



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8025)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT**

**(For the three months ended 31 March 2014)**

### **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.**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

	<i>Notes</i>	<b>For the three months ending 31 March</b>	
		<b>2014</b>	2013
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Turnover	2	<b>24,744</b>	13,573
Cost of Services		<b>(23,017)</b>	(14,868)
Gross Profit		<b>1,727</b>	(1,295)
Interest Income		–	–
Other Income		–	–
Staff costs		<b>(675)</b>	(407)
Depreciation and amortization		<b>(2,661)</b>	(2,424)
Operation lease rental		<b>(108)</b>	(64)
Other operating expenses		<b>(3,103)</b>	(1,145)
Loss from operating activities		<b>(4,820)</b>	(5,335)
Finance costs		<b>(316)</b>	(319)
Loss before taxation		<b>(5,136)</b>	(5,654)
Taxation	4	–	–
Loss for the period		<b>(5,136)</b>	(5,654)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(5,126)</b>	(5,687)
Non Controlling Interest		<b>(10)</b>	33
		<b>(5,136)</b>	(5,654)
Loss per share			
– Basic	5	<b>(0.35 cents)</b>	(0.40 cents)

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the three months ended 31 March 2014:

	Attributable to equity holders of the Company					Non		Total
	Issued Share Capital	Share Premium	Capital Reserve	Translation Reserve	Accumulated Loss	Total	Controlling Interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2013	138,552	182,721	26,020	(1,321)	(390,916)	(44,944)	6,858	(38,086)
Movement of the period	10,000	55,000	-	-	(5,687)	59,313	33	59,346
Placing Expenses	-	(2,426)	-	-	-	(2,426)	-	(2,426)
As at 31 March 2013	<u>148,552</u>	<u>235,295</u>	<u>26,020</u>	<u>(1,321)</u>	<u>(396,603)</u>	<u>11,943</u>	<u>6,891</u>	<u>18,834</u>
As at 1 January 2014	148,552	235,295	26,020	(1,407)	(390,662)	17,798	(16,369)	1,429
Movement of the period	-	-	-	-	(5,126)	(5,126)	(10)	(5,136)
As at 31 March 2014	<u>148,552</u>	<u>235,295</u>	<u>26,020</u>	<u>(1,407)</u>	<u>(395,788)</u>	<u>12,672</u>	<u>(16,379)</u>	<u>(3,707)</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 2013.

## 2. TURNOVER

The Group’s turnover represents the invoiced value of service fees from the provision of internet broadband business management and internet protocol television service income; and excludes intra-Group transactions as follows:

	For the three months ended 31 March	
	2014	2013
	HK\$’000	HK\$’000
Internet broadband business management and internet protocol television service income	<u>24,744</u>	<u>13,575</u>
Total turnover	<u>24,744</u>	<u>13,575</u>

## 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 loss per share for the three months ended 31 March 2014 is based on the net loss from ordinary activities attributable to shareholders of approximately HK\$5,126,000 (2013: HK\$5,687,000) and the weighted average number of ordinary shares of approximately 1,485,518,987 (2013: 1,439,614,279) during the period.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2014 (2013: 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 2014 was approximately HK\$24,744,000 (2013: HK\$13,575,000 – with YingXin’s turnover for March 2013 was the only month accountable to the corresponding period last year as per the management agreement). As discussed under the Management Discussion and Analysis section, the IPTV management services were experiencing fierce competition and the turnover was experiencing decreasing rates from full year of 2013 as compared to the first quarter of 2014.

The unaudited consolidated loss from operations for the three months ended 31 March 2014 was approximately HK\$4,820,000 which decreased as compared with the corresponding period last year of HK\$5,335,000 from the amortization of intangible assets.

Provision made for amortization and depreciation were the result of amortizing the intangible assets of the Group over the remaining period, and the depreciation expenses for the infrastructure of the group IPTV and internet related services.

#### **Financial cost**

The financial cost of the Group for the three months ended 31 March 2014 was approximately HK\$316,000 (2013: HK\$319,000) which was decreased by approximately 1% as compared to that of the same period of last year.

#### **Liquidity, financial resources and capital structure**

For the three months ended 31 March 2014, the Group’s borrowing consists of a loan from the Company’s substantial shareholder of approximately HK\$25,401,000. The Group had a cash balance of approximately HK\$35,693,000 (2013: HK\$59,224,000).

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 2014 was HK\$148,551,189 (2013: HK\$148,551,889).

## **Gearing Ratio**

As at 31 March 2014, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 87.31% (2013: 38.07%).

## **Employee and remuneration policies**

As at 31 March 2014, the Group employed a total of 7 employees (as at 31 March 2013: 16), of which 3 were located in Hong Kong and the remaining 4 were located in the PRC. 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 was focusing its effort in its management services and the diversification of the sectors in which the Company offered our services to. Furthermore the Group continues to research, develop and explore investment opportunities which are strategic to its business operations. Both The Group and the Company does not have any financial difficulties to an extent that may seriously impair the Company's ability to continue its business and the revenue generated by the services provided sufficient cashflow to operate efficiently.

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. Our group subsidiary, Vega Capital Limited, has been in operation in the PRC for over 10 years, and was concentrating in management services and consultancy services.

The increased in total turnover when comparing to the same period of last year is attributed to Guangdong Yingxin's turnover which was under management of the Company via the management service agreement entered in March 2013.

## **Performance of operating divisions**

### *Management Services and Information Technology Division*

During the period under review the Company has been focused on the diversification of the sectors in which the Company offered our services to. This is the result of the current challenging environment of the PRC IPTV industry. This challenging environment was caused by the large investments by the major competitors that have recently entered into the industry. They range from major telecommunication giants of China Telecom, China Unicom and China Mobile to major Information Technology firms such as Alibaba, Baidu and Tencent. The telecommunication giants are currently leveraging their traditional broadband services subscribers to convert into IPTV subscribers. For Alibaba and Tencent, the former has just made advances on the developing of a new Operating System for smart TVs and also acquired a streaming video provider, while the latter has formed a venture with LeTV and have entered the market for smart TV. And Baidu also acquired an online video provider, PPS. Together with both their strong financial base and a very large existing users, this sector has become extremely difficult to operate in. As a result of this stepped up coverage by prominent internet operators and telecom companies in China, it has become extremely costly to retain sustainable competitiveness against all these challengers in the future.

The Company's decision to divest the management and corporate resources to other less capital intensive services were also the result of the short tenure of the management agreement with Guangdong Yingxin, and the level of fees that can be generated from this sector, based on the performance of the period under management.

In the current challenging and extremely competitive market conditions, the Board and management have decided to operate carefully and navigate with prudence and implemented a strategy of diversifying the sectors in which the Company offered our services to. The Company is currently exploring an opportunity to leverage our expertise in our project and management services, and diversifying it into the Financial Services sector.

With this strategy the Board and Management believes it is in a good position to achieve a higher level of performance and to navigate through this difficult and competitive market conditions within the industry.

## **Financial Services**

The Company views that there is presently an opportunity to explore more services to be provided in the financial services sector. The Company has been equipped with senior management level professionals with extensive experiences and track record in the financial sector. The Company's executive director, Dr. Feng Ke, is currently the department head and researcher of Real Estates Finance Research Center of the Beijing University Economics Faculty, and is also a board director of another Hong Kong exchange listed company that engages in the business of specializing in providing short-term loans secured by collateral to SMEs and individuals in the PRC. With the board's expertise and leadership the Company feels it has greatly positioned itself to provide more services in the financial sector.

The Group's Financial Services division is finalizing the registration of the Foreign-invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen PRC. This is for the Company to take advantage of the preferential policies in the financial sector being promoted in the Qianhai zone. With the establishment of the Qianhai Foreign-invested Equity Investment Enterprise the Company would be well positioned to benefit and to offer a range of financial services that are currently being stimulating in Qianhai but have been strictly regulated in the past. Subject to the changes of the preferential policies in Qianhai, the types of financial services that the Company will be well positioned to offer will be (i) the development of foreign-invested equity investment funds, foreign exchange settlement of capital funds, investment and fund management; (ii) the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business; (iii) the granting of RMB loans for offshore projects; (iv) the issuance of RMB bonds in Hong Kong.

The Company is also focusing its efforts in finalizing the terms for an acquisition for a Shanghai company that engages in the business of asset management, fund management, investment management and consulting service in the PRC. A Memorandum of Understanding for the acquisition was executed during the period under review. In the portfolio of the funds that the target company manages consists of specialty funds that invest in the production of PRC TV series (the fund size for one of the aforementioned fund is RMB100 million). The Company views that with expertise and experience gained in the IPTV industry it would serve as a strong platform and synergy for the Company to explore in this opportunity.



In addition, the subsidiary that provides financial services, Kasun Asian Capital Resources Management Ltd., has commenced its operations and it has executed a management services agreement for providing financial management services during the period under review.

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.

No subsidiaries have been deregistered during the period.

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 2014, 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 2014
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
<i>Directors</i>						
Mr. Chu Yat Hong	-	-	544,514,782 (Note 1)	-	544,514,782	36.66%
Mr. Xie Xuan	-	-	544,514,782 (Note 2)	-	544,514,782	36.66%
Mr. Qiu Yue	15,430,000	-	18,620,436 (Note 3)	-	34,050,436	2.29%
	<b>15,430,000</b>	<b>-</b>	<b>563,135,218</b>	<b>-</b>	<b>578,565,218</b>	<b>38.95%</b>

*Note 1:* The controlled corporation is Glamour House Limited, which is 90% beneficially owned by Mr. Chu Yat Hong.

*Note 2:* 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 3:* 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 2014, 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 2014, 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*

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued Shares as at 31 March 2014</b>
Glamour House Limited	Interest of a controlled corporation ( <i>Note 1</i> )	544,514,782	36.66%
Asian Dynamics International Limited	Beneficial Owner	544,396,132	36.65%
Logic Ease Group Limited	Beneficial Owner	86,500,000	5.82%
Blue Balloon Limited	Beneficial Owner	86,500,000	5.82%
Sweetly Limited	Beneficial Owner	86,500,000	5.82%

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

## **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, Mr. Chu Yat Hong, Mr. Xie Xuan, Logic Ease Group Limited, Blue Balloon Limited and Sweetly Limited as disclosed above, there was no other person as at 31 March 2014 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 2014.

## **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 2014.

## 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. Zhang Daorong, Mr. Wu Jixue 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 announcement and has provided advice and comments thereon.

On behalf of the Board  
**Xie Xuan**  
Chairman

Hong Kong, 13 May 2014

*As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Chu Yat Hong, Mr. Qiu Yue, Mr. Xiao Jing and Dr. Feng Ke; the non-executive director is Mr. Lo Mun Lam Raymond (Vice Chairman); and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang.*

*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 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.airnet.com.hk).*