



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

**(Stock Code: 8025)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT**

**(For the nine months ended 30 September 2019)**

### **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), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; 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 2019 together with the comparative figures for the corresponding periods in 2018 as follows:

		For the three months ended 30 September		For the nine months ended 30 September	
		2019	2018	2019	2018
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>CONTINUING OPERATION</b>					
Turnover	2	<b>2,268</b>	8,311	<b>12,891</b>	21,352
Cost of services		<b>(1,655)</b>	(7,915)	<b>(9,334)</b>	(18,482)
Gross profit		<b>613</b>	396	<b>3,557</b>	2,870
Other revenue		<b>81</b>	102	<b>307</b>	213
Interest income		–	–	–	–
Staff costs		<b>(818)</b>	(1,651)	<b>(3,863)</b>	(6,001)
Operating lease rentals		<b>(296)</b>	(875)	<b>(1,572)</b>	(1,644)
Other operating expenses		<b>(794)</b>	(1,643)	<b>(3,315)</b>	(3,850)
Depreciation and amortization		<b>(151)</b>	(156)	<b>(588)</b>	(481)
Profit/(Loss) from operating activities		<b>(1,365)</b>	(3,827)	<b>(5,474)</b>	(8,893)
Finance costs		<b>(262)</b>	(282)	<b>(804)</b>	(682)
Loss before taxation		<b>(1,627)</b>	(4,109)	<b>(6,278)</b>	(9,575)
Taxation	3	–	(15)	<b>(65)</b>	(63)
Loss for the year		<b>(1,627)</b>	(4,124)	<b>(6,343)</b>	(9,638)
Attributable to:					
Equity holders of the Company		<b>(1,627)</b>	(4,124)	<b>(6,343)</b>	(9,638)
Non controlling interest		–	–	–	–
		<b>(1,627)</b>	(4,124)	<b>(6,343)</b>	(9,638)
Earning/(Loss) per share					
– Basic	4	<b>(0.09 cents)</b>	(0.23 cents)	<b>(0.36 cents)</b>	(0.55 cents)

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2019

	Attributable to equity holders of the Company								
	Issued Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Convertible bonds equity Reserve <i>HK\$'000</i>	Accumulated Loss <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non Controlling Interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2018	176,183	304,371	26,020	(4,613)	-	(472,744)	29,217	(1)	29,216
Movement of the period	-	-	-	-	-	(9,638)	(9,638)	-	(9,638)
As at 30 September 2018	176,183	304,371	26,020	(4,613)	-	(482,382)	19,579	(1)	19,578
As at 1 January 2019	176,183	304,371	26,020	(3,699)	3,091	(530,127)	(24,161)	(1)	(24,162)
Movement of the period	-	-	-	-	-	(6,343)	(6,343)	-	(6,343)
As at 30 September 2019	176,183	304,371	26,020	(3,699)	3,091	(536,470)	(30,504)	(1)	(30,505)

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 2018.

## 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:

	For the three months ended 30 September		For the nine months ended 30 September	
	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>
Private Equity Management and Consultancy Fee	<b>2,268</b>	8,311	<b>12,072</b>	21,352
Multi-media and value added service income	–	–	<b>819</b>	–
Total turnover	<b>2,268</b>	8,311	<b>12,891</b>	21,352

### 3. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Tax	–	–	–	–
PRC Tax	–	15	<b>65</b>	63

No Hong Kong profits tax has been provided for the nine months ended 30 September 2019 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 2019 are based on the net loss from ordinary activities attributable to equity holders of the Company of approximately loss HK\$1,627,000, three months ended 30 September 2019 (2018: HK\$4,124,000) and HK\$6,343,000 for nine months ended 30 September 2019 (2018: HK\$9,638,000) and the weighted average number of ordinary shares of approximately 1,761,825,563 (2018: 1,761,825,563) during the periods.

### DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2019 (2018: 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 2019 was approximately HK\$12,891,000 (2018: HK\$21,352,000) which had decreased by approximately 39.63% as compared to that of the previous financial year. Loss for of the Group for the nine months ended 30 September 2019 was approximately HK\$6,343,000. Decrease in turnover was attributed by the challenges in the market.

The unaudited consolidated loss from operations, before finance costs and tax, for the nine months ended 30 September 2019 was approximately HK\$5,474,000 which decreased as compared with the corresponding period last year profit of HK\$8,893,000. The decrease in loss for the period was mainly attributable to the decrease in loss was a combined result for improved operating efficiency as well as tighter controls over cost.

### **Financial cost**

The financial cost of the Group for the nine months ended 30 September 2019 was approximately HK\$804,000 (2018: HK\$682,000) which had increased by approximately 17.89% as compared to that of the same period of last year.

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

For the nine months ended 30 September 2019, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$15,602,000. The Group had a cash balance of approximately HK\$247,000.

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 2019 was HK\$176,182,556 (2018: HK\$176,182,556).

## **Gearing Ratio**

As at 30 September 2019, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 118.90 % (2018: 80.54%).

## **Employee and remuneration policies**

As at 30 September 2019, the Group employed a total of 9 employees (as at 30 September 2018: 9), of which 4 were located in Hong Kong, 4 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, we wish to report that the Board was extremely concerned with the ongoing Hong Kong political unrest and the continued trade war that have seriously hindered the Company's operating businesses, including the continuous refinement of the regulatory requirements in the business sectors of the Group. The board and management are less optimistic of the short-term outlook and has been focused on actively improving the return on investment on the value-added services sector, and limiting the losses in the private equity services which includes corporate consulting & management services.

Going forward in the current challenging operating environment, the management will engage in its best endeavor to continue to exert rigorous control over its business operations and strategies, with aims to safeguard the shareholders' assets. The management will also be prudent and risk averse in order to navigate the Company through these difficult times. By way of austerity measures implemented since the second half of the year, the Company shall not be facing any financial difficulties to an extent that may seriously impair the Company's ability to continue its business, barring if that business environment will not continue to deteriorate as experienced since June 2019.

Since 2018, fundraising in China's private equity (PE) market has been experiencing a severe contraction. As a result, both the number and amount of funds established each year have continued to decline. In addition, the success rates have fallen sharply over the past few years, forcing many institutions to extend the expected fundraising cycle from 3-6 months to 9-12 months, or even longer. The major cause in the challenges experienced in fundraising is due to the difficulty of exiting investments and regulatory tightening. In China, the IPO is the most important exit strategy for private investments. From 2013 to 2014, the scale of the RMB fund market in China grew rapidly, and most funds raised in that period have since gone on to exit. However, the pace of IPOs in the A-share market has since been slowed. Moreover, the price

inversion of the secondary market and the primary market also affects the exit process together with the cross-border deals in merger and acquisitions have softened, thus affecting a number of the portfolio companies, that the Group is presently serving.

In addition, uncertainties caused by the trade war between China and the US have continued to negatively hinder outbound investments and caused global mergers and acquisitions to have decreased 16% year-on-year to US\$729 billion in the third quarter, according to Refinitiv data. This uncertainty has caused the market to proceed with extra caution and it has been waiting for results from the trade dispute. Consequently, continued heightened foreign investment risk reviews by the Committee on Foreign Investment in the US in conjunction with various protection policies and the US government's ambivalent attitude towards Chinese investment have continued to batter the outbound investments demand of Chinese companies. As a result, the Group is currently continuing with taking a prudent approach prior to deploying any new funds raised on behalf of the managed entities, and shall concentrate on value-added services from the past resources accumulated by the Group since 2002 for sustainable developments.

As for Hong Kong, the continued political turbulence has seriously ravaged the Hong Kong economy in the third quarter, after Q2 growth slumped to the weakest pace since the global financial crisis in 2009. In August, annual retail sales plunged 25.3% (Source: Focus Economics). As the Hong Kong economy has been greatly affected negatively by the political unrest it has caused Moody's to consequently downgrade its outlook from stable to negative on September 16.

The board views that with the ongoing Hong Kong political unrest and the continued trade war it has seriously hindered the outlook for the remainder of the year. The management will continue to work diligently in order to guide the company through these difficult times and to stabilize the company in the fourth quarter.

Over the years the Company has experiences in engaging in businesses in different sectors in the PRC. The different market sectors ranges from logistics to media and internet services. Through these services provided the Company has been able to accumulate a large client information database. Going forward while leveraging on the data-resources of the Company's prior experiences, the Company endeavors to provide a host of ancillary value-added services. The services will include project team consultancy, PRC business networking opportunities, strategic financial advisory services, and customized marketing support by using the multimedia infrastructure platform. In turn, these value-added services will increase market leads for the General Partnership investing opportunities.

Directors and management believe that the value-added services program plays a major part in strategically complementing the private equity services provided by the Group; they are of the best interest to the investors of Company and the Company as a whole, without the value-added services the Company may lose deals to other groups under the restructuring period of the overall general market of the PRC private equity industry.



The management is pleased to report that the sustainable agriculture and health focused partnership that we commenced to nurture two years ago, under the Group's management has been achieving noticeable progress. The associated limited partner of the partnership has been negotiating with the Group for injecting more health industry related assets into the partnership to be managed. The Company will make more announcements on the matter as more information becomes available.

In addition, in order to maintain a good capital base structure for possible future financing activities the Company is considering a share consolidation or other approved corporate transactions. Additional announcements will be made once more information is available.

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.

Management would like to apologise to shareholders that an optimistic outlook for Group's business focus will be delayed, but are pleased to state that due to the prudent approach which the Management had undertaken, the Company has been able to avoid falling into the need to revise the operational control caused by the regulatory changes and improvements. We wish to nevertheless, state for shareholders' information that due to the unstable economic and political circumstances facing Hong Kong, and the trade disputes experienced in China, the possible market changes circumstances might both have positive or negative impact over the business of the Group. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. In addition, the management shall continue to fully comply to the listing rules of the HKEX and provide market updates and information on a timely basis.

## **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 30 September 2019, 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 30 September 2019
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
Directors						
Mr. Xie Xuan	-	-	518,014,782	-	518,014,782	29.40%
			(Note 1)			

*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.

Save as disclosed above, as at 30 September 2019, 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 2019, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

*(i) Long Positions in the Shares*

Name of Shareholder	Capacity	Number of shares	Percentage of the Company's issued Shares as at 30 September 2019
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 2019, 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 2019 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 2019.

## **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 2019, 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 2019.

## **BOARD OF DIRECTORS**

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of seven Directors, with four executive Directors, namely Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; 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, 12 November 2019