

**ACR** 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)**

**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 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), Mr. Chu Yat Hong, Mr. Qiu Yue, Mr. Xiao Jing and Dr. Feng Ke; the non-executive director is Mr. Lo Mun Lam Raymond (Vice Chairman); and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang.*

## 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 and nine months ended 30 September 2013 together with the comparative figures for the corresponding periods in 2012 as follows:

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	2	50,230	1,616	116,712	4,557
Cost of services		(38,926)	(315)	(99,079)	(1,095)
Gross profit		11,304	1,301	17,633	3,462
Other revenue		-	-	-	-
Interest income		-	1	-	1
Staff costs		(1,166)	(352)	(2,140)	(1,113)
Operating lease rentals		(91)	(65)	(219)	(191)
Other operating expenses		(5,459)	(187)	(10,418)	(1,586)
Depreciation and amortization		(2,208)	(2,889)	(7,217)	(8,678)
Profit/Loss from operating activities		2,380	(2,191)	(2,361)	(8,105)
Finance costs		(475)	(294)	(1,019)	(856)
Profit/Loss before taxation		1,905	(2,485)	(3,380)	(8,961)
Taxation	3	(2,631)	(97)	(3,233)	(273)
Profit/Loss for the period		(726)	(2,582)	(6,613)	(9,234)
Attributable to:					
Equity holders of the Company		(611)	(2,960)	(6,869)	(10,235)
Non controlling interest		(115)	378	256	1,001
		(726)	(2,582)	(6,613)	(9,234)
Earning/Loss per share					
— Basic	4	(0.04 cents)	(0.27 cents)	(0.47 cents)	(0.95 cents)

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2013

	Attributable to equity holders of the Company								Non Controlling interest	Total
	Issued Share Capital	Share Premium	Capital Reserve	Placing Expenses	Translation Reserve	Convertible Note Reserve	Accumulated Loss	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	-	-	-	-	-	-	(10,235)	(10,235)	1,001	(9,234)
As at 30 September 2012	108,269	135,790	26,020	-	(1,182)	9,158	(387,464)	(109,409)	12,949	(96,460)
As at 1 January 2013	138,552	182,721	26,020	-	(1,321)	-	(390,916)	(44,944)	6,858	(38,086)
Movement of the period	10,000	55,000	-	(2,425)	-	-	(6,869)	55,706	256	55,962
As at 30 September 2013	148,552	237,721	26,020	(2,425)	(1,321)	-	(397,785)	10,762	7,114	17,876

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 (“HKICPA”), and accounting principles generally accepted in Hong Kong and the GEM Listing Rules. 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 2012.

## 2. TURNOVER

The Group’s turnover represents the invoiced value of service fees from the provision of internet protocol television (“IPTV”) services and related value-added services; and excludes intra-Group transactions as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Income from Internet protocol television (“IPV”) related services	<b>50,230</b>	1,616	<b>116,712</b>	4,557
Total turnover	<b>50,230</b>	1,616	<b>116,712</b>	4,557

## 3. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Hong Kong Tax	–	–	–	–
PRC Tax	<b>2,631</b>	97	<b>3,233</b>	273

No Hong Kong profits tax has been provided for the nine months ended 30 September 2013 as the Group has no assessable profit in Hong Kong for the period.

#### **4. EARNINGS PER SHARE**

The calculation of basic loss per share for the three months and nine months ended 30 September 2013 is based on the net loss from ordinary activities attributable to equity holders of the Company of approximately HK\$611,000 (2012: HK\$2,960,000) and HK\$6,869,000 (2012: HK\$10,235,000) and the weighted average number of ordinary shares of approximately 1,470,498,697 (2012: 1,082,687,986) during the periods.

#### **DIVIDEND**

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

##### **FINANCIAL REVIEW**

###### **Turnover and loss attributable to shareholders**

The total turnover of the Group for the nine months ended 30 September 2013 was approximately HK\$116,712,000 (2012: HK\$4,557,000) which was increased by approximately 25 times as compared to that of the previous financial year. Increase in income was because of the management services provided by the Group.

The unaudited consolidated loss from operations for the nine months ended 30 September 2013 was approximately HK\$6,613,000, which decreased as compared with the corresponding period last year loss, HK\$9,234,000. The decrease in loss for the period was mainly attributable to the reduction in the provision made for amortisation on the intangible assets of the Group and the increase in income.

The Board has adopted a prudent approach and determined that amortisation on the intangible assets provision should be made. The amount amortised was approximately HK\$6,780,000.

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”). The Permit commenced on 1 October 2007 and will expire on 30 September 2015.

The Group’s gross profit margin decreased from approximately 76% for the nine months ended 30 September 2012 to approximately 15% for the current period.

## **Financial cost**

The financial cost of the Group for the nine months ended 30 September 2013 was approximately HK\$1,019,000 (2012: HK\$856,000) which was increased by approximately 19% as compared to that of the same period of last year.

## **Liquidity, financial resources and capital structure**

For the nine months ended 30 September 2013, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$24,792,000. The Group had a cash balance of approximately HK\$54,530,000.

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 nine months ended 30 September 2013 was HK\$148,551,899 (2012: HK\$108,268,799)

## **Gearing Ratio**

As at 30 September 2013, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 4.64% (2012:558.63%).

## **Employee and remuneration policies**

As at 30 September 2013, the Group employed a total of 423 employees (as at 30 September 2012: 17), of which 3 were located in Hong Kong and the remaining 420 were located in the PRC including staff from YingXin's operation. 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 was focusing its effort in its management services while enhancing a successful corporate synergy with its strategic partners. Both the Board and the management believe that the company has sufficient resources and knowledge to provide management services which our partners and clients will achieve a greater level of performance. Via the revenue generated by the services provided and other assets from the group it has sufficient cashflow generated to operate its business as a going concern. The Company does not have any financial difficulties to an extent that may seriously impair the Company's ability to continue its business.

The Board, looking forward, views that by concentrating on providing management services it will enhance the company's incremental business and the future value of the company.

### **Management Services and Information Technology Division**

During the period under review the Board and the management have operated prudently in the PRC IPTV industry due to the increase competitions in the market.

The Company has just been re-approached by the counter party that signed a MOU with in May 2012 (a company that principally engaged in the civilian satellite applications business) to discuss IT business collaborations. It is currently in the preliminary stage of discussion and there are no certainty that there would be any business transactions between the two parties going forward and no document was executed during the preliminary period.

In the current market conditions with the number of major competitors increasing, the Board and management have decided to operate carefully and also implemented a strategy of diversifying the sectors in which the Company offered our management services to.

Currently the Company has been equipped with senior management level professionals with extensive experiences and track record in real estate sector. Mr. Xie Xuan has over 20 years of successful investment and management experience in the areas of property in the PRC. He held the post of Deputy General Manager for Guangdong Pearl River Investment Holding Group Co. Ltd. over the years. And Mr. Xiao Jing has served as the Executive Director of Guangzhou Pearl River Yunsheng Textile Market Administration Co., Ltd. and Guangzhou Pearl River Commercial Real Estate Management Co. Ltd. Both individuals has extensive experience in the development and management of major real estate properties in PRC. While Dr. Feng Ke is currently the department head and researcher of Real Estates Finance Research Center, of the Beijing University Economics Faculty. The Company has greatly positioned itself to provide more management services with a greater emphasis on the real estate sector.

In addition, the portfolio of services that the group has been providing also includes strategic corporate development services, project development and execution planning, advisory on information and technology projects, corporate management consulting services and development of customized management systems. Going forward the group will continue to build on and strengthen this core group of services being offered.

## **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 is: Sinobase Asia Limited

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

## **MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

Nil

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Nil

## 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 30 September 2013, 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					Percentage of the Company's issued Shares as at 30 September 2013
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
<i>Directors</i>						
Mr. Chu Yat Hong	-	-	544,514,132 <i>(Note 1)</i>	-	544,514,132	36.66%
Mr. Xie Xuan	-	-	544,514,132 <i>(Note 2)</i>	-	544,514,132	36.66%
Mr. Qiu Yue	15,430,000	-	18,620,436 <i>(Note 3)</i>	-	34,050,436	2.29%
	15,430,000	-	563,134,568	-	578,564,568	38.95%

*Note 1:* The controlled corporation is Glamour House Limited, which is 90% beneficially owned by Mr. Chu Yat Hong.

*Note 2:* 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 3:* 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 30 September 2013, 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 30 September 2013, 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 30 September 2013
Glamour House Limited	Interest of a controlled corporation ( <i>Note 1</i> )	544,514,132	36.66%
Asian Dynamics International Limited	Beneficial owner	544,386,132	36.65%
Logic Ease Group Limited	Beneficial Owner	86,500,000	5.82%
Blue Balloon Limited	Beneficial Owner	86,500,000	5.82%
Sweetly Limited	Beneficial Owner	86,500,000	5.82%

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

Save as disclosed above, as at 30 September 2013, 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 SHAREHOLDER**

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited, Mr. Chu Yat Hong and Mr. Xie Xuan, as disclosed above, there was no other person as at 30 September 2013 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2013.

## **CORPORATE GOVERNANCE REPORT**

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognizes that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

### **Compliance with Corporate Governance Code**

To ensure compliance with the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the “Code”) as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code. In the opinion of the Directors, the Company has complied with all the provisions of the Code, for the period ended 30 September 2013, except:

- (i) under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from the code provision. However, all the Non-executive Directors of the Company are subject to retirement by rotation at annual general meetings pursuant to the articles of association of the Company.

### **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 to 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 period ended 30 September 2013.

## **Board of Directors**

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of nine Directors, with five executive Directors, namely Mr. Xie Xuan (Chairman), Mr. Xiao Jing (Chief Executive), Mr. Chu Yat Hong, Mr. Qiu Yue and Dr. Feng Ke; one non-executive Director namely Mr. Lo Mun Lam, Raymond (Vice-Chairman), and three independent non-executive Directors namely Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang. They are professionals in different areas and provide independent opinions based on their expertise.

## **Internal Control**

On an annual basis the Directors have reviewed and are satisfied with their ability to comply with the policies installed as part of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions. Furthermore, the Directors are satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programs and budget.

## **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 (Chairman of the Committee), Mr. Wu Jixue and Mr. Zheng Hongliang, 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 Interim report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board

**Xie Xuan**

*Chairman*

Hong Kong, 13 November 2013