



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

Third Quarterly Report 2022

CHARACTERISTICS OF 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.

CONTENTS

	Page
Corporate Information	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Unaudited Condensed Consolidated Statement of Changes in Equity	5
Notes to the Condensed Consolidated Quarterly Financial Statements	6
Operational Review	8
Financial Review	9
Corporate Governance and Other Information	11

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lu Yongde (*Chairman*)
Mr. Xie Xuan (*Chief Executive Officer*)
Dr. Feng Ke
Mr. Huang Haitao

Independent Non-executive Directors

Mr. Zheng Hongliang
Dr. Wang Yi
Dr. Zhang Jin

COMPLIANCE OFFICER

Mr. Xie Xuan

AUDIT COMMITTEE

Dr. Wang Yi (*Chairman*)
Dr. Zhang Jin
Mr. Zheng Hongliang

REMUNERATION COMMITTEE

Dr. Zhang Jin (*Chairman*)
Mr. Xie Xuan
Mr. Zheng Hongliang

NOMINATION COMMITTEE

Mr. Zheng Hongliang (*Chairman*)
Mr. Xie Xuan
Dr. Wang Yi

COMPANY SECRETARY

Ms. Ying Yuk Sim

AUTHORISED REPRESENTATIVE

Mr. Xie Xuan
Ms. Ying Yuk Sim

AUDITORS

CHENG & CHENG LIMITED

SOLICITORS

As to Cayman Islands Law
Conyers Dill & Pearman

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Level 46, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
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STOCK CODE

08025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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 2022 together with the comparative figures for the corresponding periods in 2021 as follows:

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	30,938	8,301	44,313	22,451
Cost of services		(23,470)	(1,275)	(29,252)	(4,453)
Gross profit		7,468	7,026	15,061	17,998
Other revenue		69	3,573	115	4,012
Staff costs		(1,106)	(2,110)	(3,260)	(7,273)
Operating lease rentals		(50)	(53)	(152)	(938)
Other operating expenses		(5,370)	(4,425)	(8,559)	(10,479)
Depreciation and amortization		(86)	(274)	(262)	(799)
Gain on disposal of subsidiaries		—	—	1,345	—
Written off of amount due from an investee company		—	—	(596)	—
Profit/(Loss) from operating activities		925	3,737	3,692	2,521
Finance costs		(59)	(285)	(145)	(775)
Profit/(Loss) before taxation		866	3,452	3,547	1,746
Taxation	3	—	(400)	—	(400)
Profit/(Loss) for the period		866	3,052	3,547	1,346
Attributable to:					
Owners of the Company		1,041	1,571	3,693	3,427
Non controlling interest		(175)	1,481	(146)	(2,081)
		866	3,052	3,547	1,346
Earning/(Loss) per share	4				
– Basic and diluted		0.52 cents	0.78 cents	1.84 cents	1.71 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2022

	Attributable to Owners of the Company									
	Issued share capital	Share premium	Capital reserve	Translation reserve	Fair value reserve	Convertible bonds equity reserve	Accumulated loss	Total	Non- controlling interest	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 2021	200,902	385,212	26,020	(4,232)	(134)	—	(598,664)	9,104	1,799	10,903
Movement of the period	(180,812)	—	180,812	—	—	—	3,427	3,427	(2,081)	1,346
As at 30 September 2021	20,090	385,212	206,832	(4,232)	(134)	—	(595,237)	12,531	(282)	12,249
As at 1 January 2022	20,091	385,212	206,831	(4,171)	(164)	—	(609,291)	(1,492)	(3,840)	(5,332)
Movement of the period	—	—	—	—	—	—	3,693	3,693	(146)	3,547
As at 30 September 2022	20,091	385,212	206,831	(4,171)	(164)	—	(605,598)	2,201	(3,986)	(1,785)

NOTES TO THE CONDENSED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

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. 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 2021.

2. REVENUE

The Group’s turnover represents the invoiced value of service fees from the provision of management and consultancy services, media service income and marketing services and sales income as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Consultancy Fee	3,016	6,264	12,296	18,792
Media service income	27,922	443	29,303	916
Advertising income	—	344	—	967
Marketing services and sales income	—	1,250	2,714	1,776
	30,938	8,301	44,313	22,451

- (a) Business segments information reported to the chief operating decision maker, directors of the Company, is based on the type of services rendered by the Group’s operating division for the purposes of resources allocation and performance assessment. The Group has two reporting segments, management and consultancy services, multi-media and value-added services.

(b) *Geographical segments*

	Nine months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
The PRC and outside of Hong Kong	41,599	22,451
Hong Kong	2,714	—
	44,313	22,451

3. TAXATION

No Hong Kong profits tax and PRC income tax has been provided for the nine months ended 30 September 2022 as the Group has assessable profit in Hong Kong for the period. (2021: Nil)

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months and nine months ended 30 September 2022 is based on the net profit/(loss) attributable to owners of the Company of approximately HK\$1,041,000 and HK\$3,693,000 (2021: net profit of approximately HK\$1,571,000 and HK\$3,427,000) and 200,902,041 ordinary shares (2021: 200,902,041) during the periods.

5. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2022 (2021: Nil).

6. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current quarterly period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

During the past three months, a contrast in increase in the revenue of the Group from HK\$8,301,000 of 2021 to HK\$30,938,000 of 2022 and the performance for the period was profit of approximate HK\$3,737,000 of 2021 to approximate HK\$925,000 of 2022, resulting from management vigilant control over the operational expenses and practice development expenses.

The Group further improve on the reliability of those sales and registered statistics for PRC Regulators by engaging in Guangzhou, an independent audit firm to provide the sales authentication over those sales reported and details of the audit report, which was completed in October, 2022, for the four quarters of 2021 and the three quarters of 2022 is illustrated as follows:

E-commerce sales volume for the year of 2021 and the three quarters of 2022

	Aggregate Total for 2021 <i>HK\$'000</i>	Q1 <i>HK\$'000</i>	Q2 <i>HK\$'000</i>	Q3 <i>HK\$'000</i>	Aggregate Total for 2022 <i>HK\$'000</i>
Disclosed Per financial statements	3,515	631	136	27,945	28,712
Disclosed Per PRC audit	106,220	19,095	3,251	31,518	53,864
Difference	102,705	18,464	3,115	3,573	25,152

Note 1: Represents recognition by PRC auditors as per PRC accounting records

Table of audited sales recorded with Bohu internet shops

In order to stay committed to the business strategy of the Company through-out this period, Bohu platforms open up new revenue streams just as growth in digital advertising. Brands engaging in social commerce use social media platforms as vehicles to sell products and services, in addition short video e-commerce advertisements has included in our transaction platform. The strategy and business adopted for the Media sector to continue as a sustainable business pursuits. In this sector, in complement to the consulting and asset management which deals with capital and management experiences fully immersing into the service that the Group can offer to the Small Manufacturing Enterprises of which Bohu Platform covered.

FINANCIAL REVIEW

Revenue and profit attributable to shareholders

The total revenue of the Group for the nine months ended 30 September 2022 was approximately HK\$44,313,000 (2021: HK\$22,451,000) which had increased by approximately 97% as compared to that of the previous financial year. Quarterly revenue had improved by 273% compared with the period of last year. Profits of the Group for the nine months ended 30 September 2022 was approximately HK\$3,547,000. An improve of 164% was attributed by the patient and the recovery plan followed.

The unaudited consolidated profit from operations, before finance costs and tax, for the nine months ended 30 September 2022 was approximately HK\$3,692,000 which was increased as compared with the corresponding period last year of HK\$2,521,000. The increase in profit for the period was mainly attributable to the combined result for improved operating efficiency as well as tighter controls over cost.

Finance cost

The finance cost of the Group for the nine months ended 30 September 2022 was approximately HK\$145,000 (2021: HK\$775,000) which had decreased by approximately 81% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the nine months ended 30 September 2022, the Group's borrowing consists of a loan from the Company's substantial shareholder of approximately HK\$2,971,000. The Group had a cash balance of approximately HK\$1,676,000.

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 2022 was HK\$20,090,204 (2021: HK\$20,090,204).

Gearing Ratio

As at 30 September 2022, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 98.01% (2021: 69.27%).

Employee and remuneration policies

As at 30 September 2022, the Group employed a total of 24 employees (as at 30 September 2021: 54), of which 5 were located in Hong Kong, 18 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.

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.

The subsidiary has been deregistered on 21 October 2022 is: Sinobase Asia Limited.

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As disclosed in the announcement of the Company dated 9 November 2022, the Company received, among other court documents, a civil complaint, a civil ruling and two writ of summons, from the Guangzhou Intermediate People's Court of Guangdong Province in the legal proceedings in relation to a loan advanced to Mr. Xie Xuan by an independent third party.

After preliminary understanding by the Company on the above matter, the Company noted that the Loan Agreements were entered among (i) Mr. Xie Xuan, the ultimately beneficial owner of a substantial shareholder (as defined in the GEM Listing Rules) of the Company; (ii) Asian Dynamics International Limited, a substantial shareholder of the Company; and (iii) Mr. Zhang Junhong, being an independent third party. Therefore, the Board is of the view that the Company should not be claimed of any liabilities raising from the Loan.

As disclosed in the announcement, no deposits of the Company for the Claimed Amount had been frozen, or none of its assets of equivalent value had been seized. As such, the Board is of the view that the Civil Ruling is not expected to have any material adverse impact on the normal business operation of the Company.

Since the Company is currently seeking PRC legal advice in respect of the Proceedings and will keep the Shareholders and potential investors informed of any material development by way of announcement as and when appropriate.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Nil

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Corporate Governance Code (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 ending 30 September 2022, 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 the period ended 30 September 2022.

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.

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 2022, 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 30 September 2022
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
Directors						
Mr. Xie Xuan	—	—	51,801,478	—	51,801,478	25.78%
			(Note 1)			

Note 1: The controlled corporation is Glamour House Limited, which is accustomed to acting in accordance with Mr. Xie Xuan's instructions, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 30 September 2022, 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 2022, 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 2022
Glamour House Limited	Interest of a controlled corporation <i>(Note 1)</i>	51,801,478	25.78%
Asian Dynamics International Limited	Beneficial owner	51,789,613	25.78%
Century Field Limited	Beneficial Owner	27,630,666	13.75%

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 30 September 2022, 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.

Management Shareholder

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 30 September 2022 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 2022.

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 seven directors, with four executive directors, namely Mr. Lu Yongde (Chairman), Mr. Xie Xuan (Chief Executive Officer), Dr. Feng Ke and Mr. Huang Haitao; and three independent non-executive directors, namely Mr. Zheng Hongliang, Dr. Wang Yi and Dr. Zhang Jin. 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 Dr. Wang Yi (Chairman of the Committee), Dr. Zhang Jin 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 quarterly report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board

Lu Yongde
Chairman

Hong Kong, 14 November 2022

As at the date of this report, the executive directors of the Company are Mr. Lu Yongde (Chairman), Mr. Xie Xuan (Chief Executive Officer), Dr. Feng Ke and Mr. Huang Haitao; the independent non-executive directors are Mr. Zheng Hongliang, Dr. Wang Yi and Dr. Zhang Jin.