亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8025)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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.

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of Asian Capital Resources (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008.

The Group continued to focus on and review the long-term prospects of its logistics services including freight forward services in China. This division of the Group had generated the majority of the returns the Group derived from its business operations during the reporting year. However the severe weather conditions and other natural disasters in China in the early part of the year, coupled with the poor global economic conditions in the later part of 2008, and the financial crisis of the United States since September of 2008, unfortunately have had a significant impact on the financial performance that has been achieved from the Group's logistics division and management wishes to address this critically in 2009, in view of the diversification the Group has successfully entered into in September of 2008. Nevertheless the management has been diligent in protecting the Group by containing the losses to a much lower level in terms of the logistics operations and any diversification of focus made would not materially affect the performance of the Group as a whole.

In fact, the global economic crisis has had a profoundly negative effect on the entire logistics industry. As recently reported, China's exports dropped rapidly in the fourth quarter of 2008. In December, China's export growth was -2.8%, bringing the growth rate for 2008 to 17.2%, which is 2.1% lower than the growth in the first 11 months of 2008. Furthermore, China saw its foreign trade value tumble last February. Exports value in February 2009 experienced a record year-on-year plunge of 25.7% in more than a decade to US$64.9 billion, while imports shrank 24.1% to US$60.05 billion. The combined trade volume in the first two months of 2009 contracted 27.2% year-on-year to US$266.77 billion, with aggregate exports falling 21.1% to US$155.33 billion, and imports diving 34.2% to US$111.44 billion (source: China Knowledge).

Given the above, the Board will seek to address the revenue issue that is a direct result of the worse than expected trade numbers, through the implementation of viable strategies which will see the Group move towards other opportunities for the generation of significant revenue for the Group, which will allow us to ultimately generate long-term and sustainable returns to our shareholders.

As to the information technology division of the Group's business services the Directors of the Company have continually been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. Hence, on 24 December 2007 the Company entered into an agreement to purchase Guangzhou Wavecom Communication and Advertising Limited. On 12 September 2008 the Company announced that the acquisition had been completed on 11 September 2008 (the "Acquisition"). As such the media company, Guangzhou Wavecom Communication and Advertising Limited, and its subsidiary South Pearl Limited, have been incorporated into the corporate structure of the Group.

Unfortunately, however, the unforeseen global economic crisis which occurred in the later part of the period, and financial tsunami that the global economy is currently experiencing has meant that the Board has had to adopt a conservative approach, and determined that it was in the best interests of the Group to delay the launch of the provision of internet protocol television services to the greater southern China region.

As of today, the Group is close to finalising a contract for securing over 50,000 subscribers for its internet protocol television services, however the revenue that was forecast would be generated from the Acquisition is not expected to materialize until the later part of the forthcoming year, when confidence in the global economy improves, and the consumer base of the Group can be expanded with confidence. Since the approval of the Acquisition by the Ministry of Commerce and Industry on 11 September 2008, the subsidiary has recruited a new management team and IT executives to prepare for the commencement of the business. The Board is presently building towards an official launch of the provision of internet protocol television services to the greater southern China region in the second quarter of 2009.

Apart from the aforementioned operations, the Group continues to explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of our shareholders. To this end the Group, looking forward to 2009, has decided to explore further opportunities for development in the corporate finance sector. Hence the acquisition of Vega International Group Limited, which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post acquisition advisory and professional management services. The Board considered that the acquisition represented a good attempt to expand its existing business portfolio into the area of corporate finance and development, and provides opportunities for the Group to expand its existing businesses. The Board is currently in the process of negotiating contracts that will see this division generate further revenue for the Group, and which will enable the subsidiary to operate as a viable, and profitable entity in its own right.

During the past year, there was a 28.71% decrease in the turnover of the Group for 2008, and the loss for the year increased from HK$20 million for 2007 to HK$62.5 million for 2008. The increase in loss for the year is mainly attributable to the substantial provision made for the asset impairment loss in respect of the goodwill provision on Guangzhou Wavecom Communication and Advertising Limited of about HK$36 million, and the impairment of bad debts provision in respect of the Company's subsidiary Ever-Ok International Forwarding Co. Limited (PRC) of over HK$5.8 million. Provision has been made for the asset impairment loss provision on the goodwill of Guangzhou Wavecom Communication and Advertising Limited as the Board, on the recommendation of the Company's auditors, has adopted a prudent approach and determined that based on IAS 36, an impairment on goodwill provision should be made on the assets of Guangzhou Wavecom Communication and Advertising Limited. Provision has also been made for bad debts as the Board is concerned that given the poor global economic climate at present that a number of the Group's debtors in the logistics businesses may default or take longer than normal in repayment of amounts due to the Group. Whilst the decrease in turnover of the Group can be attributed to the general poor global economic environment during the past year, the Group is confident that having significantly reduced its operating costs, and having disposed of the non-profit making subsidiaries within the Group, that with a more positive economic climate in the later part of 2009, and with the additional revenue the Group hopes to generate from the acquisition of the media company in the PRC, that the Group will be able to achieve profitability within the near future.

On behalf of the Board, we would like to take this opportunity to welcome Mr. Qiu Yue, and Dr. Feng Ke to the Company in their respective roles as Executive Director, and Independent Non-executive Director. Their experience, knowledge, qualifications, and leadership will prove invaluable to the Group, as the Group moves forward into 2009, and the prospects the year ahead offers. The Board would also like to take this opportunity to thank Mr. Yang Zhenhong for his invaluable service to the Group during his tenure as an Independent Non-executive Director of the Company.

On behalf of the Board, we would also like to take this opportunity to thank the Group's clients, suppliers, vendors, banks, business partners, consultants and shareholders for their support and trust generously given to the Group. The Board also expresses gratitude to the management and staff for their work and dedication during the past years.

Xie Xuan
Chairman

Hong Kong, 30 March 2009

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 December 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the year ended 31 December 2008 was approximately HK$120,058,000 (2007: HK$168,397,000) which was decreased by approximately 28.71% as compared to that of the previous financial year. The Board noticed one of the significant reasons for the decrease in the total turnover of the Group was a result of the severe weather conditions and natural disasters in the PRC in the early part of the period, coupled with the poor global economic outlook, and the global financial crisis during the later part of the period which affected the entire transportation industry in the PRC. These factors have led to a reduction in the turnover achieved from the logistics division of the Group.

The Group's gross profit margin increased from 7.9% for the year ended 31 December 2007 to 12.68% for the current period. The increase in gross profit margin is due to the closure of the non-profitable operations in Hong Kong.

The audited consolidated loss from operations for the year ended 31 December 2008 was approximately HK$62,549,000 which has increased by 210.43% compared with the corresponding period last year, HK$20,149,000. The increase in loss for the year is mainly attributable to the substantial provision made for the asset impairment loss in respect of the goodwill provision on Guangzhou Wavecom Communication and Advertising Limited of about HK$36 million, and the impairment of bad debts provision in respect of the Company's subsidiary Ever-Ok International Forwarding Co. Limited (PRC) of over HK$5.8 million. Provision has been made for the asset impairment loss provision on the goodwill of Guangzhou Wavecom Communication and Advertising Limited as the Board, on the recommendation of the Company's auditors, has adopted a prudent approach and determined that based on IAS 36, an impairment on goodwill provision should be made on the assets of Guangzhou Wavecom Communication and Advertising Limited. Provision has also been made for bad debts as the Board is concerned that given the poor global economic climate at present that a number of the Group's debtors in the logistics businesses may default or take longer than normal in repayment of amounts due to the Group.

Financial cost

The financial cost of the Group for the year ended 31 December 2008 was approximately HK$425,000 (2007: HK$312,000) which was increased by approximately 36.22% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the year ended 31 December 2008, the Group's borrowing consists of an amount due to the ultimate holding company of HK$11,141,000. The Group had a cash balance of approximately HK$6,543,000 (2007: HK$2,658,000).

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 year ended 31 December 2008 has increased from HK$63,933,541 to HK$96,341,799.

Gearing Ratio

For the year ended 31 December 2008, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 4.25% (2007: 12%).

Employee and remuneration policies

For the year ended 31 December 2008, the Group employed a total of 156 employees (as at 31 December 2007: 142), of which 7 were located in Hong Kong and the remaining 149 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.

Material acquisitions and disposals of subsidiaries and affiliated companies

Acquisition of a Media Company

On 11 January 2008, the Board announced that the Company entered into an agreement pursuant to which the Company conditionally agreed to purchase the 100% equity interest of a media company in the PRC at the consideration of HK$157 million (the "Consideration"). The Consideration shall be financed by (i) the issue and allotment of 324,082,568 new shares in the capital of the Company at HK$0.218 per consideration share; and (ii) the issue in aggregate of HK$86,350,000 of zero-coupon convertible notes convertible at the initial conversion price of HK$0.218 per share in the capital of the Company, with 24-month maturity. Full details of the purchase are set out in the circular of the Company dated 28 February 2008.

The acquisition was approved by the independent shareholders of the Company by way of poll at the EGM held on 14 March 2008. Details are set out in the announcement dated 14 March 2008.

On 12 September 2008 the Company announced that the acquisition had been completed on 11 September 2008. As such the media company, Guangzhou Wavecom Communication and Advertising Limited, and its subsidiary South Pearl Limited, have been incorporated into the corporate structure of the Group. Subsequently, as at 31 December 2008, the accounts of the media company and its subsidiary have been consolidated into the Group's consolidated accounts.

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. The Board considers that the deregistration and winding up of the various subsidiaries setout below will have no impact on the operations of the Group, other than reducing the Group's operating costs.

Those subsidiaries which are currently in the deregistration process are: AIR Logistics International Holdings Limited (BVI), AIR Logistics International Holdings Limited, AIR SQW Limited, Asian Information Resources Consultants Limited, Chinareference.com Limited, Easy On Logistics Limited, Explore International Limited, Explore Limited, and Sinobase Asia Limited.

Those subsidiaries which have been deregistered during the period are: AIR Logistics International Limited, and e-Daily 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

Neither the Company nor any of its subsidiaries is involved in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

Issue of New Shares

Having completed the acquisition of the media company, as set out in the section 'Material acquisitions and disposals of subsidiaries and affiliated companies', above, the board resolved on 19 September 2008 to approve the issue and allotment of consideration shares to Asian Dynamics International Limited and Lucky Peace Limited, as provided for in the circular of the Company dated 28 February 2008. Subsequently on 19 September 2008 the Company issued and allotted 286,262,132 and 37,820,436 shares in the capital of the Company to Asian Dynamics International Limited and Lucky Peace Limited, respectively.

Appointment of Executive Director, Independent Non-executive Director, Member of Audit Committee, and Member of Remuneration Committee, and Resignation of Independent Non-executive Director, Member of Audit Committee, and Member of Remuneration Committee

Appointment of Executive Director

Mr. Qiu Yue ("Mr. Qiu") has been appointed as an executive director of the Company with effect from 24 October 2008.

Mr. Qiu, aged 39, graduated from Zhongshan University, the People's Republic of China in 1991, with a Bachelor of Arts degree. Mr. Qiu has worked in the advertising business for more than 10 years and was the general manager of Guangzhou Wavecom Communication and Advertising Limited from 1992 to 2006. Mr. Qiu is now the general manager of South Pearl Limited.

Mr. Qiu does not hold other directorships in listed public companies in the last three years. He has no interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract entered into with Mr. Qiu, who is subject to retirement and re-election at the next annual general meeting of the Company in accordance with the provisions of the articles of association of the Company.

The director's fee payable to Mr. Qiu will be determined by the renumeration committee with reference to his contribution in terms of time, effort and his expertise and will be subject to review on an annual basis.

Save for the fact that Mr. Qiu has been the general manager of Guangzhou Wavecom Communication and Advertising Limited, and is the general manager of South Pearl Limited, both companies having been acquired by the Company on 24 December 2008, Mr. Qiu has not previously held any position with the Company or any of its subsidiaries. Mr. Qiu does not have any relationships with other directors, senior management, management shareholder, substantial shareholders or controlling shareholders of the Company as defined in the GEM Listing Rules. There is no additional information required to be disclosed pursuant to Rules 17.50(2)(h) – (v) of the GEM Listing Rules.

The Board believes that there are no other matters that need to be brought to the attention of holders of securities of the Company.

The Board would like to welcome Mr. Qiu as an executive director of the Company.

Appointment of Independent Non-Executive Director, Audit Committee Member, and Remuneration Committee Member

Dr. Feng Ke ("Mr. Feng") has been appointed as an independent non-executive director, member of the audit committee and member of the remuneration committee of the Company with effect from 24 October 2008.

Dr. Feng, aged 37, holds a PHD in theoretic economics from the Beijing University, the People's Republic of China. Presently he is the department head and researcher of Real Estates Finance Research Center, of the Beijing University Economics Faculty. Dr. Feng is an independent compliance adviser in the publicly listed company Sky Land Resources Limited, and is an independent director in the publicly listed company Guang Yu Development Limited, both companies being listed in the People's Republic of China.

Dr. Feng has no interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract entered into with Dr. Feng, who is subject to retirement and re-election at the next annual general meeting of the Company in accordance with the provisions of the articles of association of the Company.

The director's fee payable to Dr. Feng will be determined by the renumeration committee with reference to his contribution in terms of time, effort and his expertise and will be subject to review on an annual basis.

Dr. Feng has not previously held any position with the Company or any of its subsidiaries. Dr. Feng does not have any relationships with other directors, senior management, management shareholder, substantial shareholders or controlling shareholders of the Company as defined in the GEM Listing Rules. There is no additional information required to be disclosed pursuant to Rules 17.50(2)(h) – (v) of the GEM Listing Rules.

The Board has assessed the independence of Mr. Feng and is satisfied that he meets all of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules, and therefore the Board is of the opinion that Mr. Feng is independent of the Company.

The Board believes that there are no other matters that need to be brought to the attention of holders of securities of the Company.

The Board would like to welcome Dr. Feng as an independent non-executive director, member of the audit committee, and member of the renumeration committee of the Company.

Resignation of Independent Non-Executive Director, Audit Committee Member, and Remuneration Committee Member

Mr. Yang Zhenhong ("Mr. Yang") has resigned as an independent non-executive director, member of the audit committee and member of the remuneration committee of the Company with effect from 30 October 2008 due to Mr. Yang's concerns over his health.

Mr. Yang has confirmed that there is no disagreement with the Board and there is no other matter regarding his resignation that need to be brought to the attention of the shareholders of the Company.

The Board would like to thank Mr. Yang for his valuable contributions to the Company during his tenure of service.

OPERATIONAL REVIEW

During the period under review, the Group has continued its focuses on core business in logistics services and information technology, whilst seeking to further enlarge its revenue base through the acquisition of a media company in the PRC, and the subsequent provision of internet protocol television services to the greater southern China region. The Group continues to explore investment opportunities which are strategic to and in line with the Group's business operations and which will contribute significantly to the return of the Company's shareholders.

The Company has a sufficient level of operations in logistics services and has sufficient assets to operate its business as a going concern. Currently, the Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business. The Company also has sufficient assets to operate its business due to the continuing support of the major shareholder of the Company.

The Board continues the process of reviewing all the operations of the Group to ensure that the returns from those operations can be justified. The Board intends to dispose of all non-profitable operations within the Group. Furthermore, the Board will continue to strive to reduce the operating costs of the Group, and is aiming towards achieving profitability from all of the divisions within the Group.

Performance of operating divisions

Logistics Services

Notwithstanding the management's efforts in rationalizing the Group's operations and enhancing the Group's cost efficiency during the period, the aim to attain profitability is yet to be achieved. In the year ahead, the Group will continue to strengthen its ability to meet the growing demand for quality logistics services and allocate sufficient resources to develop the PRC market.

Considering the importance of the business and the issues encountered by the Group during the period in respect of its logistics operations, the management of the Company has put a great deal of effort into improving the operation and control of the logistics division through the division's branches and subsidiaries. The effort includes but is not limited to increasing marketing efforts, widening, improving efficiency of the Group's logistics services including freight forwarding services and keeping tighter control on the accounting records.

Unfortunately, the severe weather conditions and other natural disasters in the PRC in the early part of the period under review, coupled with the poor global economic outlook, global rise in the cost of oil, and the financial crisis in the later part of the period under review have had a significant impact on the financial performance that has been achieved from the logistics division.

In fact the trade volume in China during the later part of 2008, and early 2009, has been far worse than the Board had anticipated. As recently reported, affected by the global economic crisis, China's exports dropped rapidly in the fourth quarter of 2008. In December, China's export growth was -2.8%, bringing the growth rate for 2008 to 17.2%, which is 2.1% lower than the growth in the first 11 months of 2008. Furthermore, China saw its foreign trade value tumble last February. Exports value in February 2009 experienced a record year-on-year plunge of 25.7% in more than a decade to US$64.9 billion, while imports shrank 24.1% to US$60.05 billion. The combined trade volume in the first two months of 2009 contracted 27.2% year-on-year to US$266.77 billion, with aggregate exports falling 21.1% to US$155.33 billion, and imports diving 34.2% to US$111.44 billion (source: China Knowledge).

The Board believes the negative impact on the logistics division will have an enduring effect for the year to come. These negative influences have affected the entire transportation sector in the PRC.

Given the poor returns that have been achieved from this division since the Groups' initial investment, the Board is exploring other options to revise this sector or other investment opportunities that will generate significant and sustained revenue streams for the Group.

Information Technology

The Board has been seeking investment opportunities to broaden the Group's income base and to expand the Group's existing business operations from the information technology division. The Board has considered the following factors, including, but not limited to, the Group's existing investments in the information technology division, and the returns that are currently achieved therefrom. The acquisition of Guangzhou Wavecom Communication and Advertising Limited, and its subsidiary South Pearl Limited (the "Acquisition"), was completed on 11 September 2008, and hence as at 31 December 2008, the accounts of the media company and its subsidiary have been consolidated into the Group's consolidated accounts.

The Board has noted that due to the strict registration requirements in the PRC, the completion of the Acquisition took nearly nine months to complete, and in fact the Company announced on 20 June 2008 that the Company had entered into a supplemental agreement with the vendors of Guangzhou Wavecom Communication and Advertising Limited to, among other things, extend the time for completion of the Acquisition so as to provide for the fulfilment of all the conditions precedent, as set out in the Company's circular dated 28 February 2008, including the condition that ownership of Guangzhou Wavecom Communication and Advertising Limited be transferred to and duly registered with the authorities in the PRC as a subsidiary of Biztech Company Limited. The strict registration requirements led to this unforeseeable delay in completion of the Acquisition.

Unfortunately, this unforeseeable delay meant that the Acquisition was only completed on 11 September 2008, which fell at the initial stages of the global economic and financial crisis in the United States and the world.

Therefore, as a result of the global financial crisis, and the downturn in the global economy, the Board has had to adopt a conservative approach, and has determined that it is in the best interests of the Group to delay the official launch of its internet protocol television services as the consumer base is likely to be concerned about subscribing for long-term services which the Group will offer. The Board considers that at present it is time for prudence and not to make heavy capital commitment and thereby decided that, at present, the internet protocol television market is not conducive to launching the internet protocol television services in the greater southern China region.

The Board is presently working towards an official launch of the provision of internet protocol television services to the greater southern China region in the second quarter of 2009.

The Board has commenced the initial phases of the launch the provision of the internet protocol television services and the Group is close to finalising a contract for securing over 50,000 subscribers to its internet protocol television services. Since the approval of the Acquisition by the Ministry of Commerce and Industry on 11 September 2008, the subsidiary has recruited a new management team and IT executives to prepare for the commencement of the business. The Board is hopeful and expectant the general world economy will further improve in the forthcoming year, and as such the market will be more conducive to the official launch of the internet protocol television services.

The delay in the expected date of launch in the fourth quarter of the period under review meant that there was no improvement to the expected revenue base of the Group for the period in question. The Board anticipates, that given the poor economic outlook at present, which is expected to persist in the near future, that for forthcoming periods the expected revenue base of the Group will not improve significantly, as had been forecast at the time that the Acquisition was contemplated.

Shareholders shall be kept informed of any developments in this sector, and shall be fully advised of the Board's intentions regarding the progress of the internet protocol television services, and the additional revenue to the Group which is expected to be derived therefrom.

Financial Consultancy

The Group has decided to explore further opportunities for development in the corporate finance sector. Hence the acquisition of Vega International Group Limited ("Vega"), which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post-acquisition advisory and professional management services. The Group is now in the process of negotiating a number of contracts for the provision of financial consultancy services by Vega with companies in the southern China region. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division as it progresses.

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 Code on Corporate Governance Practices (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 year ended 31 December 2008, 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. However, Mr. Ho Wing Yiu resigned as the chief executive officer with effect from 7 December 2006. Hence Mr. Xie Xuan, chairman of the Company, takes up 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.

(iii) under code provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Chairman of the Company, Mr. Xie Xuan, had not attended the Company's annual general meeting for 2008 due to other business commitments.

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 year ended 31 December 2008.

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 three executive Directors, namely Mr. Xie Xuan (Chairman), Mr. Yang Qiulin, and Mr. Qiu Yue; one non-executive Director namely Mr. Lo Mun Lam, Raymond (Vice-Chairman); three independent non-executive Directors namely Mr. Wu Jixue, Dr. Feng Ke and Mr. Zhang Daorong.

The Board meets at least four times a year with additional meetings arranged when necessary, to review the financial performance, results of each quarter, material investments and other matters of the Group that require the resolution of the Board. Simultaneous conference calls may be used to improve attendance when an individual director cannot attend the meeting in person.

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent based on the annual confirmations received.

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 Dr. Feng Ke, 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 report and has provided advice and comments thereon.

Purchases, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Auditors' Remuneration

The remuneration in respect of audit services provided by the auditors, NCN CPA Limited, to the Group for the year ended 31 December 2008 amounted to HK$700,000.

Directors' and Auditors' Responsibilities for Accounts

Statements of Directors' responsibilities for preparing the financial statements and external auditors' reporting responsibilities as set out in the Auditors' Report.

Internal Control

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.

Breaches of the Gem Listing Rules

Breach of Rule 18.51 of the GEM Listing Rules: Warning Letter

On 17 June 2008 the GEM Listing Division concluded that the Company had breached Rule 18.51 of the GEM Listing Rules by failing to disclose in the Company's final results announcement for the year ended 31 December 2007 the modified auditor's report relating to the fundamental uncertainty which was later disclosed in the Company's annual report for the year ended 31 December 2007 (the "Breach").

Given the facts of the case, the GEM Listing Division decided to refrain from taking formal action in respect of the Breach. In coming to the decision, the Listing Division noted that the Company's auditors conceded that an omission on their part caused the Breach. This factor together with the otherwise good compliance record of the Company was significant in the Listing Divisions decision to dispose of the case by way of issuing a warning letter to the Directors. The Directors have recognized the findings of the Listing Division and will endeavour in future to seek legal and compliance advice in handling similar transactions.

MODIFIED AUDITOR'S REPORT

Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosure made in note 3 to the financial statements regarding the going concern of the Group and the steps being taken by the directors to improve the position. The Group had net current liabilities and deficit attributable to shareholders of the Company of approximately HK$126,418,000 and HK$21,194,000 respectively as at 31 December 2008. The directors of the Company endeavor to improve the Group's financial position and had taken measures to reduce overheads and costs. Furthermore, the directors of the Company are currently exploring various options, which include the issue of new shares and the issue of convertible notes, in order to provide additional equity funding to the Group. In addition, the ultimate holding company has agreed to provide continuing financial support for the Group to meet its liabilities as they fall due and the directors consider the new business operation acquired during the year would generate sufficient working capital to support the Group's operations. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available and the continuing financial support given by the ultimate holding company. The financial statements do not include any adjustments that would result from the failure to obtain such future funding or financial support. We consider that the fundamental uncertainty has been properly disclosed in the financial statements and our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Turnover	4(a)	**120,058**	168,397
Cost of services		**(104,835)**	(155,085)
Gross profit		**15,223**	13,312
Other revenue and net income	4(b)	**856**	904
Administrative and operating expenses		**(42,263)**	(34,053)
Impairment of goodwill		**(35,901)**	–
Loss from operations	6	**(62,085)**	(19,837)
Finance costs	7	**(425)**	(312)
Loss before tax		**(62,510)**	(20,149)
Income tax expense	8	**(39)**	–
LOSS FOR THE YEAR		**(62,549)**	(20,149)
Attributable to:			
Equity shareholders of the Company		**(58,120)**	(20,149)
Minority interests		**(4,429)**	–
		(62,549)	(20,149)
		HK cents	HK cents
Loss per share:	9		
– Basic		**(8.00)**	(3.62)
– Diluted		**N/A**	N/A

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,215**	939
Development costs		**–**	–
Intangible assets	11	**219,585**	–
		222,800	939
CURRENT ASSETS			
Trade and other receivables	12	**32,914**	34,453
Cash and bank balances		**6,543**	2,658
		39,457	37,111
CURRENT LIABILITIES			
Bank overdraft – unsecured		**126**	169
Trade and other payables	13	**165,527**	43,327
Obligations under finance leases		**–**	40
Tax payable		**222**	–
		165,875	43,536
NET CURRENT LIABILITIES		**(126,418)**	(6,425)
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,382**	(5,486)
NON-CURRENT LIABILITIES			
Amount due to a director		**6,353**	6,256
Amount due to ultimate holding company		**11,140**	4,552
		(17,493)	(10,808)
NET ASSETS/ (LIABILITIES)		**78,889**	(16,294)
CAPITAL AND RESERVES			
Share capital	14	**96,342**	63,933
Reserves		**(117,536)**	(81,044)
Deficit attributable to shareholders of the Company		**(21,194)**	(17,111)
Minority interests		**100,083**	817
NET EQUITY/(DEFICIT)		**78,889**	(16,294)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2008

	Attributable to equity shareholders of the Company							
	Issued share capital HK$'000	**Share premium** HK$'000	**Capital reserve** HK$'000	**Trans-lation reserve** HK$'000	**Acc-umulated losses** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 January 2006	47,624	87,707	26,020	(93)	(183,148)	(21,890)	817	(21,073)
Issue of shares	16,309	9,301				25,610	–	25,610
Loss for the year	–	–	–	–	(20,149)	(20,149)	–	(20,149)
Exchange difference arising on translation of foreign operations	–	–	–	(682)	–	(682)	–	(682)
At 31 December 2007 and at 1 January 2008	63,933	97,008	26,020	(775)	(203,297)	(17,111)	817	(16,294)
Issue of shares	32,409	22,685	–	–	–	55,094	–	55,094
Minority interest arising on acquisition of interests in a subsidiary	–	–	–	–	–	–	103,726	103,726
Loss for the year	–	–	–	–	(58,120)	(58,120)	(4,429)	(62,549)
Exchange difference arising on translation of foreign operations	–	–	–	(1,057)	–	(1,057)	(31)	(1,088)
At 31 December 2008	**96,342**	**119,693**	**26,020**	**(1,832)**	**(261,417)**	**(21,194)**	**100,083**	**78,889**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of this annual report.

The financial statements are presented in Hong Kong dollars, the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are investment holdings, provision of on-line content information and related technical services, information technology solutions and consultancy services, logistic services and internet protocol television services.

In the opinion of the directors, the ultimate holding company is Asian Dynamics International Limited, a company incorporated in the British Virgin Islands.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied for the first time the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)–Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)–Int 12	Service Concession Arrangements
HK(IFRIC)–Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)–Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)–Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)–Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)–Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)–Int 18	Transfer of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008
6 Effective for transfer of assets from customers received on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs"), which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except for certain financial instruments and intangible assets which are measured at fair values.

Going concern

The Group had net current liabilities and deficit attributable to shareholders of the Company of approximately HK$126,418,000 and HK$21,194,000 respectively as at 31 December 2008. The directors of the Company endeavor to improve the Group's financial position and had taken measures to reduce overheads and costs. Furthermore, the directors of the Company are currently exploring various options, which include the issue of new shares and the issue of convertible notes, in order to provide additional equity funding to the Group. In addition, the ultimate holding company has agreed to provide continuing financial support for the Group to meet its liabilities as they fall due and the directors consider the new business operation acquired during the year would generate sufficient working capital to support the Group's operations.

The directors are of the view that the above measures will enable the Group to continue as a going concern and that the Group will have sufficient working capital for its present requirements. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on the going concern basis.

4. REVENUE

(a) An analysis of the Group's turnover for the year is as follows:

	2008 **HK$'000**	2007 HK$'000
Content solution service and business consultation		
– project fees	**27**	204
– distribution fees	**–**	731
Internet solution service fees	**–**	41
Logistics service fees	**120,031**	167,421
Internet protocol television service fees	**–**	–
	120,058	168,397

(b) An analysis of the Group's other revenue and net income for the year is as follows:

	2008 **HK$'000**	2007 HK$'000
Other income	**790**	859
Interest income	**24**	45
Gain on disposal of property, plant and equipment	**42**	–
	856	904

5. SEGMENTAL INFORMATION

(a) Business segments

The Group is currently organized into four major business divisions:

(i) content solution and business consultation services

(ii) IT enabling technology services

(iii) logistics services

(iv) internet protocol television services

There are no sales or other transactions amongst these business divisions.

These business divisions are the basis on which the Group reports its primary segment information for year as presented below:

Income statement

	2008 HK$'000				
	Content solution and business consultation services	**IT enabling technology services**	**Logistics services**	**Internet protocol television services**	**Total**
Turnover	27	–	120,031	–	120,058
Segment results	2	(1,049)	(2,159)	(2,462)	(5,668)
Interest income					24
Unallocated corporate expenses					(5,748)
Loss from operations					(11,392)
Finance costs					(425)
Gain on disposal of property, plant and equipment					42
Impairment of trade receivables					(5,875)
Impairment of other receivables					(1,876)
Impairment of goodwill					(35,901)
Amortisation of intangible assets					(7,083)
Loss before tax					(62,510)
Income tax expense					(39)
Loss for the year					(62,549)

Balance sheet

	2008 HK$'000				
	Content solution and business consultation services	**IT enabling technology services**	**Logistics services**	**Internet protocol television services**	**Total**
Assets					
Segment assets	–	–	29,872	1,047	30,919
Intangible assets					219,585
Unallocated corporate assets					11,753
Total assets					262,257
Liabilities					
Segment liabilities	(64)	(59)	(36,561)	(25,312)	(61,996)
Unallocated corporate liabilities					(121,372)
Total liabilities					(183,368)
Other segment information					
Capital expenditure	–	–	224	17	109	350
Depreciation of property, plant and equipment	–	–	349	218	121	688
Amortisation of intangible assets	–	–	–	–	7,083	7,083
Impairment of goodwill	–	–	–	–	35,901	35,901
Impairment of trade receivables	–	–	5,875	–	–	5,875
Impairment of other receivables	–	–	1,841	–	35	1,876

Income statement

	2007 HK$'000				
	Content solution and business consultation services	IT enabling technology services	Logistics services	Internet protocol television services	Total
Turnover	935	41	167,421	–	168,397
Segment results	(501)	(1,130)	(2,101)	–	(3,732)
Interest income					45
Unallocated corporate expenses					(9,269)
Loss from operations					(12,956)
Finance costs					(312)
Loss on disposal of property, plant and equipment					(533)
Impairment of trade receivables					(6,043)
Impairment of other receivables					(305)
Loss before tax					(20,149)
Income tax expense					–
Loss for the year					(20,149)

Balance sheet

	2007 HK$'000				
	Content solution and business consultation services	IT enabling technology services	Logistics services	Internet protocol television services	Total
Assets					
Segment assets	470	340	26,982	–	27,792
Unallocated corporate assets					10,258
Total assets					38,050
Liabilities					
Segment liabilities	(64)	(201)	(36,750)	–	(37,015)
Unallocated corporate liabilities					(17,329)
Total liabilities					(54,344)
Other segment information					
Capital expenditure	–	–	350	342	692
Amortisation of land lease premium	–	–	–	–	–
Depreciation of property, plant and equipment	–	5	–	755	760
Amortisation of development cost	–	88	–	–	88
Impairment of goodwill	–	–	–	594	594
Impairment of trade receivables	–	–	6,043	–	6,043
Impairment of other receivables	–	–	305	–	305
Loss on disposal of property, plant and equipment	–	–	147	–	147

(b) Geographical segments

The Group's major business divisions are based and operated in the People's Republic of China ("PRC") including Hong Kong, for the years ended 31 December 2008 and 2007. In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets. As the Group's turnover is derived from customers based in the PRC and assets are located in the PRC, no geographical segment information is presented.

6. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	2008	2007
	HK$'000	HK$'000
Staff costs (excluding directors' remuneration)		
– Wages, salaries and other benefits	**3,546**	11,725
– Retirement benefits scheme contributions	**565**	1,165
Auditors' remuneration	**700**	769
Depreciation of property, plant and equipment	**688**	760
Amortisation of development costs	**–**	88
Amortisation of intangible assets	**7,083**	–
Impairment of trade receivables	**5,875**	6,043
Impairment of other receivables	**1,876**	305
Impairment of goodwill	**35,901**	594
Loss on disposal of property, plant and equipment	**–**	533
Operating lease rentals in respect of land and buildings	**1,910**	3,022
Legal and professional fees	**1,932**	–
Net foreign exchange loss	**6**	385

7. FINANCE COSTS

	2008	2007
	HK$'000	HK$'000
Other interest	**425**	312

8. INCOME TAX EXPENSE

(a) Income tax expense in the consolidated income statement comprises:

	2008	2007
	HK$'000	HK$'000
Current tax:		
Hong Kong profits tax	**–**	–
PRC enterprise income tax	**39**	–
	39	–

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2007: 30%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "new Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

(b) A reconciliation between income tax expense and accounting loss at applicable tax rates is as follows:

	2008 **HK$'000**	2007 HK$'000
Loss before tax	**(62,510)**	(20,149)
Notional tax on loss before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**(7,754)**	(3,932)
Income not subject to tax	**(58)**	(705)
Expenses not deductible for tax purposes	**4,966**	841
Unrecognised temporary differences and tax losses	**2,885**	3,796
Income tax expense for the year	**39**	–

(c) No deferred tax asset has been recognised for the year (2007: Nil) due to the unpredictability stream of future taxable profits that will be available against which the tax losses can be utilised.

There are no material unrecognized deferred tax assets and liabilities for the year.

9. LOSS PER SHARE

(a) The calculation of basic loss per share is based on the Group's loss attributable to shareholders of approximately HK$58,120,000 (2007: HK$20,149,000) and the weighted average number of 726,349,368 shares (2007: 556,080,886 shares) in issue during the year.

(b) No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the year ended 31 December 2008 and 2007.

10. DIVIDEND

No dividend has been paid or proposed for the year (2007: Nil).

11. INTANGIBLE ASSETS

Cost/valuation	Broadcast permit HK$'000
Acquired on acquisition of a subsidiary and balance at 31 December 2008	226,668
Accumulated amortisation and impairment losses	
Amortisation provided for the year	7,083
Carrying amount at 31 December 2008	219,585

The intangible assets represent an exclusive right of usage of Broadcast of Audio-Video Program On Web Permit (信息網絡傳播視聽節目許可證) (the "Permit") granted by the holder of the Permit (the "Holder") to a subsidiary of the Company under an exclusive agreement entered into between that subsidiary of the Company and the Holder. The Permit commenced on 1 October 2007 and will expire on 30 September 2015. The fair value of the Permit on the date of acquisition of that subsidiary by the Company has been arrived at on the basis of a valuation carried out by Messrs. BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. Messrs. BMI Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar assets. The valuation was arrived at by reference to market evidence of recent transaction prices for similar assets. The intangible asset is amortised on a straight-line basis over 8 years.

12. TRADE AND OTHER RECEIVABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Trade receivables	**15,734**	21,811
Prepayments, deposits and other receivables	**17,180**	12,622
Amount due from related companies	**–**	20
	32,914	34,453

The credit terms granted by the Group to customers are determined on a case-by-case basis with reference to the size of sales contracts, recurrent sales with the customers and their credit history. The Group makes provision for trade receivables based on specific review. Provision is made against trade receivables after considering the amount due, creditability of customers and other qualitative factors.

An ageing analysis of the trade receivables of the Group as at the balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
0 to 30 days	**1,498**	3,947
31 to 60 days	**1,421**	1,708
61 to 90 days	**811**	452
91 to 150 days	**549**	1,278
Over 150 days	**16,717**	20,469
	20,996	27,854
Less: Impairment losses	**5,262**	6,043
	15,734	21,811

Trade receivables at the balance sheet dates mainly comprise amounts receivable from provision of logistics services. No interest is charged on the trade receivables. The Group does not hold any collateral over these balances.

Debtors with net carrying amounts of approximately HK$14,236,000 (2007: HK$17,864,000) included in trade receivables are past due at the balance sheet date for which no impairment loss had been provided as there is no significant change in credit quality and the amounts are still considered recoverable. The management of the Group monitors the recoverable amount of each individual trade debt and considers adequate impairment loss has been recognised for irrecoverable amount, if necessary.

An ageing of the Group's trade receivables which are past due but not impaired is as follows:

	2008	2007
	HK$'000	HK$'000
31 to 60 days	1,421	1,708
61 to 90 days	922	452
91 to 150 days	549	1,278
Over 150 days	11,344	14,426
	14,236	17,864

13. TRADE AND OTHER PAYABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Trade payables	31,225	26,833
Accruals and other payables	130,759	14,245
Advance payments from customers	1,468	174
Amount due to shareholders	2,075	2,075
	165,527	43,327

Accruals and other payables included balance of consideration payable of HK$86,350,000, to be satisfied by the issue of convertible notes of the Company, in respect of the acquisition of a subsidiary (note (15)) by the Group during the year.

An ageing analysis of the trade payables of the Group as at the balance sheet date, based on the date of completion of services provided by the suppliers to the Group, is as follows:

	2008	2007
	HK$'000	HK$'000
0 to 30 days	3,109	2,871
31 to 60 days	1,004	1,396
61 to 90 days	899	552
91 to 150 days	934	728
Over 150 days	25,179	21,286
	31,125	26,833

14. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised (Ordinary shares of HK$0.1 each):		
Balance at 1 January 2007, 31 December 2007, 1 January 2008 and 31 December 2008	2,000,000,000	200,000
Issued and fully paid (Ordinary shares of HK$0.1 each)		
Balance at 1 January 2007	476,237,105	47,624
Issue of shares	163,098,313	16,309
Balance at 31 December 2007 and 1 January 2008	639,335,418	63,933
Issue of shares	324,082,568	32,409
Balance at 31 December 2008	963,417,986	96,342

On 19 September 2008, the Company issued and allotted 324,082,568 shares as part of consideration in connection with the acquisition of a subsidiary as detailed in note 15.

15. BUSINESS COMBINATION

2008

On 11 September 2008, Biztech Company Limited, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Guangzhou Wavecom Communication and Advertising Limited ("廣州濤視傳播廣告有限公司") which holds 55% equity interest in South Pearl Limited (廣州南方明珠網絡科技有限公司) (collectively the "Acquiree"), satisfied by 324,082,568 new shares issued by the company and zero-coupon convertible notes of HK$86,350,000 to be issued by the Company. The acquisition was accounted for as business combination and measured as follows:

	Acquiree's carrying amount before Combination	**Fair value adjustment**	**Fair value**
	HK$'000	HK$'000	HK$'000
Net assets acquired:			
Property, plant and equipment	2,502	–	2,502
Intangible assets – broadcast permit	–	226,668	226,668
Goodwill	6,234	(6,234)	–
Trade and other receivables	8,013	(4,738)	3,275
Bank balances	723	–	723
Trade and other payables	(23,690)	–	(23,690)
Tax payable	(210)	–	(210)
	(6,428)	215,696	209,268
Fair value of acquiree's net assets attributable to minority interests			(103,725)
Fair value of net assets attributable to interests acquired by the Company			105,543
Goodwill arising on business combination impaired (note (a))			35,901
Total cost on business combination (note (b))			141,444
Net cash inflow arising on business combination: Bank balances			723

Notes:

(a) The assets of the Acquiree are primarily the intangible assets which have already been measured at fair value on 11 September 2008. Accordingly, the goodwill arising on business combination was immediately impaired.

(b) Total cost on business combination was determined as follows:

	HK$'000
fair value of ordinary shares issued	55,094
convertible notes to be issued	86,350
	141,444

(c) Loss of acquiree for the period between the date of acquisition and the balance sheet date attributable to the Group's loss was HK$5,157,000.

If the acquisition had been completed on 1 January 2008, total group revenue for the year would have been HK$121,365,000, and loss for the year would have been HK$89,253,000. The proforma information is for illustrative purposes only and is not necessarily and indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

Details of the acquisition are set out in the circular of the Company dated 28 February 2008.

2007

On 8 February 2007, the Company acquired 100% equity interest in Vega International Group Limited, which held 100% equity interest in Vega Capital Limited (the "Vega Group"), for a cash consideration of US$50,000. Details of the acquisition were set out in an announcement of the company dated 14 February 2007.

	HK$'000
Net liabilities acquired:	
Property, plant and equipment	165
Cash and bank balances	21
Amount due to a director	(390)
	(204)
Goodwill on acquisition impaired	(594)
Less: Cash consideration paid	390
Net cash outflow arising on acquisition:	
Cash and bank balances acquired	21
Cash consideration paid	(390)
	(369)

16. COMMITMENTS

(a) Capital commitments

At the balance sheet date, the capital commitments outstanding contracted for but not provided in these financial statements are as follows

	2008 **HK$'000**	2007 HK$'000
Acquisition of property, plant and equipment	**16,539**	–

(b) Operating lease commitments

At the balance sheet date, the Group had future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**2,243**	2,121
In the second to fifth years, inclusive	**638**	1,613
	2,881	3,734

17. CONTINGENT LIABILITIES

Neither the Company nor any of its subsidiaries was exposed to any contingent liabilities of material importance and there were no contingent liabilities of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

By Order of the Board
Asian Capital Resources (Holdings) Limited
Andrew James Chandler
Company Secretary

Hong Kong, 30 March 2009.

As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Yang Qiulin, and Mr. Qiu Yue; 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 Dr. Feng Ke.

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 for at least 7 days from the date of its posting and on the Company's website at www.airnet.com.hk.