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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08025)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNOUNCEMENT OF
ANNUAL RESULTS FOR THE YEAR ENDED
31 DECEMBER 2017**

Reference is made to the announcement of Asian Capital Resources (Holdings) Limited (the “**Company**” and its subsidiaries, collectively referred to as the “**Group**”) dated 29 March 2018 in relation to the annual results of the Group for the year ended 31 December 2017 (the “**Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Result Announcement.

Further to the information disclosed in the Results Announcement, the Company wishes to provide to the shareholders of the Company and the potential investors with the following supplementary information:

IMPAIRMENT LOSS IN RESPECT OF GOODWILL TO THE CONSULTANCY SERVICES FOR THE YEAR ENDED 31 DECEMBER 2017

Reasons, details of events and circumstances leading to recognition of impairment losses in respect of goodwill of the consultancy services of the Group

In consistent with the past practice of the Group and in accordance with the relevant requirements of Hong Kong Financial Reporting Standards, for the purpose of preparing the consolidated financial statements for the financial reporting process of the Company and its subsidiaries (the “**Group**”), the Company will, after the year end period, compute the value in use and test the goodwill for impairment (if any) of the cash-generating units on an annual

basis. The Company engaged Ascent Partner, an independent professional qualified valuer (“**Ascent Partners**”), to conduct a valuation to determine the recoverable amount of the cash-generating units (the “**CGUs**”), i.e. ACR Capital Management Limited and 深圳亞信股權投資管理有限公司 (Shenzhen Yaxin Equity Investment and Management Company Limited*), which provide management and consultancy services (“**Consultancy Services**”) for the year ended 31 December 2017 (the “**2017 Valuation**”).

The Group engages in the provision of the Consultancy Services to the corporates in the PRC and private equity partnership funds in the PRC focusing on outbound investments. In view of (i) the PRC government has begun to tighten its administrative control on outbound direct investment and implement stricter control over offshore remittances of funds since late 2016; and (ii) the PRC private equity sector is facing more changes to the regulations imposed by the PRC government, the Group took a more conservative and prudent view on the future performance of the Consultancy Services segment and therefore resulted in the impairment losses of goodwill of HK\$48.7 million.

Qualification of Ascent Partners

Ascent Partners was founded in September 2008, since its founding, Ascent Partners provide different valuation services to their clients, such valuation services including (i) business valuation; (ii) financial instrument valuation; (iii) property, plant & machinery valuation; and natural resources & biological asset valuation.

The undersigned person of the report on the 2017 Valuation, namely Mr. Paul Wu (“**Mr. Wu**”), is one of the founders of Ascent Partner and is a Certified Management Accountant. He also holds a Master degree of Science from Simon Fraser University in Canada. He has extensive experience in corporate advisory and valuation of business entities, tangible and intangible assets and financial instruments for private and companies in various industries. Mr. Wu has been practicing valuation for financial reporting purpose since 2008.

Value of inputs and methodology adopted in assessing the impairment loss

The 2017 Valuation was developed through the application of the weighted-average-cost-of-capital (“**WACC**”) to discount the future free cash flows to the firm (“**FCFFs**”) expected to be derived from the assets in order to substantiate the fair value of the group.

Set out below are the value of major inputs of the for the valuation performed by Ascent Partner for the CGUs for the year ended 31 December 2016 (the “**2016 Valuation**”) and for the year ended 31 December 2017:

	2017 Valuation	2016 Valuation
Calculation of WACC		
Cost of equity	26.77%	25.98%
Cost of debt	4.90%	4.90%
Weight of equity value of enterprise value	61.86%	70.53%
Weight of debt value of enterprise value	38.14%	29.47%
Corporate Tax Rate	25.00%	25.00%
WACC	17.96%	19.41%
FCFFs		
31 December 2017	N/A	RMB42,347,000
31 December 2018	RMB36,666,000	RMB20,417,000
31 December 2019	RMB7,693,000	RMB21,988,000
31 December 2020	RMB9,395,000	RMB23,581,000
31 December 2021	RMB11,501,000	RMB25,041,000
31 December 2022	RMB15,782,000	N/A
Present value of FCFFs		
31 December 2017	N/A	RMB38,753,000
31 December 2018	RMB33,759,000	RMB15,647,000
31 December 2019	RMB6,005,000	RMB14,112,000
31 December 2020	RMB6,217,000	RMB12,675,000
31 December 2021	RMB6,451,000	RMB11,272,000
31 December 2022	RMB7,504,000	N/A
Total (A)	RMB59,938,000	RMB92,461,000
Terminal growth rate	2.93%	2.89%
Terminal value	RMB108,069,115	RMB155,981,925
Present value of the terminal value (B)	RMB51,388,546	RMB70,214,694
Valuation of value in use for the CGUs (A+B)		
<i>(Rounded-up to million)</i>	RMB111,000,000	RMB163,000,000

General Assumptions adopted under the 2016 Valuation and the 2017 Valuation

Set out below is the general assumptions adopted under the 2016 Valuation and the 2016 Valuation:

- (a) Ascent Partner has assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the CGUs;
- (b) Ascent Partner has not investigated any financial data to determine the earning capacity of the operation in which the assets are used, and they assumed that the prospective earnings would provide a reasonable return on the fair value of the assets.
- (c) Ascent Partner has not visited the premises where the CGUs business operates. They have relied on the assistance of and information provided by the Company and the CGUs but has not verified the existence of the assets concerned.
- (d) As part of Ascent Partner's analysis, they have reviewed the information related to the 2016 Valuation and the 2017 Valuation, which was made available to them. They have no reason to doubt the accuracy and fairness of such information on which they have relied to a considerable extent in arriving at their opinion of value.
- (e) The average of inflation rates from 2006 to 2015 and 2007 to 2016 of the PRC were employed as the terminal growth rate for the 2016 Valuation and the 2017 Valuation, respectively. According to International Monetary Fund's "World Economic Outlook Database, October 2016", the average of inflation rates from 2006 to 2015 in the PRC was 2.89% According to Bloomberg, the average of the consumer prices index from 2007 to 2016 in the PRC was 2.93%.

As shown in the table above, it is considered that save for the FCFs, the major inputs and assumptions adopted for the 2016 Valuation Report and 2017 Valuation Report did not have material changes.

The changes for the FCFs were mainly attributed to a more conservative and prudent financial forecast of the CGUs due to, among others, (i) the PRC government has begun to tighten its administrative control on outbound direct investment and implement stricter control over offshore remittances of funds since late 2016; and (ii) the PRC private equity sector is facing more changes to the regulations imposed by the PRC government.

Subsequent changes in the valuation method

The valuation methodology under the 2016 Valuation and the 2017 Valuation are the same as both adopted discounted cash flow model.

BUSINESS MODEL OF THE GROUP

Capital Management Services

The Group provides a wide range of services to the PRC corporates, including business advisory, management and consultancy. Under this type of services, the Group generally discusses with the clients and tailor make a comprehensive business plan and/or strategy to cater the needs of its clients, which may include:-

(i) Review of the existing business operation

It involves meetings with management and department heads in order to identify any specific areas of concern. Identifying the goals to be achieved or the problem to be solved in order to formulate the workable solutions. The review will also involve employee interviews of which the management must guarantee anonymity to anyone who offers critical information, lest employees withhold vital information and render the data gathered inaccurate. In addition, a system review is also part of the review of the business operations. Employees and management practices will be reviewed by the assessing team according to the standard policies and guidelines of the company. The effectiveness of the controls in place as well as their appropriateness to the current operating conditions will also be evaluated.

(ii) Formulate business plan and/or strategy

Together with the results from the review of the existing business operations and associated industry data, tailored business plans or strategies will be formulated. Areas such as management control and moral/ethical guidelines, process and procedures, communication and reporting standards, and strategic planning and tactics are areas of concerned.

(iii) Management and monitoring of business operation

The team of professional managers of the Group will monitor and review the operations for our clients in order to achieve the goals and milestones. Such team ensures that activities are kept within the parameters of the agreed strategic aims and objectives and are consistent with the client's vision, mission and values.

(iv) Introduction of new investor

With the vast network of business and investing partners of the Group, the Group is able to assist in locating and identifying any suitable investor to their clients. The potential investors may range from passive institutional investors to strategic investors depending on the Group client's objectives.

(v) Introduction of financing channel

The Group is able to provide assistance in reviewing an under-performing group or a fast growing company that are financially stressed. Its approach is with a view to reduce the clients' financing and operational costs, as well as improving efficiency and enhancing their fund raising capabilities. The Group provides extensive and in-depth services to the clients during the credit management cycle. Those services include in assisting in initial selection of potential client and negotiation between borrower and lender in loan application to assisting the borrower and lender in reaching agreement on the major terms and conditions for granting of a loan.

(vi) Execution and monitoring of formulated plan and/or strategy

The team of professional managers of the Group will takes over or be in charge of the execution of the agreed upon strategy or the tailored business plan and for an agreed upon period of time to assist and monitor the operations for our clients in order to achieve the goals and milestones. In addition, the Group will keep under review internal and external changes which may require adjustments to the client's strategy or affect their ability to achieve their objectives.

(vii) Improvement of corporate governance

This service specifically targets clients that require improvement of corporate governance. A corporate governance assessment will be made in order to determine the specific requirements or areas to be addressed. The Group will then assist in building and maintaining an effective governance infrastructure by having in place specific policies to guide organizational behavior catered to the client.

Private Equity Management Services

The Group, through its PRC private equity enterprise, establishes different private equity funds in the PRC and sources potential investors as limited partners to invest in such funds. Once the investors are secured and make capital commitment into the funds, the Group (act as general partner) will be responsible for overseeing the day to day fund operation and make investment decision.

The Group's private equity management services offers a tailored approach to the unique needs of private equity funds, transaction processes, and investment stewardship. It assists in defining a clear strategy, deploy capital effectively against that strategy. This is achieved by setting up the private equity fund and providing day to day management to the fund in accordance to the strategy agreed upon with the client.

The main responsibilities and duties of the Group as a general partner include:

- (1) responsible for the fund's operation, management, control, decision-making and other affairs;
- (2) keep the fund's accounting records; and
- (3) to hold partners' meeting.

By Order of the Board of
Asian Capital Resources (Holdings) Limited
Xie Xuan
Executive Director

Hong Kong, 17 May 2018

As at the date of this announcement, the executive Directors 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.

This announcement, for which the directors of the Company 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 Company Announcements” 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.