



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

**(Stock Code: 8025)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT**

**(For the nine months ended 30 September 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 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.*

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

## 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 and nine months ended 30 September 2017 together with the comparative figures for the corresponding periods in 2016 as follows:

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>CONTINUING OPERATION</b>					
Turnover	2	3,455	3,540	9,575	15,140
Cost of services		(992)	–	(1,131)	(6,000)
Gross profit		2,463	3,540	8,444	9,140
Other revenue		55	88	165	183
Interest income		3	–	30	–
Staff costs		(894)	(848)	(2,569)	(2,472)
Operating lease rentals		(325)	(189)	(979)	(724)
Other operating expenses		(948)	(1,490)	(3,944)	(4,323)
Depreciation and amortization		(101)	(67)	(350)	(366)
(Loss)/Gain from operating activities		253	1,034	797	1,438
Finance costs		(269)	(255)	(788)	(747)
Income/(Loss) before taxation		(16)	779	9	691
Taxation	3	–	(885)	–	(1,396)
Loss for the period from continuing operation		(16)	(106)	9	(705)
Profit from disposal of subsidiaries		–	–	–	7,680
Profit/(Loss) for the period		(16)	(106)	9	6,975
Attributable to:					
Equity holders of the Company		(6)	(94)	35	3,186
Non controlling interest		(10)	(12)	(26)	3,789
		(16)	(106)	9	6,975
Earning/(Loss) per share					
– Basic	4	(0.0003 cents)	(0.01 cents)	0.002 cents	0.18 cents

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2017

	Attributable to equity holders of the Company							Total
	Issued Share Capital	Share Premium	Capital Reserve	Translation Reserve	Accumulated Loss	Total	Non Controlling Interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	-	-	(11)	-	3,186	3,175	3,789	6,964
As at 30 September 2016	176,183	304,371	26,009	(3,751)	(410,618)	92,194	(15,423)	76,771
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	(26)	9
As at 30 September 2017	176,183	304,371	26,020	(3,722)	(416,003)	86,849	(15,696)	71,153

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 (“HKICPA”), and accounting principles generally accepted in Hong Kong and the GEM Listing Rules. 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:

	<b>For the three months ended 30 September</b>		<b>For the nine months ended 30 September</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Management and Consultancy Fee	<b>3,455</b>	3,540	<b>9,575</b>	15,140
Total turnover	<b>3,455</b>	3,540	<b>9,575</b>	15,140

### 3. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Tax	-	-	-	-
PRC Tax	-	885	-	1,396

No Hong Kong profits tax has been provided for the nine months ended 30 September 2017 as the Group has no assessable profit in Hong Kong for the period.

### 4. EARNINGS PER SHARE

The calculation of basic loss (3 months) and earning (9 months) per share for the three months and nine months ended 30 September 2017 are based on the net loss and profit from ordinary activities attributable to equity holders of the Company of approximately loss HK16,000, three months ended 30 September 2017 (2016: loss HK\$106,000) and profit of HK\$9,000, nine months ended 30 September 2017 (2016: profit HK\$6,975,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2016: 1,761,825,563) during the periods.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the nine months ended 30 September 2017 (2016: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Turnover and loss attributable to shareholders**

The total turnover of the Group for the nine months ended 30 September 2017 was approximately HK\$9,575,000 (2016: HK\$15,140,000) which had decreased by approximately 36.76% as compared to that of the previous financial year. Profit for of the Group for the nine months ended 30 September 2017 was approximately HK\$9,000. Decrease in profit was because of decline of turnover.

The unaudited consolidated gain from operations, before finance costs and tax, for the nine months ended 30 September 2017 was approximately HK\$797,000 which decreased as compared with the corresponding period last year gain of HK\$1,438,000. Although the group managed to reduce its other operation expenses yet decline in turnover attributable mainly to the decrease in gain from operation.

#### **Financial cost**

The financial cost of the Group for the nine months ended 30 September 2017 was approximately HK\$788,000 (2016: HK\$747,000) which had increased by approximately 5.49% as compared to that of the same period of last year.

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

For the nine months ended 30 September 2017, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$24,114,000. The Group had a cash balance of approximately HK\$11,261,000.

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 2017 was HK\$176,182,556 (2016: HK\$176,182,556).

## **Gearing Ratio**

As at 30 September 2017, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 59.82% (2016: 61.35%).

## **Employee and remuneration policies**

As at 30 September 2017, the Group employed a total of 9 employees (as at 30 September 2016: 9), of which 3 were located in Hong Kong, 5 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 consulting 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.

The tightened administrative controls implemented by Beijing in late 2016 and 2017 have had an impact on offshore investment levels by PRC corporates and this trend is expected to remain at least through to the end of 2017. However, the new restrictions are not considered to be a reversal of the PRC government's "Going Out Policy" or its "Belt and Road" initiative. While there remains an avid demand by Chinese companies to engage in offshore transactions, some PRC corporates are now playing a waiting game, pending the future policy direction from the PRC government. As a result, the slowdown in M&A activity seen in Greater China during Q1 2017 continued in the second quarter of the year, with H1 2017 seeing a 17.5% decline in mid-market deal volumes and a 21.5% decline in mid-market deal values from the prior year.

In 2017, despite the drawback on outbound investments, China's "Belt and Road" initiatives has attracted widespread attention throughout Asia, with part of the key aims connected to encourage cross-border investments and to reduce trade barriers. In addition, it is meant to also promote cultural exchange through cooperation in academic, tourism, medicine, science and technology. The Board considers that such opportunities are most suitable for the Company to expand upon in the future, as the Company upholds to international legal standards and has considerable knowledge based on past transactions. Hence, the Company can expect to attract investment opportunities to arise across the next couple of years and enrich the management portfolio of the Company in the medium term horizon.

In general the Group concentrated on capital management for our clients; which encompasses structuring and optimizing of assets as illustrated by the successful completion of a number of transactions for the past two years. The Group provides both short term and long term approach in aligning client needs with collective expertise and dedicated resources.

The Group had positioned itself to partner up with a strategic investor and in the first quarter of 2017 made a minority investment into a Singapore exempt real estate income management company. The invested company is a real estate manager, whose business includes wholesale property funds to sophisticated investors, targeted primarily in selected commercial and residential sectors in Europe and Asia. This complements our partnership for offshore investment structure, which commenced in 2016, but due to change of the regulatory control, has been slow in fruition.

As announced on 8 November 2017, the Company has made an acquisition of a traditional media content and internet content production management company. The Management considers that the acquisition will diversify the Group's business management services to penetrate into the traditional media and the rapidly growing internet media industry, which will broaden the revenue sources of the Group. The Group had previous business operating experience in the associated internet media industry, namely internet protocol television sector.

The Directors also believe that the Acquisition would further strengthen and compliment the Group's core business of business management and consultancy services in light of the growing private equity markets that focus on the digital internet content sector in the PRC. In addition, there is a growing trend for the general partners of private equity funds to provide a more comprehensive advice. Through the Acquisition and with the existing operating know how of the Group in the internet media industry, the Directors are of the view that the Group would gain additional exposure to such industry and strengthen the Group's managing service solutions to its potential clients.

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**

#### **Discloseable Transaction in Relation to the Acquisition of 100% Equity Interest of Guangzhou Xingboke Advertising Company Limited\***

##### *The Acquisition*

The Board is pleased to announce that on 8 November 2017 (after trading hours), the Purchaser and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of RMB500,000. The Sale Shares represent 100% equity interest of the Target Company.

The Consideration of RMB500,000 shall be paid and satisfied by the Purchaser in cash to the Vendors (or their nominee(s)) upon Completion.

Upon Completion, the Company will be beneficially interested in 100% equity interest of the Target Company and it will become an indirect wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Company.

## 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 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 30 September 2017
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
<b>Directors</b>						
Mr. Xie Xuan	-	-	518,014,782 (Note 1)	-	518,014,782	29.40%
Mr. Qiu Yue	15,430,000	-	18,620,436 (Note 2)	-	34,050,436	1.93%
	15,430,000	-	563,135,218	-	578,565,218	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 30 September 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 30 September 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*

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued Shares as at 30 September 2017</b>
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.

Save as disclosed above, as at 30 September 2017, no persons, other than the Directors and chief executive of the Company, whose interests are set out under the heading “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” above, had registered an interest or short position in any shares, underlying shares or debentures of the Company that was required to be recorded under Section 336 of the SFO.

## **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 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 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 30 September 2017.

## **CORPORATE GOVERNANCE REPORT**

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 ended 30 September 2017, except:

- (i) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has set out in written terms the responsibilities between the chairman and chief executive officer. At present, Mr. Xie Xuan, the chairman of the Company, also undertakes the responsibilities of the chief executive officer until a replacement for the chief executive officer is found. The Company considers that under the supervision of its Board and its Independent Non-executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.
- (ii) 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 during the period ended 30 September 2017.

## **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 six Directors, with three executive directors, namely Mr. Xie Xuan (Chairman), Mr. Qiu Yue and Dr. Feng Ke and three independent non-executive Directors namely Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi. 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), 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 quarterly report and the audited financial statements and has provided advice and comments thereon.

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

Hong Kong, 10 November 2017