



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
(For the three months ended 31 March 2021)**

**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 announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement 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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

	<i>Notes</i>	For the 3 months ending 31 March 2021 HK\$'000	For the 3 months ending 31 March 2020 HK\$'000
Turnover	2	6,789	3,248
Cost of services		<u>(2,822)</u>	<u>(2,318)</u>
Gross profit		3,967	930
Other income		125	31
Staff costs		(2,081)	(1,006)
Depreciation and amortization		(258)	(324)
Operation lease rental		(491)	(132)
Other operating expenses		<u>(1,756)</u>	<u>(647)</u>
Loss from operating activities		(494)	(1,148)
Finance costs		<u>(227)</u>	<u>(353)</u>
Loss before taxation		(721)	(1,501)
Taxation	4	<u>–</u>	<u>–</u>
Loss for the period		(721)	(1,501)
Attributable to:			
Equity holders of the Company		201	(1,501)
Non controlling interest		<u>(922)</u>	<u>–</u>
		<u>(721)</u>	<u>(1,501)</u>
Profit/(loss) per share			
– Basic	5	<u>0.10 cents</u>	<u>(0.08) cents</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to equity holders of the Company									
	Issued Share Capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	Translation Reserve HK\$'000	Fair value Reserve HK\$'000	Convertible bonds equity Reserve HK\$'000	Accumulated Loss HK\$'000	Total HK\$'000	Non Controlling interest HK\$'000	Total HK\$'000
As at 1 January 2020	176,183	304,371	26,020	(3,566)	162	3,091	(586,395)	(80,134)	(1)	(80,135)
Movement of the period	24,719	80,647	-	-	-	(3,091)	(1,501)	100,774	-	100,774
As at 31 March 2020	<u>200,902</u>	<u>385,018</u>	<u>26,020</u>	<u>(3,566)</u>	<u>162</u>	<u>-</u>	<u>(587,896)</u>	<u>20,640</u>	<u>(1)</u>	<u>20,639</u>
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	-	-	-	201	201	(922)	(721)
As at 31 March 2021	<u>20,090</u>	<u>385,212</u>	<u>206,832</u>	<u>(4,232)</u>	<u>(134)</u>	<u>-</u>	<u>(598,463)</u>	<u>9,305</u>	<u>877</u>	<u>10,182</u>

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 general 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 2020.

2. TURNOVER

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

	For the three months Ended 31 March	
	2021	2020
Continuing Operation	HK\$’000	HK\$’000
Management and consultancy fee	6,264	3,248
Media service income	523	–
Sales income	2	–
	<hr/>	<hr/>
Total turnover	6,789	3,248
	<hr/>	<hr/>

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. PROFIT/(LOSS) PER SHARE

The calculation of basic profit/(loss) per share for the three months ended 31 March 2021 is based on the net profit from ordinary activities attributable to shareholders of approximately HK\$201,000 (2020: net loss of approximately HK\$1,501,000) and 200,902,041 ordinary shares (2020: weighted average number of ordinary shares of approximately 1,885,225,406) during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2021 (2020: 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 2021 was approximately HK\$6,789,000 (2020: HK\$3,248,000) which had increased by approximately 109.02% as compared to the corresponding period of last year. The increase was driven by increase in management and consultancy fee and new business in media service.

Financial cost

The financial cost of the Group for the three months ended 31 March 2021 was approximately HK\$227,000 (2020: HK\$353,000) which was decreased by approximately 35.69% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the three months ended 31 March 2021, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$6,415,000 (2020: HK\$9,553,000). The Group had a cash balance of approximately HK\$1,585,000 (2020: HK\$2,221,000). Cash balance was reduced due to substantial amount of professional fees accrued in 2020 was paid in the first quarter of 2021.

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 as at 31 March 2021 was HK\$20,090,204 (2020: HK\$200,902,041).

The decrease of the issued share capital was due to the capital reduction and the share sub-division which was effective on 14 January 2021. Details of the capital reduction and the share sub-division are stated in the Company's circular dated 13 January 2021.

Gearing Ratio

As at 31 March 2021, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 67.10% (2020: 56.62%).

Employee and remuneration policies

As at 31 March 2021, the Group employed a total of 50 employees (as at 31 March 2020: 10), of which 4 were located in Hong Kong, 45 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

Despite the Directors' desire by adopting conservative optimism towards the turnaround policy over the Company's operations in 2020, The Company had experienced nevertheless, the most challenging time since it was listed at the Hong Kong Stock Exchange in 1997.

The economic growth and the financial niches that the City of Hong Kong used to carry, for entrepreneurship creativity, continuous to face prolonged disruption in 2020 caused by the COVID-19 pandemic with resurgence throughout the first four months of 2021. These unprecedented crises, had serious impact over the developments of new and sustainable business transactions of the Company during the period in consideration. The prohibition of cross-border travel had detrimental effects over the Company's progress to restructure for the best interest of maintaining value for the shareholders, and in particular to the corporate development turnaround initiatives, including the reduction of capital of the Company which allows the Company to recapitalize the needed working capital of the Company for the pursuit of sustainable businesses for the future, and to provide the Group the much needed opportunities to capture those favorable policies, brought by the Chinese Government to stage a recovery for the economy of the Greater China Region.

The Company had endeavored to focus over the last two years, on actively optimizing the return or limiting the losses in the private equity services which includes corporate consulting and management services. In addition, the Board considered that as published by McKinsey & Co. in 2020, with head-line stated "China digital consumer trends 2019 – Discovering the new wave of growth, within the 2020 report on "de-risking and digital transformation" which affects the Group's operating policies to regenerate and migrate from pure voice/Radio marketing and value-added services deriving from the platform to a more updated and supply-chain developments.

The report in 2019 which the Company relied over designing the recovery strategy, stated that China's rise as a global leader in ecommerce has been nothing less than stunning. This year, online retail sales are expected to swell to US\$1.5 trillion, representing a quarter of China's total retail sales volume, and more than the retail sales of the ten next largest markets in the world-combines.

The report further illustrated that these and other challenges like the rising sophistication of Chinese consumers are upping the ante for consumer-facing companies. Brands looking for the next wave of digitally-fueled growth in China are emphasizing on the following issues which the Company had decided to pursuit:

- (1) Omnichannel shopping: looking beyond the hype, are initiatives like omnichannel retail services really taking off in China,
- (2) Low-tier cities: most marketers have focused their attention on capturing consumers in high-tier cities, and how to craft a value proposition that appeals to them?
- (3) Shopping events and discounts: the major annual and semi-annual shopping events like double 11 and 618 are playing an increasingly important role in driving sales, by engaging in event driven sales and marketing activities.

Improve over Governance compliance and continuation of operations:

With the above research directives in mind, the management had been deploying the resources and capital within the Group, with the support of the major shareholder, to develop and operate a sustainable and growth services and management consulting platforms, in order to discharge the management duties to the shareholders of the Company as a whole, under the continuation management group and illustrated as follows:

- (1) In recognizing that system migration is necessary to provide the value added services ("VAS") to Funds' enterprises, the Company was proceeding to upgrade the marketing and enterprise relationship management ("ERM") services by radio to digital and analytic transformations, which had already been widely undertaken by many technologies companies, as explained by the McKinsey's report relating to the multi-media platform as illustrated above.

- (2) By negotiation for technical outsourced to improve the processing capability of the Company's multi-media platform, the management noticed that risk management over the transformation to digital and analytical has not kept pace with the proliferation of the changes, a gap that is opening at this sector, (KOL management) in particular that can only be closed by vigilant risk innovation at scale.
- (3) By co-operating and develop to roll out the Company's own platform of service with one of the knowledgeable provincial KOL talents and marketing enterprise to form a multi-dimension service platform to old and new customers of the Group.

Like in most other markets, content marketing (both using voice/radio or digital means) plays a major role in generating brand and product awareness in China, but the type of contents that impacted a customer journey varies according to category and brand. The KOL platform established in April 2021 after 9 months of intensive preparatory work has demonstrated promising future to the business volume of the Group's services. Just for the month of April, 2021, productive operational volume as registered by the Company's proprietary account of over RMB7 million transactions, which should provide promising outlook for the Group businesses to return to a healthy development path, after two years of hardship and policies shifting.

Unfortunately for the Company for the first three months of 2021, further delays were experienced by the Company to the various initiatives, as a result of the new guidelines introduced by the Chinese Central bank and regulators for online micro-lending and e-commercial transactions, which had been affecting many of the digital commercial platform's operators, with the necessity to modify in accordance with the draft rules issued in December 2020 and March 2021, whose aim is to boost oversight of online micro-lending as it tries to rein in rising debt levels in the coronavirus hit economy. As a big game changer, which required to be comprehensive in scope, covering everything from how companies should use customer data to how they should price their offerings to what sort of promotions and subsidies they could use to attract customers means a thorough review of the planned system designed by the Company was to take place in order to ensure full compliance, and limiting the down-side risk of the media operations.

In line with the traditional conservative approach by the Company's Board, an immediate review of the business model in operating, including the structure necessary to serve the private fund sector together with the delivery of value-added services in the media and marketing sector were under intense scrutiny to ensure compliance. The Board is pleased to report that

with clear directives over the business sectors brought along with the new guidelines, have enable the Company to roll-out the planned services in the month of April 2021, the results of which are encouraging for the Company towards the ultimate model of serving SMEs supply chain and marketing services of the Group in due course.

The management of the Company is indeed facing many challenges throughout the year of 2020, and in particularly the first quarter of 2021, as a result of low level of operations during the pandemic year. The management was busy with responding to the Auditors' review relating to going-concerns criteria and continuous adherence to the Regulatory compliance standards for good governance and operational viability. The management hope that the turnaround plan as instigated will be able to assist the Company in overcoming all these obstacles, and to continue provide value and sustainable return to the shareholders in the not near future, with a more promising performance of the Company's business, and less volatility of the economic and market changes, which handicapped the restructuring and remodeling business pursuit of the Company throughout the past two years.

Turnover for the 1st quarter of 2021 remains stable as compared with the results of 2020, with new services contracts in both the asset management, consulting and media sectors, having deliberated under intensive negotiation. Contract sales increase to HK\$6.8 million for the period ended 30 March 2020, but a number of delayed costs had been accrued based on the contracts commitments, to provide a fairer and better result analysis for the shareholders. In addition, local authorities of PRC have been instructed to encourage the avoidance of mass movement and gatherings during and around the Spring Festival holiday. Such measures included encouraging employees to spend the holiday where they work instead of returning to their hometown, and persuading people to avoid travel cross province and such control measures should be strictly carried out. These new directives over operational compliance and regulatory guidelines, had resulted in the cancellation of several Sales and Marketing Event schedule by the Company, which were scheduled to taking place during the Chinese New Year period, including the recognition of the anticipated revenue associated with the media sector initiatives.

However, the Group management is still confident of the business models that they have prepared for the Group business for sustainable growth in the years to come, in view of the right sector of services and the quality that those services can provide to especially the provincial SMEs, which is also in line with the 14th Five Year Plan, which include the "digital China" transformation, comes with increased regulations for personal data, which offers clearer boundaries for the market to follow and comply.

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 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares, or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571, (“SFO”) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) *Long Positions in the Ordinary Shares of HK\$0.10 each (the “Shares”) of the Company*

Number of issued shares held, capacity and nature of interest						Percentage of the Company’s issued Shares as at 31 March 2021
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
<i>Directors</i>						
Mr. Xie Xuan	–	–	51,801,473	–	51,801,473	25.78%
			<i>(Note 1)</i>			

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 shareholder, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 31 March 2021, 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 2021, 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 2021
Glamour House Limited	Interest of a controlled corporation (<i>Note 1</i>)	51,801,473	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 Glamour House Limited, which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

(ii) Long Position in the Underlying Shares

Nil

Save as disclosed above, as at 31 March 2021, 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 2021 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 2021.

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 2021.

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, who 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, 14 May 2021

As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; the independent non-executive directors are Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi.

This announcement, 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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 announcement 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 document misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.airnet.com.hk.