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ASIAN CAPITAL HOLDINGS LIMITED

卓亞資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8295)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Company's shares were successfully listed on GEM of the Stock Exchange on 18 June 2010.
- The Group's revenue for financial year ended 31 December 2010 was approximately HK\$22.60 million (2009: HK\$50.18 million), representing a decrease of approximately 54.96% from that of 2009, as the Group no longer benefited from the exceptionally high revenue arising from one PRC distressed asset recovery case for approximately HK\$32.29 million in the corresponding period.
- The Group's profit before tax for the financial year ended 31 December 2010 amounted to HK\$0.44 million (2009: HK\$33.18 million). But for the charge of the Listing expenses, the Group's profit before tax would have been HK\$4.59 million.
- After tax provisions, the Group's loss attributable to equity shareholders for the financial year ended 31 December 2010 amounted to HK\$0.48 million (2009: profit of HK\$32.51 million). Basic loss per share was HK0.05 cents (2009: earning of HK3.61 cents per share).
- The Board does not recommend the payment of a dividend for the financial year ended 31 December 2010.

FINAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2010 (the “Financial Year”) together with comparative figures for 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	<i>Notes</i>	2010 HK\$'000	2009 HK\$'000
REVENUE	4	22,600	50,175
Other income and gains	4	383	573
Operating expenses		<u>(22,541)</u>	<u>(17,568)</u>
PROFIT BEFORE TAX	5	442	33,180
Income tax expense	6	<u>(923)</u>	<u>(668)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(481)</u>	<u>32,512</u>
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale investments, net of tax		<u>2</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>2</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>(479)</u>	<u>32,512</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic (HK cents)		<u>(0.05)</u>	<u>3.61</u>
Diluted (HK cents)		<u>(0.05)</u>	<u>3.61</u>

Details of the dividend paid for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

		31 December 2010 HK\$'000	31 December 2009 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Plant and equipment		460	667
Intangible asset		938	938
Deposits		100	100
Available-for-sale investments		2,502	—
Total non-current assets		4,000	1,705
CURRENT ASSETS			
Trade receivables	9	2,351	3,275
Prepayments, deposits and other receivables		3,108	1,080
Equity investments at fair value through profit or loss		1,242	—
Cash held on behalf of clients		102	—
Cash and cash equivalents		62,848	41,475
Total current assets		69,651	45,830
CURRENT LIABILITIES			
Trade payables	10	102	687
Other payables and accruals		3,196	3,709
Tax payable		248	290
Total current liabilities		3,546	4,686
NET CURRENT ASSETS		66,105	41,144
NET ASSETS		70,105	42,849
EQUITY			
Equity attributable to owners of the parent			
Issued capital	11	12,000	—
Reserves		58,105	42,849
Total equity		70,105	42,849

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

		Attributable to owners of the parent							
Notes	Issued capital HK\$'000 (note 11)	Share premium account HK\$'000 (note 11)	Contributed surplus HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Retained profits/ losses (accumulated) HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1 January 2009	-	141	10,000	-	348	-	(152)	3,800	14,137
Profit and total comprehensive income for the year	-	-	-	-	-	-	32,512	-	32,512
Final 2008 dividend distributed by a subsidiary	-	-	-	-	-	-	-	(3,800)	(3,800)
At 31 December 2009 and 1 January 2010	-	141	10,000	-	348	-	32,360	-	42,849
Loss for the year	-	-	-	-	-	-	(481)	-	(481)
Other comprehensive income for the year:									
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	2	-	-	2
Total comprehensive loss for the year	-	-	-	-	-	2	(481)	-	(479)
Acquisition of subsidiaries pursuant to the reorganisation	11(c)(ii)	1,000	-	(1,000)	-	-	-	-	-
Capitalisation issue	11(d)	8,000	(8,000)	-	-	-	-	-	-
Placing of shares	11(d)	3,000	57,000	-	-	-	-	-	60,000
Share placement expenses	-	(5,255)	-	-	-	-	-	-	(5,255)
Equity-settled share option arrangements	-	-	-	1,990	-	-	-	-	1,990
Transfer to retained profits	-	-	-	-	(348)	-	348	-	-
Interim 2010 dividend distributed by a subsidiary	7	-	-	-	-	-	(29,000)	-	(29,000)
At 31 December 2010	12,000	43,886*	9,000*	1,990*	-*	2*	3,227*	-	70,105

* These reserve accounts comprise the consolidated reserves of HK\$58,105,000 (2009: HK\$42,849,000) in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Pursuant to a group reorganisation (the “Reorganisation”) on 4 June 2010 in preparation for the listing of shares of the Company (the “Listing”) on GEM of the Stock Exchange and for the purpose of rationalising the Group’s structure, the Company became the holding company of the subsidiaries now comprising the Group. The details of the Reorganisation was set out in the section headed “Corporate reorganisation” in Appendix V to the prospectus of the Company dated 11 June 2010 (the “Prospectus”).

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity and fund investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars, which is also the Group’s functional currency. All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, as a result of the Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the dates of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 December 2009 and 2010 include the results of the Group with effect from 1 January 2009 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated statement of financial position as at 31 December 2009 has been prepared on the basis that the existing Group had been in place at that date. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

In the opinion of the directors, the consolidated financial statements prepared on the above basis presented more fairly the results and state of affairs of the Group as a whole.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standard – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments <i>included in Improvements to HKFRSs issued in October 2008</i>	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>

<i>Improvements to HKFRSs 2009</i>	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 <i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

The Group focuses on the provision of corporate advisory and related activities, including investment activities. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

Geographical information

(a) Revenue from external customers

	2010 HK\$'000	2009 HK\$'000
Hong Kong	21,549	17,884
Mainland China	1,051	32,291
	<u>22,600</u>	<u>50,175</u>

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2010 HK\$'000	2009 HK\$'000
Hong Kong	<u>1,498</u>	<u>1,705</u>

The non-current asset information is based on the location of assets and excludes financial instruments.

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2010 HK\$'000	2009 HK\$'000
Customer A	1,051	32,291
Customer B	<u>5,134</u>	<u>–</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the corporate advisory income and securities dealing commission and gain during the year.

An analysis of revenue, other income and gains is as follows:

	2010 HK\$'000	2009 HK\$'000
Revenue		
Corporate advisory income	22,499	50,067
Securities dealing commission and gain	101	108
	<u>22,600</u>	<u>50,175</u>
Other income and gains		
Reversal of impairment of trade receivables	–	501
Interest income	199	47
Others	184	25
	<u>383</u>	<u>573</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010 HK\$'000	2009 HK\$'000
Depreciation	357	282
Minimum lease payments under operating leases on land and buildings	1,499	1,416
Auditors' remuneration	500	400
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and bonuses	10,034	9,098
Equity-settled share option expense	1,990	–
Pension scheme contributions (defined contribution scheme)	168	149
	<u>12,192</u>	<u>9,247</u>
Fair value gain on equity investments at fair value through profit or loss, net	(92)	–
Gain on disposal of an intangible asset	–	20
	<u>–</u>	<u>20</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2010 HK\$'000	2009 HK\$'000
Group:		
Current – Hong Kong		
Charge for the year	1,040	668
Overprovision in prior years	(117)	–
Total tax charge for the year	923	668

7. DIVIDENDS

	2010 HK\$'000	2009 HK\$'000
Interim dividends distributed by subsidiaries (Note)	29,000	–

Note: The amount represented interim dividends declared and paid by the Company's subsidiaries to their then shareholders prior to the Listing during the year ended 31 December 2010. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of these financial statements.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the consolidated profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of 1,061,917,808 shares in issue for the year ended 31 December 2010, (pro forma weighted average number of shares in issue for the year ended 31 December 2009: 900,000,000 shares) as if they had been in issue throughout the periods.

The pro forma weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2009 includes the pro forma issued share capital of the Company of 900,000,000 shares, comprising:

- (i) the 1 share of the Company allotted and issued at nil paid on 5 January 2010 (note 11(a));
- (ii) the 99,999,999 shares issued pursuant to the Reorganisation on 26 January 2010 (note 11(b)) and 4 June 2010 (note 11(c)(ii)); and
- (iii) the capitalisation issue of 800,000,000 shares (note 11(d)).

The weighted average number of shares used to calculate the basic loss per share for the year ended 31 December 2010 includes the weighted average of 161,917,808 shares issued upon the Listing on the Stock Exchange on 18 June 2010 in addition to the aforementioned 900,000,000 ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2010 as the conversion of the outstanding share options during the year had an anti-dilutive effect on the basic loss per share. There were no dilutive potential ordinary shares in existence for the year ended 31 December 2009 and therefore no diluted earnings per share amount has been presented.

9. TRADE RECEIVABLES

The Group's trading terms with its customers is due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables arising from the provision of corporate advisory are non-interest-bearing. The receivables from brokers arising from securities dealing by the Group's client are interest bearing at Hong Kong bank saving rate and are repayable on demand.

At 31 December 2009, included in trade receivable is a receivable arising from the normal course of business amounting to HK\$687,000 due from a related company, which is owned by the same owners as a Company's shareholder. The amount, which was subject to terms similar to those offered to other customers and was settled on 27 January 2010, bore interest at Hong Kong Bank saving note and was repayable on demand.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Current to 30 days	1,468	3,120
31 to 60 days	355	—
61 to 90 days	528	—
Over 90 days	—	155
	2,351	3,275

10. TRADE PAYABLES

Trade payables are non-interest-bearing and are repayable on demand (2009: repayable on demand).

The aging of the Group's trade payables at the end of the reporting period, based on the settlement due date, is current to 30 days (2009: current to 30 days).

11. SHARE CAPITAL

Shares

	2010
	HK\$'000
Authorised:	
10,000,000,000 ordinary shares of HK\$0.01 each	100,000
Issued and fully paid:	
1,200,000,000 ordinary shares of HK\$0.01 each	12,000

	<i>Notes</i>	Number of shares	Nominal value HK\$
Authorised:			
Upon incorporation	(a)	30,000,000	300,000
Increase in authorised share capital	(c)(i)	9,970,000,000	99,700,000
As at 31 December 2010		<u>10,000,000,000</u>	<u>100,000,000</u>
Issued:			
Upon incorporation	(a)	1	0.01
Issue of shares on Reorganisation	(b),(c)(ii)	99,999,999	999,999.99
Capitalisation issue	(d)	800,000,000	8,000,000
Placing of shares	(d)	300,000,000	3,000,000
As at 31 December 2010		<u>1,200,000,000</u>	<u>12,000,000</u>

Notes:

- (a) Upon incorporation of the Company, the authorised share capital was HK\$300,000 divided into 30,000,000 ordinary shares of HK\$0.01 each, of which one fully-paid share of HK\$0.01 was allotted and issued.
- (b) On 26 January 2010, an aggregate of 29,999,999 ordinary shares of HK\$0.01 each were issued at nil-paid to the then shareholders of the subsidiaries. These shares were subsequently credited as fully paid as described in (c)(ii) below.
- (c) In preparation for the Listing, the following changes in authorised and issued share capital of the Company took place on 4 June 2010:
 - (i) the authorised share capital of the Company was increased from HK\$300,000 to HK\$100,000,000 by the creation of additional 9,970,000,000 ordinary shares of HK\$0.01 each.
 - (ii) the Company credited an aggregate of 29,999,999 ordinary shares of HK\$0.01 each as set out in (b) above, as fully paid at par, and allotted and issued an aggregate of 70,000,000 ordinary shares of HK\$0.01 each to the then shareholders of the subsidiaries, credited as fully paid at par, as consideration for the acquisition of the entire issued capital of the subsidiaries.
- (d) On 17 June 2010, 300,000,000 ordinary shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.20 per share (the “Placing Price”) for cash consideration of HK\$60,000,000. The excess of the Placing Price over the par value of the shares issued was credited to the share premium account. On the same date, an aggregate of 800,000,000 ordinary shares of HK\$0.01 each were allotted, issued and fully paid at par, by way of capitalisation of the sum of HK\$8,000,000 from the share premium account, to the then shareholders of the Company, whose names appeared in the register of the Company on 7 June 2010.

12. EVENT AFTER THE REPORTING PERIOD

Except for the possible refund of the investment in the Renaissance Fund as detailed in the section headed “Business Review” under the Management Discussion and Analysis of this announcement, the directors are not aware of any significant events that have taken place subsequent to 31 December 2010 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company's shares were successfully listed on the GEM of the Stock Exchange on 18 June 2010.

The Group is principally engaged in corporate advisory and related activities involving the provision of a variety of corporate finance advisory services with a primary focus on companies listed in Hong Kong. The scope of corporate advisory services and related activities offered by the Group includes one or more of the following:

- (i) the resumption of trading in the shares of companies listed on the Stock Exchange, the trading of which generally has been suspended for more than ten business days ("Corporate Resumption");
- (ii) advising on corporate finance activities of companies (whether listed or unlisted), including mergers and acquisitions ("M&A"), arranging pre-initial public offering fund raising for listing candidates and acting as independent financial adviser to listed companies;
- (iii) acting as sponsor in initial public offering and listing of shares on the Stock Exchange ("IPO") exercises, advising listed companies on compliance requirements, and acting as compliance adviser to listed companies (whether post-IPO or post-resumption);
- (iv) services related to litigation support and distressed asset recovery; and
- (v) dealing in securities, both as principal and agent.

For the Financial Year, the Group no longer enjoyed the exceptionally high revenue arising from one PRC distressed asset recovery case as in 2009. Corporate Resumption activities remained active, with the Group having booked income from 11 cases of Hong Kong listed companies seeking resumption of trading of their shares after long suspension. Two such companies received the Stock Exchange's in-principle, conditional approval for the resumption of trading of their shares in April and July 2010 respectively. The latest timetables suggest that resumption of both cases should take place in 2011.

The Group had a high level of M&A activities during the Financial Year, having been involved in 27 transactions. Besides acting as a joint sponsor for the Company for its Listing, Asian Capital (Corporate Finance) Limited ("Asian Capital"), a wholly owned subsidiary of the Company, also took part in the placing of the Company's new shares (the "Placing") in its Listing, as well as in one other share placement. The Group has also booked income through performing the role of compliance adviser for three companies listed on the Main Board of the Stock Exchange.

During the Financial Year, the Group booked revenue from five litigation support and distressed asset recovery cases.

The Group's investment in the CEG-MCL Renaissance Fund Segregated Portfolio (the "Renaissance Fund") recorded a small valuation gain of approximately 1.33% in the fourth quarter of 2010, following a valuation loss of approximately 1.25% in the third quarter. Details of the Renaissance Fund are set out in the section headed "Business" in the Company's prospectus dated 11 June 2010 (the "Prospectus"). The committed contribution of a further HK\$2.50 million towards the Renaissance Fund had not been called by the investment committee as at 31 December 2010.

because of under investment. If the Renaissance Fund fails to deploy 50% of its paid up capital by 28 February 2011, it shall refund 100% of the uninvested sums net of fees and expenses to its subscribers, unless the latter decide otherwise. The investment manager has yet to inform the Group the latest position of the Renaissance Fund. Should it decide to refund, the Group will look for other avenues to pursue its objectives of strengthening its underwriting and placing capabilities.

Financial Review

Results of the Group

The Group's revenue for the Financial Year was approximately HK\$22.60 million (2009: approximately HK\$50.18 million), representing a decrease of approximately 54.96% from that of 2009, as the Group no longer benefited from the exceptionally high revenue arising from one PRC distressed asset recovery case for approximately HK\$32.29 million in 2009.

After charging for approximately HK\$4.15 million of the Listing expenses to the consolidated income statement, the Group recorded a profit before tax for the Financial Year of approximately HK\$0.44 million (2009: approximately HK\$33.18 million), having turned around from a loss before tax of approximately HK\$1.12 million recorded in the third quarterly results. While in certain circumstances all Listing expenses can be offset against the share premium account, after consultation with the Company's auditors, it was decided that a portion of the Listing expenses be allocated on a basis prescribed by the applicable accounting standards. The Listing expenses recognised in the Financial Year amounted to approximately HK\$9.40 million of which approximately HK\$5.25 million was charged against the share premium account. But for the effect of the charge of the Listing expenses, the Group would have recorded a profit before tax of approximately HK\$4.59 million.

After tax provisions, the Group's loss attributable to equity shareholders for the Financial Year amounted to HK\$0.48 million (2009: profit of HK\$32.51 million).

Staff costs are the biggest cost element in the Group's business. Excluding the effects of fair value provision for pre-IPO share options, staff costs for 2010 would have been approximately HK\$10.20 million, representing approximately 10.27% higher than the 2009 level because of stronger staff complement. The cost burden has been mitigated by a waiver by the Executive Chairman of his 2010 performance bonus for approximately HK\$1.00 million.

Liquidity and financial resources

During the Financial Year, the Group has adopted a prudent financial management strategy and maintained a healthy liquidity position. The Group had cash and cash equivalents of approximately HK\$62.85 million as at 31 December 2010 (2009: approximately HK\$41.48 million). As at 31 December 2010, the Group had net current assets of approximately HK\$66.10 million (2009: approximately HK\$41.14 million). Current ratio as at 31 December 2010 was 19.64 (2009: 9.78).

The Group's operations and investments are financed principally by revenues generated from business operations, available bank balances and the net proceeds from the Placing. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was nil as at 31 December 2010 (2009: Nil).

The net asset value of the Group as at 31 December 2010 stood at approximately HK\$70.10 million, which was 9.53% higher than was illustrated in the Prospectus, being approximately HK\$64.00 million (as adjusted for the pre-Listing interim dividend of HK\$29.00 million as described in note 7 to the financial statements as set out above), primarily because of the effects of the 2010 operating profit.

During the Financial Year, the Group had minimal exposure to foreign currency risks as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will monitor its foreign currency exposure closely and will consider using available hedging instruments in respect of significant foreign currency exposure should the need arise.

Capital structure

Since the Listing, there has been no change in the capital structure of the Company. The capital of the Company comprises only ordinary shares. Total equity attributable to equity holders of the Company amounted to approximately HK\$70.10 million as at 31 December 2010 (2009: approximately HK\$42.85 million). The increase was mainly attributable to the funds raised from the Placing as discussed in note 11(d) to the financial statements.

Future plans for material investments or capital assets

The Group had no plans for material investments or acquisition of capital assets as at 31 December 2010, but will actively pursue opportunities for investments to enhance the profitability of the Group in the ordinary course of business.

Material acquisitions and disposals of subsidiaries and associated companies

Save for the pre-Listing group reorganization which was disclosed in the Prospectus, the Group had no material acquisitions and disposals of subsidiaries and associated companies during the Financial Year, but will constantly endeavour to streamline its operations to achieve better efficiency.

Dividend

The Board does not recommend the payment of a dividend for the Financial Year.

Outlook

The Group has benefited from the Listing which has strengthened its capital base and improved its profile. The directors continue to pursue the business strategy of diversifying its income streams in the wake of continued, world-wide economic uncertainties. Engagements on hand are keeping the management team busy. The Quantitative Easing II of the United States, the gradual opening up of Renminbi conversion and mini Qualified Foreign Institutional Investor suggest enhanced capital movements, which should lead to further business opportunities available to the Group. Whilst the Group will actively look for investment opportunities to enhance its profitability, with the volatile capital markets and rising inflation, the Group will take up opportunities cautiously.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by VC Capital Limited (“VC Capital”), the compliance adviser of the Company, neither VC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2010.

Pursuant to the agreement dated 17 June 2010 entered into between VC Capital and the Company, VC Capital received and will receive fees for acting as the compliance adviser of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the Financial Year, the directors are not aware of any business or interest of the directors, the controlling shareholders of the Company and their respective associates (as defined under the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules")) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the period from the Listing Date to 31 December 2010. No incident of non-compliance was noted by the Company during this period.

CODE ON CORPORATE GOVERNANCE PRACTICES

Upon the Listing, the Company adopted all the code provisions set out in the Code on Corporate Governance Practices in Appendix 15 (the "Code") of the GEM Listing Rules, in particular, in the establishment of Audit Committee, Remuneration Committee and Nomination Committee with terms of reference no less exacting than the requirements under the Code. The Board has continued to monitor and review the Group's progress in respect of compliance with corporate governance practices, and is satisfied that all the provisions of the Code were met by the Company, with the exception of one: that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. YEUNG Kai Cheung Patrick is the executive chairman and the chief executive officer of the Company. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Yeung to assume both roles as the executive chairman and chief executive officer of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organisation, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Yeung. The Group also has in place an internal control system to perform check and balance functions.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Save for the Placing, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Financial Year.

REVIEW OF RESULTS

The Audit Committee of the Company has reviewed the financial results for the year ended 31 December 2010 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the Audit Committee of the Company.

By Order of the Board
Asian Capital Holdings Limited
YEUNG Kai Cheung Patrick
Executive Chairman

Hong Kong, 1 March 2011

As at the date of this announcement, the Board comprises Mr. YEUNG Kai Cheung Patrick (executive chairman) and Mr. CHAN Hok Leung being executive directors; Mr. XIN Luo Lin (honorary chairman) being non-executive director; and Mr. CHAN Kai Nang, Mr. YI Xiqun and Mr. TSUI Pui Yan being independent non-executive directors.

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.asiancapital.com.hk.