



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 2014

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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Group's corporate advisory income for the nine months ended 30 September 2014 at HK\$17.87 million (2013: HK\$18.06 million) almost reached the 2013 corresponding level. Last year's income however included a significant contribution from the Asset Recovery Assignment. Placing and underwriting income for approximately HK\$0.13 million (2013: HK\$1.55 million) remained at the half year level as the Group did not expose itself to any placing or underwriting activity during the third quarter of 2014. The overall performance of the Group for the nine months was indeed undermined by the aggregate securities dealing commission and investment loss of HK\$1.44 million (2013: securities dealing commission and investment income of HK\$0.38 million).
- As a result, total revenue of the Group for the nine months ended 30 September 2014 came down to approximately HK\$16.55 million (2013: HK\$19.99 million), representing a decline of 17.2% as compared to the corresponding period in 2013.
- Operating expenses for the nine months ended 30 September 2014 of HK\$18.38 million (2013: HK\$19.52 million) were 5.8% lower than that of the corresponding period last year. After adjusting for the outsourced professional fee for the Asset Recovery Assignment of HK\$2.61 million occasioned in 2013, there was in fact an 8.7% increase in operating expenses, mainly as a result of the combined effects of higher rental and expenses arising from the office relocation.
- The Group recorded total comprehensive income of HK\$0.94 million in the third quarter of 2014 (2013: HK\$0.54 million), narrowing the total comprehensive loss for the nine months ended 30 September 2014 to HK\$1.19 million (2013: income of HK\$0.66 million). Loss per share for the nine months ended 30 September 2014 was HK0.08 cents (2013: earnings per share of HK0.05 cents).
- With the Group's strong cash position, in excess of HK\$114 million, we will continue to identify suitable opportunities in underwriting, placing and investment in various types of assets to strengthen our income source, and enhance our profitability to promote long term growth and prosperity.
- The Board does not recommend payment of an interim dividend for the nine months ended 30 September 2014 (2013: 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 2014 together with the comparative unaudited figures for the corresponding periods in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2014

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	7,997	8,228	16,551	19,991
Other income and gains	3	362	129	635	447
Operating expenses		(7,381)	(7,606)	(18,380)	(19,519)
Profit/(Loss) before tax		978	751	(1,194)	919
Income tax (expense)/credit	5	(40)	(214)	1	(257)
Profit/(Loss) for the period		938	537	(1,193)	662
Total comprehensive income/(loss) for the period		938	537	(1,193)	662
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	6				
– Basic (HK cents)		0.06	0.04	(0.08)	0.05
– 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 2014

	Attributable to ordinary equity holders of the Company					Total HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
At 1 January 2014	14,400	65,898	9,000	8,179	30,969	128,446
Total comprehensive loss for the period	-	-	-	-	(1,193)	(1,193)
Allotment of new shares pursuant to pre-IPO share option scheme	115	3,566	-	(1,373)	-	2,308
Equity-settled share option arrangements	-	-	-	766	-	766
At 30 September 2014 (Unaudited)	14,515	69,464	9,000	7,572	29,776	130,327
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 September 2014

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 in various types of assets.

2. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly financial statements for the nine months ended 30 September 2014 (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 (the “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 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 2013. 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 2013.

The HKICPA has issued a number of new and revised HKFRSs 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 have otherwise been 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.

Inter-company transactions and balances between Group companies are eliminated.

3. REVENUE, OTHER INCOME AND GAINS

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/(loss).

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

	Three months ended 30 September		Nine months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue				
Corporate advisory income	7,921	7,187	17,865	18,063
Placing and underwriting service income/commission	–	1,550	126	1,550
Securities dealing commission and investment income/(loss)	76	(509)	(1,440)	378
	<u>7,997</u>	<u>8,228</u>	<u>16,551</u>	<u>19,991</u>
Other income and gains				
Interest income from bank balances	362	129	635	447

4. OPERATING SEGMENT INFORMATION

The Group's principal businesses are in the provision of corporate advisory services and related activities, as well as investment in various types of assets. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, is focused 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% for the three months and nine months ended 30 September 2014 and 2013.

	Three months ended 30 September		Nine months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current tax				
Provision for the period	(79)	(214)	(140)	(257)
Deferred tax				
Origination and reversals of temporary differences	39	–	141	–
	<u>(40)</u>	<u>(214)</u>	<u>1</u>	<u>(257)</u>

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 are based on the unaudited consolidated profit of approximately HK\$938,000 and loss of approximately HK\$1,193,000 attributable to ordinary equity holders of the Company for respectively the three months and nine months periods ended 30 September 2014 (three months and nine months ended 30 September 2013: consolidated profits of HK\$537,000 and HK\$662,000 respectively) and the weighted average number of 1,451,540,000 shares and 1,444,353,919 shares in issue for each of the three months and nine months ended 30 September 2014 respectively (three months and nine months ended 30 September 2013: 1,440,000,000 shares).

No adjustment was made to the basic earnings/(loss) per share presented for the three months and nine months ended 30 September 2014 and 2013 as share options had anti-dilutive effect on the basic earnings/(loss) per share.

7. DIVIDENDS

The Board does not recommend payment of an interim dividend for the nine months ended 30 September 2014 (2013: 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 12 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Economic data showed that whilst the unemployment rate of the United States (“U.S.”) had dropped to below 6% in September 2014 for the first time since 2008, which suggested that its economy was bouncing back, Eurozone, as predicted, is threatened by deflation, led by over-indebtedness. Meanwhile, China’s gross domestic product growth in the third quarter of 2014 slowed down to 7.3%, with the authorities delivering signals that this slower growth is acceptable given inflation and unemployment rates are within comfort zones.

Our corporate advisory income remained strong during the third quarter of 2014. Corporate resumption services continued to be active during the nine months ended 30 September 2014 as we took on four new cases. In the third quarter, we accomplished the corporate resumption for Ausnutria Dairy Corporation Limited (Stock code: 1717) and its shares resumed trading on the Stock Exchange on 4 August 2014. In the resumption case of First Mobile Group Holdings Limited (Stock code: 865) which involves a reverse takeover, we represented the company at the hearing held in September 2014 for a review of the Listing Committee’s decision cancelling the listing of the company’s shares. In the event, the Listing (Review) Committee decided to grant an extension for the company to submit a new listing application. Other than these activities, we generated income from a diversified portfolio of corporate financial advisory assignments during the reporting period, including mergers and acquisitions, independent financial advisory, fund raising, compliance and other corporate advisory and related activities, attesting the skills and versatility of our team.

We did not participate in any placing and underwriting activities during the third quarter of 2014.

In the third quarter of 2014, we took on certain new interest bearing assets which contributed some steady revenue, and booked some securities dealing commission and investment income. These incomes helped to narrow the aggregate securities dealing commission and investment loss recorded in the first half of 2014.

Financial review

The Group’s corporate advisory income for the nine months ended 30 September 2014 at approximately HK\$17.87 million (2013: HK\$18.06 million) almost reached the 2013 corresponding level. Last year’s income however included a significant contribution from a distressed asset recovery assignment (the “Asset Recovery Assignment”). Placing and underwriting income for approximately HK\$0.13 million (2013: HK\$1.55 million) remained at the half year level as the Group did not expose itself to any placing or underwriting activity during the third quarter of 2014. The overall performance of the Group for the nine months was indeed undermined by the aggregate securities dealing commission and investment loss of approximately HK\$1.44 million (2013: securities dealing commission and investment income of HK\$0.38 million). As a result, the total revenue of the Group for the nine months ended 30 September 2014 came down to approximately HK\$16.55 million (2013: HK\$19.99 million), representing a decline of approximately 17.2% as compared to the corresponding period in 2013.

Operating expenses for the nine months ended 30 September 2014 of approximately HK\$18.38 million (2013: HK\$19.52 million) were approximately 5.8% lower than that of the corresponding period last year. After adjusting for the outsourced professional fee for the Asset Recovery Assignment of approximately HK\$2.61 million occasioned in 2013, there was in fact an 8.7% increase in operating expenses, mainly as a result of the combined effects of higher rental and expenses arising from the office relocation.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial review *(Continued)*

The Group recorded total comprehensive income of approximately HK\$0.94 million in the third quarter of 2014 (2013: HK\$0.54 million), narrowing the total comprehensive loss for the nine months ended 30 September 2014 to approximately HK\$1.19 million (2013: income of HK\$0.66 million). Loss per share for the nine months ended 30 September 2014 was approximately HK0.08 cents (2013: earnings per share of HK0.05 cents).

Outlook

The International Monetary Fund recently downgraded its outlook for global economic growth, noting persistent weakness in the Eurozone and a broad slowdown in several major emerging markets despite signs of a strengthening recovery in the U.S. The Federal Reserve's conclusion of its asset purchase program, coupled with Japan's quantitative and qualitative easing expansion, have ignited a further round of strengthening of US dollars with potential ramifications round the world. Meanwhile, China appears to be content with a slower but sustained economic growth. Occupy Central in Hong Kong has caused various disruptions to businesses, and whilst the economy appears to be resilient in the short term, effects will become more evident when economic data comes out in months to come. More political and economic consequences remain to be seen.

As at the date of this report, the Group has on hand six corporate resumption engagements including one that involves reverse takeover. We also continue to work on a diversified portfolio of other corporate financial advisory assignments.

As at 30 September 2014, our investment portfolio amounted to approximately HK\$14.15 million, with over half of which are in interest bearing assets. Investments however are by their nature subject to market and other risks and may impact the Group's profitability from time to time. The Group's cash position, in excess of HK\$114 million, is still at high level. With our strong liquidity position, we will continue to identify suitable opportunities in underwriting, placing and investment in various types of assets to strengthen our income source, and enhance our profitability to promote long term growth and prosperity.

Following the lapse of the proposed subscription in new shares of the Company by Huarong (HK) International Holdings Limited, the Directors are actively pursuing strategic alliances who will be able to enhance our business prospects and strengthen our capabilities thereby increasing our shareholders' value.

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 of the Company at an exercise price of HK\$0.20 per share 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 2014 were as follows:

Grantees	Exercise period (dd/mm/yy)	Number of options				Outstanding as at 30 September 2014	Approximate percentage of issued share capital of the Company
		Outstanding as at 31 December 2013	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	0.41%
Mr. Yi Xiqun	10/06/12 - 09/06/20	6,000,000	-	-	-	6,000,000	0.41%
Employees of the Group	10/06/12 - 09/06/20	43,500,000	(11,540,000)	-	(5,760,000)	26,200,000	1.81%
Total		85,500,000	(11,540,000)	-	(5,760,000)	68,200,000	4.70%

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

Share Option Scheme

During the nine months ended 30 September 2014, 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 September 2014, the 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	53.02%
	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	1.19%
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	0.41%
Mr. YI Xiqun	Beneficial owner	-	6,000,000 (Note 2)	6,000,000	0.41%
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 September 2014, 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 2014, 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 (Note 1)	Beneficial owner	699,260,000	48.17%
Mr. LIM Hua Min ("Mr. Lim") (Note 2)	Interest of controlled corporation	252,955,791	17.43%
Phillip Capital (HK) Limited ("Phillip Capital (HK)") (Note 2)	Beneficial owner	252,955,791	17.43%

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).

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

Save as disclosed above, as at 30 September 2014, 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 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Yi Xiqun, an independent non-executive director of the Company, currently serves as an independent non-executive director of Industrial and Commercial Bank of China Limited (Stock code: 1398) (listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange); an independent director of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange); and a consultant to China International Capital Corporation Limited. Based on publicly available information, all of the aforementioned companies have subsidiaries in Hong Kong licensed by the Securities and Futures Commission of Hong Kong to carry on investment banking activities, and compete or are likely to compete with the businesses of the Group.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competes 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 Auditor”) to conduct regular internal audits and to report its findings to the audit committee. The Third Quarterly Financial Statements have been reviewed by the Internal Auditor, who confirms that it has 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, 12 November 2014

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.