



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 2015

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

- The Group's corporate advisory income for the nine months ended 30 September 2015 at HK\$17.44 million (2014: HK\$17.87 million) almost matched the 2014 corresponding level – but fall short of 2014 at the quarter-to-quarter level mainly due to slower milestone achievements for corporate resumption activities during this period. In the third quarter, we earned placing and underwriting income for HK\$0.14 million (2014: Nil). During the reporting period, the Group recorded a small net investment income of HK\$0.11 million (2014: net investment loss of HK\$1.60 million), and net interest income increased markedly to HK\$2.48 million (2014: HK\$0.76 million) as we embarked on offering financial assistance in strategic situations.
- Accordingly, the Group's overall revenue and other income advanced to HK\$20.68 million (2014: HK\$17.19 million) for the nine months ended 30 September 2015.
- Operating expenses for the nine months ended 30 September 2015 at HK\$18.11 million (2014: HK\$18.38 million) were contained at last year's level. Included in the operating expenses was a debt provision for HK\$0.10 million that the management considers prudent to make in the third quarter. Staff costs remained the largest component of operating expenses.
- The Group recorded total comprehensive incomes of HK\$0.12 million (2014: HK\$0.94 million) in the third quarter of 2015, and HK\$1.82 million (2014: loss of HK\$1.19 million) for the nine months ended 30 September 2015. Basic earnings per share for the nine months ended 30 September 2015 was HK0.13 cents (2014: basic loss per share of HK0.08 cents).
- With the Group's cash position at some HK\$109 million as at 30 September 2015, we will continue to identify prospects in underwriting, placing and investment in various types of assets as well as money lending to strengthen and diversify our income source and enhance our profitability to promote long term growth and prosperity of the Group. We are also actively examining the prospect of engaging our asset management capabilities.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (2014: 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 2015, together with the comparative unaudited figures for the corresponding periods in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	4,111	7,939	18,092	18,029
Net investment income/(loss)	3	(51)	(16)	107	(1,601)
Net interest income	3	1,576	436	2,483	758
Revenue and other income	3	5,636	8,359	20,682	17,186
Operating expenses		(5,215)	(7,381)	(18,113)	(18,380)
Profit/(Loss) before tax		421	978	2,569	(1,194)
Income tax (expense)/credit	5	(299)	(40)	(751)	1
Profit/(Loss) for the period		122	938	1,818	(1,193)
Total comprehensive income/(loss) for the period		122	938	1,818	(1,193)
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	6				
– Basic (HK cents)		0.01	0.06	0.13	(0.08)
– Diluted (HK cents)		0.01	0.06	0.12	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

	Attributable to ordinary equity holders of the Company					
	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)	Total HK\$'000 (Unaudited)
At 1 January 2015	14,515	69,464	9,000	7,809	29,638	130,426
Total comprehensive income for the period	-	-	-	-	1,818	1,818
Equity-settled share option arrangements	-	-	-	465	-	465
At 30 September 2015 (Unaudited)	14,515	69,464	9,000	8,274	31,456	132,709
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 September 2015

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. In furtherance of the Group’s business activities, a subsidiary of the Company has also recently obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

2. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly financial statements for the nine months ended 30 September 2015 (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 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 2014. 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 Group’s audited annual financial statements for the year ended 31 December 2014 (the “2014 Annual Financial Statements”).

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 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 AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

Notes	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	(a)			
Corporate advisory income	3,967	7,921	17,442	17,865
Placing and underwriting income/arrangement fee	144	–	650	126
Securities dealing commission	–	18	–	38
	<u>4,111</u>	<u>7,939</u>	<u>18,092</u>	<u>18,029</u>
Net investment income/(loss)	(a)			
Net fair value gain/(loss) on financial assets measured at fair value through profit or loss	(51)	(10)	(73)	154
Realised gain/(loss) on financial assets measured at fair value through profit or loss and other investments	–	(6)	180	(1,755)
	<u>(51)</u>	<u>(16)</u>	<u>107</u>	<u>(1,601)</u>
Net interest income				
Interest income from financial assets				
– Bank deposits	209	362	861	635
– Listed investments	–	7	43	56
– Loans receivables	(b) 1,367	67	1,579	67
	<u>1,576</u>	<u>436</u>	<u>2,483</u>	<u>758</u>
Revenue and other income	<u>5,636</u>	<u>8,359</u>	<u>20,682</u>	<u>17,186</u>

3. REVENUE AND OTHER INCOME *(Continued)*

Notes:

- (a) During the fourth quarter of the financial year ended 31 December 2014, management performed a review of the nature of the Group's principal activities and their presentation in the Group's consolidated financial statements. As a result of the review, whilst management considered that the revenue of the Group had correctly included the fee income from corporate advisory services, placing and underwriting services and securities dealings, as well as gains or losses on investments at fair value through profit or loss, it would be more appropriate to present such gains or losses on investments at fair value through profit or loss on a separate line. Such revised presentation better reveals the nature of the Group's investment income/(loss) and is more consistent with the current market practice. It has consistently been adopted for the first quarterly and half-yearly results of 2015 as well as this Third Quarterly Financial Statements. For the purpose of the Third Quarterly Financial Statements, the comparative figures have been revised accordingly.
- (b) During the review of the Group's unaudited interim financial statements for the six months ended 30 June 2015 (the "2015 Interim Financial Statements"), management considered it more appropriate to disclose the Group's loans receivables as a separate item on the condensed consolidated statement of financial position as at 30 June 2015 in view of its materiality. Accordingly, the interest income from other interest-bearing assets presented in the 2014 Annual Financial Statements is renamed as interest income from loans receivables in the 2015 Interim Financial Statements to better reflect the underlying nature of such item which has become more material for the Group's results. Such presentation has continued to be adopted for this Third Quarterly Financial Statements. The presentation of the corresponding amounts of the interest income for the three months and nine months ended 30 September 2014 has been re-presented to align with the current period presentation. There is no impact on the Group's revenue and other income for the three months and nine months ended 30 September 2014 as a result of the change in presentation.

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 2015 and 2014.

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax				
Provision for the period	(226)	(79)	(700)	(140)
Adjustments in respect of prior periods	(238)	–	(238)	–
Total current tax	(464)	(79)	(938)	(140)
Deferred tax				
Origination and reversals of temporary differences	165	39	187	141
	(299)	(40)	(751)	1

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 per share for the three months and nine months ended 30 September 2015 are based on the unaudited consolidated profits of approximately HK\$122,000 and HK\$1,818,000 attributable to ordinary equity holders of the Company for the three months and nine months ended 30 September 2015 respectively (three months and nine months ended 30 September 2014: consolidated profit of HK\$938,000 and loss of HK\$1,193,000 respectively) and the weighted average number of 1,451,540,000 shares in issue for each of the three months and nine months ended 30 September 2015 respectively (three months and nine months ended 30 September 2014: 1,451,540,000 shares and 1,444,353,919 shares respectively).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. The calculations of diluted earnings per share for the three months and nine months ended 30 September 2015 are based on the unaudited consolidated profits of approximately HK\$122,000 and HK\$1,818,000 attributable to ordinary equity holders of the Company for the three months and nine months ended 30 September 2015 respectively and the adjusted weighted average number of 1,519,740,000 shares in issue for each of the three months and nine months ended 30 September 2015 respectively.

The calculation of diluted earnings per share for the three months ended 30 September 2014 is based on the unaudited consolidated profit of approximately HK\$938,000 attributable to ordinary equity holders of the Company for the three months ended 30 September 2014 and the adjusted weighted average number of 1,519,740,000 shares in issue for the three months ended 30 September 2014. No adjustment was made to the basic loss per share presented for the nine months ended 30 September 2014 as share options had anti-dilutive effect on the basic loss per share.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (2014: 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 26 October 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Globally, most stock markets ended September 2015 as the worst quarter in four years, with the Shanghai Composite Index falling furthest by some 28%. China's surprise devaluation of renminbi in August sent panics across the world, filtering worries about continued devaluation and signs of a weaker economy. Migrant crisis has taken precedence as the Greek's financial woes abated, effectively putting a lid to Eurozone's economic recovery at least in the short term. With mixed economic data, the Federal Reserve held its current rate levels, and continues with debates on whether it should raise interest rates before the end of the year.

During the nine months ended 30 September 2015, the Group was busily engaged in a diversified portfolio of advisory work, including initial public offerings ("IPOs"), mergers and acquisitions ("M&As"), debt restructuring, general offer, fund raising, independent financial advisory, compliance advisory and corporate resumption work. We also offered financial assistance in strategic situations where we have the expertise in managing the related risks and where there are opportunities for associated advisory work.

We continued to act as the sole sponsor in two ongoing IPO engagements in the third quarter of 2015. The listing application submitted in April 2015 in respect of one such case unfortunately failed to obtain the Stock Exchange's approval for listing, and the client is re-examining the situation.

In September 2015, the placing of convertible bonds for up to HK\$150 million proposed to be issued by a company listed on the Main Board of the Stock Exchange ("Main Board"), where we were the placing agent, failed to proceed. The Group however took part and completed the sub-underwriting in an open offer for another Main Board listed company in the third quarter.

With warnings of irrational exuberance in the shadow, having substantially reduced our investment in equities in the first half of the year, we increased our exposure to loans receivables for higher interest income, which helped contribute to our overall revenue in the third quarter.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial review

The Group's corporate advisory income for the nine months ended 30 September 2015 at approximately HK\$17.44 million (2014: HK\$17.87 million) almost matched the 2014 corresponding level – but fall short of 2014 at the quarter-to-quarter level mainly due to slower milestone achievements for corporate resumption activities during this period. In the third quarter, we earned placing and underwriting income for approximately HK\$0.14 million (2014: Nil). During the reporting period, the Group recorded a small net investment income of approximately HK\$0.11 million (2014: net investment loss of HK\$1.60 million), and net interest income increased markedly to approximately HK\$2.48 million (2014: HK\$0.76 million) as we embarked on offering financial assistance in strategic situations.

Accordingly, the Group's overall revenue and other income advanced to approximately HK\$20.68 million (2014: HK\$17.19 million) for the nine months ended 30 September 2015.

Operating expenses for the nine months ended 30 September 2015 at approximately HK\$18.11 million (2014: HK\$18.38 million) were contained at last year's level. Included in the operating expenses was a debt provision for HK\$0.10 million that the management considers prudent to make in the third quarter. Staff costs remained the largest component of operating expenses, representing approximately 62% and 58% of the operating expenses for the nine months ended 30 September 2015 and 2014 respectively.

After having made all necessary tax provisions, the Group's 2015 third quarter results were basically breaking even, with a modest total comprehensive income of approximately HK\$0.12 million (2014: HK\$0.94 million). For the nine months ended 30 September 2015, the total comprehensive income of the Group was approximately HK\$1.82 million (2014: loss of HK\$1.19 million) and basic earnings per share was approximately HK0.13 cents (2014: basic loss per share of HK0.08 cents).

Advance to entity

As alluded to in the paragraph headed "Advance to Entity" on page 18 of the Company's 2015 interim report, the loan facility (the "ACR Loan Facility") granted by Asian Capital (Resources) Limited, an indirect wholly-owned subsidiary of the Company, to Wongs Investment Development Holdings Group Limited (In Liquidation) (the "Borrower") continued as at the end of the reporting period. The ACR Loan Facility is secured by shares of China Kingstone Mining Holdings Limited (Stock Code: 1380, listed on the Main Board) (the "Charged Shares"). Following a further drawdown in July 2015 by the Borrower, the loan granted under the ACR Loan Facility mildly increased to HK\$21,500,000 (the "ACR Loan"). The ACR Loan shall be repayable on the earlier of 22 June 2016 or within five business days of the date of sale of all the Charged Shares, and bears interest at a fixed rate of 2% per month and interest accrued is paid monthly in arrears. Further details and principal terms of the ACR Loan Facility are set out in the announcements of the Company dated 22 June 2015, 28 June 2015, 5 July 2015 and 29 July 2015.

Phillip Finance (HK) Limited was a co-lender in this situation, and Asian Capital (Corporate Finance) Limited subsequently obtained a related advisory engagement.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook

In early October, the International Monetary Fund warned that in the near-term, global growth would remain moderate and uneven with higher downside risks, as it cut its projections for global growth to 3.1% this year and 3.6% in 2016, and reduced China's growth expectation to 6.8% for 2015 and 6.3% in 2016, as the country struggles with its shift from export to consumption driven economy. China reported its 2015 third quarterly gross domestic product growth at 6.9%, largely within general expectations. China's Belt and Road Initiative has added impetus as Britain turned a new page on its China relationship. Meanwhile, Hong Kong property prices and rental are experiencing some long awaited downward adjustments; hopefully these will filter through into making Hong Kong more cost competitive in the long run.

As at the date of this report, the Group has on hand seven corporate resumptions and we are actively working on some new potential mandates. Meanwhile, prospects of M&A and IPO are continuing. Apart from restructuring work, we are busy with three IPOs and a diversified portfolio of M&A engagements as well as some fund raising prospects for clients.

The Group's cash position (at approximately HK\$109 million as at 30 September 2015) remains strong, enabling us to be versatile and flexible in seeking new engagements and opportunities. As at 30 September 2015, in terms of financial assets, our investment in listed equities was curtailed to just a fairly small sum, yet exposure to loans receivables remained by virtue of the ACR Loan. In furtherance of the Group's business activities, we have recently obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). We are also actively examining the prospect of engaging our asset management capabilities. We will continue to identify prospects in underwriting, placing and investment in various types of assets as well as money lending to strengthen and diversify our income source and enhance our profitability to promote long term growth and prosperity of the Group. Investments and underwriting activities however are by their nature subject to market and other risks, and lending is subject to credit and security risks, and may impact the Group's profitability from time to time.

On 23 August 2015, Mr. Yeung Kai Cheung Patrick ("Mr. Yeung"), being the Executive Chairman of the Board and the controlling shareholder of the Company, and 中植資本管理有限公司 (Zhongzhi Capital Group*) ("Zhongzhi Capital") entered into a letter of intent ("LOI") regarding the (i) proposed subscription of new shares of the Company and (ii) proposed acquisition of existing shares of the Company by Zhongzhi Capital (the "Possible Transaction"). The Possible Transaction, if proceeded, may lead to a change in control in the Company and a mandatory general offer under the Hong Kong Code on Takeovers and Mergers. Further details of the Possible Transaction including the background of Zhongzhi Capital are set out in the announcements of the Company dated 10 August 2015, 18 August 2015, 24 August 2015, 23 September 2015, 8 October 2015, 15 October 2015 and 23 October 2015.

* for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook (Continued)

As disclosed in the announcement of the Company dated 23 October 2015, Zhongzhi Capital, through their professional teams, has completed the due diligence review and a notification has been given by Zhongzhi Capital confirming that it is satisfied with the results of such review. The exclusivity period under the LOI has been automatically extended for one month and the relevant parties are in negotiation of the terms of the definitive agreements. In the event that the transaction proceeds, it will give us the long awaited capital and resources injection that will take the Group to a new platform.

The Board wishes to emphasize that the Possible Transaction is subject to, among other things, the entering into of the definitive agreements, the terms and conditions of which are yet to be finalised. The Possible Transaction may or may not materialise as the final terms and conditions of the Possible Transaction are still subject to negotiation and may deviate from those set out in the LOI. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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.

Pre-IPO Share Option Scheme

Under the Pre-IPO Share Option Scheme, the Company granted options (the “Pre-IPO Share Options”) to directors and employees of the Group on 10 June 2010 for the subscription of new shares of the Company at an exercise price of HK\$0.20 per share. No further Pre-IPO Share Options can be granted thereafter and all outstanding Pre-IPO Share Options were fully vested by 10 June 2015.

SHARE OPTION SCHEMES (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of the Pre-IPO Share Options remained outstanding as at 30 September 2015 were as follows:

Grantees	Exercise period (dd/mm/yy)	Number of options				Outstanding at 30 September 2015	Approximate percentage of issued share capital of the Company
		Outstanding at 1 January 2015	Exercised during the period	Cancelled during the period	Lapsed during the period		
Directors							
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	26,200,000	-	-	-	26,200,000	1.81%
Total		68,200,000	-	-	-	68,200,000	4.70%

Share Option Scheme

During the nine months ended 30 September 2015, 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 2015, 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 Xiquan	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%

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

Long positions in shares and underlying shares of the Company *(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 Pre-IPO Share 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 2015, none of the Directors and chief executive of the Company had any 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 2015, 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).

Save as disclosed above, as at 30 September 2015, 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 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Xin Luo Lin, a non-executive director of the Company, currently serves as a non-executive director of Enerchina Holdings Limited ("Enerchina") (Stock Code: 622, listed on the Main Board). Based on public information, Enerchina carries on activities including the provision of securities brokerage and provision of financial and corporate financial advisory services, securities trading and investments that compete or are likely to compete with the businesses of the Group. Mr. Xin Luo Lin has a personal interest in 9,999,000 shares of Enerchina and share options granted by Enerchina to subscribe for 4,191,000 shares of Enerchina.

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 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, 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 include reviewing and overseeing the financial reporting system, risk management and internal control systems 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, 26 October 2015

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.