

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)

First Quarterly Report 2017

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.

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 months ended 31 March 2017 together with the comparative figures for the corresponding period in 2016 as follows:

	<i>Notes</i>	For the 3 months ending 31 March 2017 HK\$'000	For the 3 months ending 31 March 2016 HK\$'000
Turnover	2	2,800	3,550
Cost of Services		–	–
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Gross Profit		2,800	3,550
Other Income		74	47
Staff costs		(809)	(812)
Depreciation and amortization		(147)	(150)
Operation lease rental		(276)	(383)
Other operating expenses		(1,357)	(1,615)
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Profit from operating activities		285	637
Finance costs		(257)	(244)
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Profit before taxation		28	393
Taxation	4	–	–
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Profit for the period from Operation		28	393
Profit from disposal of subsidiaries	6	–	7,680
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Profit for the period		28	8,073
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Attributable to:			
Equity holders of the Company		35	4,272
Non Controlling Interest		(7)	3,801
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		28	8,073
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Profit per share			
– Basic	5	0.002 cents	0.24 cents
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2017

	Attributable to equity holders of the Company					Non		Total HK\$'000
	Issued Share Capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	Translation Reserve HK\$'000	Accumulated Loss HK\$'000	Total HK\$'000	Controlling interest HK\$'000	
As at 1 January 2016	176,183	304,371	26,020	(3,751)	(413,804)	89,019	(19,212)	69,807
Movement of the period	-	-	-	-	4,272	4,272	3,801	8,073
As at 31 March 2016	176,183	304,371	26,020	(3,751)	(409,532)	93,291	(15,411)	77,880
As at 1 January 2017	176,183	304,371	26,020	(3,722)	(416,038)	86,814	(15,670)	71,144
Movement of the period	-	-	-	-	35	35	(7)	28
As at 31 March 2017	176,183	304,371	26,020	(3,722)	(416,003)	86,849	(15,677)	71,172

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 (“the HKICPA”), and accounting principles generally accepted in Hong Kong. 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 2016.

2. TURNOVER

The Group’s turnover represents the invoiced value of service fees from the provision of management and consultancy services; and excludes intra-Group transactions as follows:

	For the three months ended	
	31 March	
	2017	2016
	HK\$’000	HK\$’000
Continuing Operation		
Management and consultancy fee	2,800	3,550
Total turnover	2,800	3,550

3. FINANCE COSTS

The finance costs represent the interest on amount due to the Company’s ultimate holding company, which bears interest at 5%.

4. TAXATION

Nil

5. LOSS PER SHARE

The calculation of basic profit per share for the three months ended 31 March 2017 is based on the net profit from ordinary activities attributable to shareholders of approximately HK\$35,000 (2016:HK\$4,272,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2016: 1,761,825,563) during the period.

6. PROFIT FROM DISPOSAL OF SUBSIDIARIES

On 4 December 2015, the Company entered into a memorandum of understanding with an independent third party, pursuant to which the Company intended to dispose 100% equity interest in a subsidiary, Vega International Group Limited and on 24 March 2016, the Company entered into a Sales & Purchase Agreement which completed the disposal. The disposal included all managed receivables and payables reported under one of the subsidiaries.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The consolidated turnover of the Group for the three months ended 31 March 2017 was approximately HK\$2,800,000 (2016: HK\$3,550,000). The decrease in turnover was attributed to the strong competition of the business sector. The unaudited consolidated profit from operations for the three months ended 31 March 2017 was approximately HK\$28,000 as compared to the profit of HK\$393,000 reported in the same period of 2016.

Financial cost

The financial cost of the Group for the three months ended 31 March 2017 was approximately HK\$257,000.00 (2016: HK\$244,000) which increased by approximately 5.33% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2017, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$23,604,000. The Group had a cash balance of approximately HK\$21,796,000 (2016: HK\$10,506,000).

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 three months ended 31 March 2017 was HK\$176,182,556 (2016: HK\$176,182,556).

Gearing Ratio

As at 31 March 2017, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 56.64% (2016: 42.37%).

Employee and remuneration policies

As at 31 March 2017, the Group employed a total of 9 employees (as at 31 March 2016: 9), of which 3 were located in Hong Kong, 5 were located in the PRC and 1 located in USA. 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 has been focused on actively consolidating, developing and expanding businesses in the management services in the financial services sector for both onshore and offshore. The private equity services now expanded to include investments in Singapore, 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 our services and expanding on its financial services will enhance the company's incremental business and the future value of the company.

Management Services and Financial Services

Currently facing the challenging outlook for the ongoing Chinese and global economic growth, the Group will continue to exert rigorous control over its business operations and strategies.

In general, the Group concentrated on capital management for our clients; which encompasses structuring and optimizing of assets. The Group provides both short term and long term approach in aligning client needs with collective expertise and dedicated resources. Management has been focused in delivering our clients with international trust and corporate structuring solutions that reach across the full spectrum of entrepreneurial and corporate wealth.

The Group had positioned itself to partner up with a strategic partner and in the first quarter of 2017 made a minority investment into a Singapore registered real estate income trust management company. The invested company is a real estate fund manager, whose business includes wholesale property funds, real estate advisory services and bespoke real estate funds targeted primarily in selected commercial and residential sectors in the Europe and Asia. It is currently setting up an investment entity, which the Group will be co-managing via the invested company, to take advantage of specific opportunities in the residential, student accommodation and health care sectors. The investment entity shall have a life of 4 years that is in line with underlying leases and is expected to generate current income of 10% per annum as well as significant capital appreciation. The ultimate aim of the portfolio is to grow to £30 million with the aim of providing an exit of the entire portfolio at institutional yields between 6-7%.

Together with the experiences of the Board, the Group has the leadership and track record to achieve and create operational added value as well as sustainable value for the financial management services.

Furthermore, apart from the aforementioned operations, the Group continues to research, develop and explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of the Company's shareholders.

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 are: 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 31 March 2017, 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				Total	Percentage of the Company’s issued Shares as at 31 March 2017
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
Directors						
Mr. Xie Xuan	-	-	518,014,782 <i>(Note 1)</i>	-	518,014,782	29.40%
Mr. Qiu Yue	15,430,000	-	18,620,436 <i>(Note 2)</i>	-	34,050,436	1.93%
	15,430,000	-	536,635,218	-	552,065,218	31.33%

Note 1: 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 2: 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 31 March 2017, 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 31 March 2017, 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 31 March 2017
Glamour House Limited	Interest of a controlled corporation (<i>Note 1</i>)	518,014,782	29.40%
Asian Dynamics International Limited	Beneficial owner	517,896,132	29.39%
Century Field Limited	Beneficial Owner	276,306,666	15.68%

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

(ii) Long Position in the Underlying Shares

Nil

Save as disclosed above, as at 31 March 2017, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

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 SHAREHOLDERS

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited and Mr. Xie Xuan as disclosed above, there was no other person as at 31 March 2017 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 31 March 2017.

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 of 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 three months ended 31 March 2017.

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. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi have 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 report and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 11 May 2017