year.

Following the receipt of proceeds of investment sold in June 2013 and with further disposal made in July, the Group's cash position is at an unprecedentedly high level. The Group will continue to identify suitable underwriting, placing and other investment opportunities to enhance its profitability and diversify its income source. The Group's investments at fair value through profit or loss as at 30 June 2013 amounted to approximately HK\$17.26 million. Although approximately HK\$1.93 million of this has subsequently been sold, investments are by their nature subject to market risks and may impact the Group's profitability from time to time.

### SHARE OPTION 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 Company's prospectus dated 11 June 2010.

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.



**SHARE OPTION SCHEMES** *(Continued)***Pre-IPO Share Option Scheme**

Under the Pre-IPO Share Option Scheme, the Company granted options to subscribe for an aggregate of 120,000,000 shares at an exercise price of HK\$0.20 to directors and employees of the Group on 10 June 2010. No further options could be granted thereafter.

Details of the options granted under the Pre-IPO Share Option Scheme outstanding as at 30 June 2013 were as follows:

Name of grantee	Exercise period (dd/mm/yy)	Number of options				Outstanding as at 30 June 2013	Approximate percentage of issued share capital of the Company
		Outstanding as at 31 December 2012	Exercised during the period	Cancelled during the period	Lapsed during the period		
<b>Directors</b>							
Mr. YEUNG Kai Cheung Patrick ("Mr. Yeung")	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. CHAN Hok Leung	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. XIN Luo Lin	10/06/12 – 09/06/20	10,000,000	-	-	-	10,000,000	0.69%
Mr. CHAN Kai Nang	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.42%
Mr. Yi Xiqun	10/06/12 – 09/06/20	6,000,000	-	-	-	6,000,000	0.42%
<b>Employees of the Group</b>	10/06/12 – 09/06/20	<u>44,150,000</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>44,000,000</u>	<u>3.06%</u>
<b>Total</b>		<u>86,150,000</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>86,000,000</u>	<u>5.97%</u>

The terms of the Pre-IPO Share Option Scheme are such that options granted under the scheme shall vest in the relevant option holder in tranches in the following manner:

- 10% of the option were vested on 10 June 2012;
- 20% of the option were vested on 10 June 2013;
- 30% of the option shall vest on 10 June 2014; and
- 40% of the option shall vest on 10 June 2015.

**Share Option Scheme**

During the six months ended 30 June 2013, no option was granted, exercised or lapsed under the Share Option Scheme.

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

As at 30 June 2013, 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:

### 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	769,660,000 (Note 1)	–	769,660,000	53.45%
	Beneficial owner	–	10,000,000 (Note 2)	10,000,000	0.69%
Mr. CHAN Hok Leung	Beneficial owner	7,300,000	10,000,000 (Note 2)	17,300,000	1.20%
Mr. XIN Luo Lin	Beneficial owner	–	10,000,000 (Note 2)	10,000,000	0.69%
Mr. CHAN Kai Nang	Beneficial owner	–	6,000,000 (Note 2)	6,000,000	0.42%
Mr. YI Xiqun	Beneficial owner	–	6,000,000 (Note 2)	6,000,000	0.42%
Mr. TSUI Pui Yan	Beneficial owner	1,000,000	–	1,000,000	0.07%

#### Notes:

1. These shares represent 699,260,000 shares owned by Master Link Assets Limited ("Master Link") and 70,400,000 shares owned by Allied Target Holdings Limited ("Allied Target").

Master Link is wholly and beneficially owned by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 699,260,000 shares held by Master Link.

Allied Target is owned as to 70% by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 70,400,000 shares held by Allied Target.

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.



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

Save as disclosed above, as at 30 June 2013, 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 2013, 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 were 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:

### 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	699,260,000	48.56%
Mr. LIM Hua Min ("Mr. Lim") <i>(Note 2)</i>	Interest of controlled corporation	252,955,791	17.57%
Phillip Capital (HK) Limited ("Phillip Capital (HK)") <i>(Note 2)</i>	Beneficial owner	252,955,791	17.57%
Ms. LAM Pik Wah	Beneficial owner	90,000,000	6.25%

#### Notes:

- Master Link is an investment holding company, the entire issued share capital of which is wholly and beneficially owned by Mr. Yeung.
- Phillip Capital (HK) is an investment holding company 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).

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY** *(Continued)*

Save as disclosed above, as at 30 June 2013, 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 was 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 had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

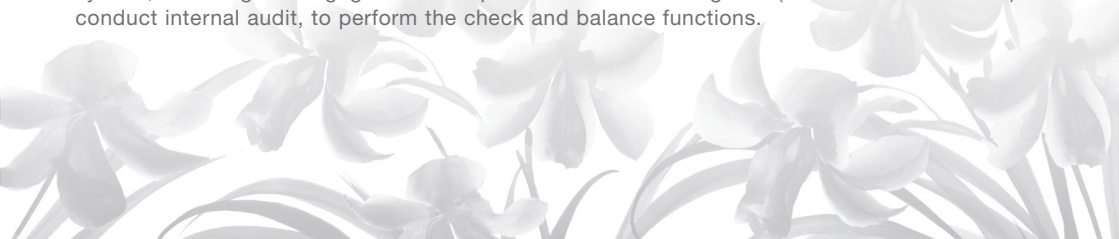
For the six months ended 30 June 2013, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group nor any conflict of interest which any such person has or may have with the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the 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 the Directors during the six months ended 30 June 2013.

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the reporting period, except code provision A.2.1 which provides that the roles of chairman and chief executive should be separate 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 executive chairman and chief executive officer 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 of concern would arise due to the combined role of Mr. Yeung. The Group also has in place an effective internal control system, including the engagement of a professional accounting firm (the "Internal Auditors") to conduct internal audit, to perform the check and balance functions.



## 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.

The Group has engaged the Internal Auditors to conduct regular internal audits and to report their 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.

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, 5 August 2013

*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. CHAN Kai Nang, Mr. TSUI Pui Yan and Mr. YI Xiqun being independent non-executive Directors.*

