



ASIAN CAPITAL HOLDINGS LIMITED

卓亞資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8295

Third Quarterly 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

- Momentum for strong growth in corporate advisory income continued into the third quarter, with advisory income recorded for the nine months ended 30 September 2013 at approximately HK\$18.06 million, approximately 39.19% higher than that of the corresponding period in 2012. Following the successful launch of one IPO in the third quarter of 2013 where we acted as a joint sponsor and the sole bookrunner, approximately HK\$1.55 million of placing and underwriting income was booked, which was approximately 22.50% lower than that recorded in the corresponding period in 2012. During the third quarter of 2013, we realised almost a quarter of our investment portfolio (compared to our position as at 30 June 2013). After netting off marked to market loss of the remaining portfolio as at 30 September 2013, there generated a securities dealing commission and investment loss in the third quarter of approximately HK\$0.51 million, but an income for the nine months ended 30 September 2013 of approximately HK\$0.38 million. The overall revenue for the third quarter of 2013 of approximately HK\$8.23 million showed a substantial improvement compared to the 2012 corresponding period, yet for the nine months ended 30 September 2013 of approximately HK\$19.99 million, was still marginally behind that of 2012.
- Operating expenses in the third quarter of 2013 of approximately HK\$7.61 million were approximately 20.38% higher than that of the corresponding period last year primarily because of bonus provisioning. But for the professional fees incurred in the first quarter of 2013 arising from the Asset Recovery Assignment, which was partly offset by a lower underwriting expense, the operating expenses for the nine months ended 30 September 2013 were maintained more or less at the same level as that of the corresponding period in 2012.
- Total comprehensive income for the third quarter of 2013 was approximately HK\$0.54 million (2012: loss of approximately HK\$2.34 million), and for the nine months ended 30 September 2013 approximately HK\$0.66 million (2012: approximately HK\$3.26 million).
- Earnings per share for the nine months ended 30 September 2013 was approximately HK0.05 cents (2012: approximately HK0.24 cents).
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 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 nine months ended 30 September 2013 together with the comparative unaudited figures for the corresponding periods in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	3	8,228	2,976	19,991	21,166
Other income and gains, net	3	129	229	447	585
Operating expenses		(7,606)	(6,318)	(19,519)	(17,592)
Profit/(Loss) before tax		751	(3,113)	919	4,159
Income tax (expense)/credit	5	(214)	770	(257)	(897)
Profit/(Loss) for the period		537	(2,343)	662	3,262
Total comprehensive income/(loss) for the period		537	(2,343)	662	3,262
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	6				
– Basic (HK cents)		0.04	(0.16)	0.05	0.24
– Diluted (HK cents)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 30 September 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	-	-	-	-	662	662
Equity-settled share option arrangements	-	-	-	1,260	-	1,260
At 30 September 2013 (Unaudited)	14,400	65,898	9,000	7,173	22,996	119,467
At 1 January 2012	12,000	43,886	9,000	3,632	23,953	92,471
Total comprehensive income for the period	-	-	-	-	3,262	3,262
Placing of new shares	2,400	22,800	-	-	-	25,200
Share placement expenses	-	(788)	-	-	-	(788)
Equity-settled share option arrangements	-	-	-	1,659	-	1,659
At 30 September 2012 (Unaudited)	14,400	65,898	9,000	5,291	27,215	121,804



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 September 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 third quarterly financial statements for the nine months ended 30 September 2013 (the "Third Quarterly Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The principal accounting policies used in the preparation of the Third Quarterly 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 Third Quarterly 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.

As set out in the Company's annual report 2012, the Directors performed a review of the operating model for the provision of corporate advisory, underwriting and other related services including investments as principal, particularly the presentation of certain underwriting commission income received by the Group and sub-underwriting commission expenses paid to third parties as sub-underwriters in the income statement of the Group during the fourth quarter of the financial year ended 31 December 2012. As a result of the review, the Directors considered that it is appropriate to present these expenses as part of the operating expenses, instead of netting them off against revenue. Accordingly, the comparative figures of revenue and operating expenses were restated to conform with the presentation adopted in these consolidated financial statements. The revenue for the three months and nine months ended 30 September 2012 were changed from approximately HK\$1,380,000 to HK\$2,976,000 and from approximately HK\$19,570,000 to HK\$21,166,000 respectively. The operating expenses for the three months and nine months ended 30 September 2012 were changed from approximately HK\$4,722,000 to HK\$6,318,000 and from approximately HK\$15,996,000 to HK\$17,592,000 respectively. There is no impact on the profit or loss, basic and diluted earnings/(loss) per share for the prior periods.

The HKICPA has issued a number of new and revised 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 Third Quarterly Financial Statements, and there are no significant changes to the accounting policies applied in these financial statements.

The Third Quarterly 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 September		Nine months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue				
Corporate advisory income	7,187	5,254	18,063	12,977
Placing and underwriting service income/commission	1,550	2,001	1,550	2,099
Securities dealing commission and investment (loss)/income	(509)	(4,279)	378	6,090
	<u>8,228</u>	<u>2,976</u>	<u>19,991</u>	<u>21,166</u>
Other income and gains, net				
Interest income from bank balances	129	229	447	585
	<u>129</u>	<u>229</u>	<u>447</u>	<u>585</u>

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. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) for the three months and nine months ended 30 September 2013 and 2012.

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current – Hong Kong	(214)	770	(257)	(897)

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

6. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic earnings/(loss) per share for the three months and nine months ended 30 September 2013 are based on the unaudited consolidated profits of approximately HK\$537,000 and approximately HK\$662,000 attributable to ordinary equity holders of the Company for the three months and nine months periods ended 30 September 2013, respectively (three months and nine months ended 30 September 2012: consolidated loss of approximately HK\$2,343,000 and consolidated profit of approximately HK\$3,262,000, respectively) and the weighted average number of 1,440,000,000 shares in issue for each of the three months and nine months ended 30 September 2013, respectively (three months and nine months ended 30 September 2012: 1,440,000,000 shares and 1,371,678,832 shares, respectively).

No adjustment was made to the basic earnings/(loss) per share presented for the three months and nine months ended 30 September 2013 and 2012, as share options had anti-dilutive effect on the basic earnings/(loss) per share.

7. DIVIDENDS

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

8. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 6 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

United States Treasury yield continued to rise in the third quarter of 2013, only to calm down upon the risk of a government shutdown surfacing. Despite this, confidence in the global business, political and financial environment has been on the rise, as developed economies have shown signs of improvements. The Hang Seng Index rose approximately 10% in the third quarter.

During the third quarter of 2013, Asian Capital (Corporate Finance) Limited ("Asian Capital"), our wholly-owned subsidiary, was actively involved in two initial public offering ("IPO") engagements. Asian Capital acted as a joint sponsor and sole bookrunner for Gamma Logistics Corporation (Stock code: 8310), which was successfully listed on GEM of the Stock Exchange on 22 August 2013. Asian Capital also acted as the sole sponsor and sole bookrunner for Hong Kong Finance Group Limited (Stock code: 1273), which was massively oversubscribed and was successfully listed on the Main Board of the Stock Exchange on 2 October 2013.

Our corporate resumption services remained active during the nine months ended 30 September 2013. Two new cases were taken on as two pre-existing mandates were completed during that period: shares of Sino-Tech International Holdings Limited (Stock code: 724) and Grand Field Group Holdings Limited (Stock code: 115) resumed trading on 4 March 2013 and 26 August 2013 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business review *(Continued)*

During the reporting period, we generated income from a diversified portfolio of engagements, including acting as financial adviser in an open offer, mergers and acquisitions (“M&As”) assignments, acting as retained adviser and compliance adviser for companies listed on the Main Board and GEM of the Stock Exchange, acting as independent financial adviser in continuing connected transactions for H shares companies, and advising an offeree company in a voluntary cash offer. In addition, the distressed asset recovery assignment which was concluded in the first quarter of 2013 (the “Asset Recovery Assignment”) contributed some significant revenue. These assignments have demonstrated the versatility of our advisory capabilities, and on the work for H shares companies, have intensified our knowledge of the culture of state owned enterprises.

We also received underwriting income in the third quarter of 2013 for acting as the sole bookrunner and an underwriter for Gamma Logistics Corporation in its listing by way of placing.

In the third quarter of 2013, we further reduced our investment portfolio by almost a quarter (compared to our position as at 30 June 2013) and realised some profit. However, such profit was eliminated by the fair value loss arising from the remaining investment portfolio.

Financial review

Momentum for strong growth in corporate advisory income continued into the third quarter, with advisory income recorded for the nine months ended 30 September 2013 at approximately HK\$18.06 million (2012: approximately HK\$12.98 million), approximately 39.19% higher than that of the corresponding period in 2012. Following the successful launch of one IPO in the third quarter of 2013 where we acted as a joint sponsor and the sole bookrunner, approximately HK\$1.55 million of placing and underwriting income (2012: approximately HK\$2.00 million, as restated) was booked, which was approximately 22.50% lower than that recorded in the corresponding period in 2012. During the third quarter of 2013, we realised almost a quarter of our investment portfolio (compared to our position as at 30 June 2013). After netting off marked to market loss of the remaining portfolio as at 30 September 2013, there generated a securities dealing commission and investment loss in the third quarter of approximately HK\$0.51 million (2012: approximately HK\$4.28 million), but an income for the nine months ended 30 September 2013 of approximately HK\$0.38 million (2012: approximately HK\$6.09 million). The overall revenue for the third quarter of 2013 of approximately HK\$8.23 million (2012: approximately HK\$2.98 million, as restated) showed a substantial improvement compared to the 2012 corresponding period, yet for the nine months ended 30 September 2013 of approximately HK\$19.99 million (2012: approximately HK\$21.17 million, as restated), was still marginally behind that of 2012.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial review *(Continued)*

Operating expenses in the third quarter of 2013 of approximately HK\$7.61 million (2012: approximately HK\$6.32 million, as restated) were approximately 20.38% higher than that of the corresponding period last year primarily because of bonus provisioning. But for the professional fees incurred in the first quarter of 2013 arising from the Asset Recovery Assignment (of approximately HK\$2.61 million), which was partly offset by a lower underwriting expense, the operating expenses for the nine months ended 30 September 2013 were maintained more or less at the same level as that of the corresponding period in 2012.

Total comprehensive income for the third quarter of 2013 was approximately HK\$0.54 million (2012: loss of approximately HK\$2.34 million), and for the nine months ended 30 September 2013 approximately HK\$0.66 million (2012: approximately HK\$3.26 million). Earnings per share for the nine months ended 30 September 2013 was approximately HK0.05 cents (2012: approximately HK0.24 cents).

Commitments

As at 30 September 2013, save for the gross underwriting commitment arisen from the underwriting agreements entered by Asian Capital in relation to the public offer and placing of Hong Kong Finance Group Limited for approximately HK\$30.90 million which has been subsequently discharged in full, the Group did not have any significant commitments.

Outlook

Economists are expecting that China's economic growth will slow further, and the recent debt fiasco in the United States ("US") casts shadow on prospects of global economic growth. The US Federal Reserve's decision to leave bond purchases (Quantitative Easing 3) unchanged in September 2013 and Janet Yellen's nomination to chair the US Federal Reserve offer hopes for delay in the tapering of stimulus measures. There are finally signs that the debt crisis is drawing to a close in Europe. Whilst there are still a number of uncertainties on the horizon, overall business confidence is expected to continue to improve somewhat.

As at the date of this report, we continued to work on five corporate resumption engagements, two of which involve reverse takeovers. The Group will continue to work with its existing strategic partners, and seek to capture new business opportunities to generate revenue from multiple sources of corporate advisory, M&As, fund raising and asset recovery assignments. We have also reviewed our strategies and will actively develop new strategic partnerships that can offer us market opportunities to scale up our fee generating capabilities.

Our investment portfolio as at 30 September 2013 amounted to approximately HK\$13.29 million. Investments however are by their nature subject to market risks and may impact the Group's profitability from time to time. The Group's cash position, in excess of HK\$100 million, is at an unprecedentedly high level following the divestments made in the second and third quarters of 2013. The Group will continue to identify suitable underwriting, placing and other investment opportunities to diversify its income source and enhance its profitability.

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 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.

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 of the Company 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 September 2013 were as follows:

Name of grantee	Exercise period (dd/mm/yy)	Number of options				Outstanding as at 30 September 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		
Directors							
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%
Employees of the Group	10/06/12 – 09/06/20	44,150,000	–	–	(650,000)	43,500,000	3.02%
Total		86,150,000	–	–	(650,000)	85,500,000	5.93%

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:

- (a) 10% of the option were vested on 10 June 2012;
- (b) 20% of the option were vested 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 OPTIONS SCHEMES *(Continued)***Share Option Scheme**

During the nine months ended 30 September 2013, 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 September 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 Xiquan	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%

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

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.

Save as disclosed above, as at 30 September 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 September 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:



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

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:

1. Master Link is an investment holding company, the entire issued share capital of which is wholly and beneficially owned by Mr. Yeung.
2. 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).

Save as disclosed above, as at 30 September 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 nine months ended 30 September 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the nine months ended 30 September 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.

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 a professional accounting firm (the "Internal Auditors") to conduct regular internal audits and to report their findings to the audit committee. The Third Quarterly 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 Third Quarterly 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, 6 November 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.

