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 2012

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.

FINANCIAL HIGHLIGHTS

- The Group's overall revenue for the Financial Year was approximately HK$20.16 million, approximately 58.23% down from the 2011 level of approximately HK$48.27 million (as restated).

- Operating expenses for the Financial Year were contained at approximately HK$22.71 million, a slight decrease of approximately 4.14% from the 2011 level of approximately HK$23.69 million (as restated).

- Accordingly, the Group suffered a loss of approximately HK$1.62 million, against the 2011 profit of approximately HK$20.73 million. Loss per share for the Financial Year was approximately HK0.12 cents (2011: earnings per share of approximately HK1.73 cents).

- Helped by the yield from an investment in a financial asset, the Group's investment portfolio achieved a realised gain of approximately HK$4.19 million, but with an aggregate unrealised loss of approximately HK$1.70 million, the Group was only able to book a net securities dealing commission and investment income of approximately HK$2.49 million for the Financial Year (2011: approximately HK$11.78 million). Securities held at fair value as at 31 December 2012 stood at approximately HK$26.88 million (2011: approximately HK$28.08 million).

- Total equity attributable to ordinary equity holders of the Company amounted to approximately HK$117.55 million as at 31 December 2012 (2011: approximately HK$92.47 million). This increase was mainly attributable to the funds raised from the Placing in the Financial Year. The net assets value per share as at 31 December 2012 was approximately HK8.16 cents (2011: approximately HK7.71 cents).

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

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Asian Capital Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 (the "Financial Year") together with comparative figures for 2011.

The financial information set out in this announcement below does not constitute the Group's statutory accounts for the Financial Year, but represents an extract from those accounts. The financial information has been reviewed by the audit committee of the Company (the "Audit Committee"), approved by the Board and agreed by the Group's external auditor, PricewaterhouseCoopers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
REVENUE	*4*	**20,161**	48,266
Other income and gains, net	*4*	**970**	491
Operating expenses		**(22,709)**	(23,692)
(LOSS)/PROFIT BEFORE TAX	*5*	**(1,578)**	25,065
Income tax expense	*6*	**(41)**	(4,339)
(LOSS)/PROFIT FOR THE YEAR		**(1,619)**	20,726
OTHER COMPREHENSIVE INCOME			
Available-for-sale investment:			
Change in fair value, net of tax		**–**	(17)
Net gain transferred from equity	*5*	**–**	15
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,619)**	20,724
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic *(HK cents)*		**(0.12)**	1.73
Diluted *(HK cents)*		**(0.12)**	1.73

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**941**	1,333
Intangible asset		**866**	866
Deposits		**100**	100
Total non-current assets		**1,907**	2,299
CURRENT ASSETS			
Trade receivables	*9*	**1,260**	2,088
Prepayments, deposits and other receivables		**7,258**	1,352
Investments at fair value through profit or loss		**26,877**	28,078
Cash held on behalf of clients		**41**	78
Cash and cash equivalents		**85,085**	66,445
Total current assets		**120,521**	98,041
CURRENT LIABILITIES			
Trade payables	*10*	**369**	78
Other payables and accruals		**2,586**	4,514
Tax payable		**1,928**	3,277
Total current liabilities		**4,883**	7,869
NET CURRENT ASSETS		**115,638**	90,172
Net assets		**117,545**	92,471
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**14,400**	12,000
Reserves		**103,145**	80,471
Total equity		**117,545**	92,471
Total assets		**122,428**	100,340
Total equity and liabilities		**122,428**	100,340

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

		Attributable to owners of the Company						
	Note	**Issued capital** *HK$'000* *(note 11)*	**Share premium account** *HK$'000*	**Contributed surplus** *HK$'000*	**Share option reserve** *HK$'000*	**Available-for-sale investment revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2011		12,000	43,886	9,000	1,990	2	3,227	70,105
Profit for the year		–	–	–	–	–	20,726	20,726
Other comprehensive income for the year:								
Available-for-sale investment:								
Change in fair value, net of tax		–	–	–	–	(17)	–	(17)
Net gain transferred from reserve to profit and loss on disposal		–	–	–	–	15	–	15
Total comprehensive income for the year		–	–	–	–	(2)	20,726	20,724
Equity-settled share option arrangements		–	–	–	1,642	–	–	1,642
At 31 December 2011 and 1 January 2012		**12,000**	**43,886**	**9,000**	**3,632**	**–**	**23,953**	**92,471**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**(1,619)**	**(1,619)**
Placing of new shares	*11(a)*	**2,400**	**22,800**	**–**	**–**	**–**	**–**	**25,200**
Share placement expenses	*11(a)*	**–**	**(788)**	**–**	**–**	**–**	**–**	**(788)**
Equity-settled share option arrangements		**–**	**–**	**–**	**2,281**	**–**	**–**	**2,281**
At 31 December 2012		**14,400**	**65,898**	**9,000**	**5,913**	**–**	**22,334**	**117,545**

NOTES

1. BASIS OF PREPARATION

The consolidated 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 and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments at fair value through profit or loss, which have been measured at fair value. The consolidated 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 preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

During the fourth quarter of the current financial year ended 31 December 2012, the Directors performed a review of the operating model for the provision of corporate advisory, underwriting and other related services including investments as principal, particularly the presentation of certain underwriting commission income received by the Group and sub-underwriting commission expenses paid to third parties as sub-underwriters in the income statement of the Group. As a result of the review, the Directors considered that it is appropriate to present these expenses as part of the operating expenses, instead of netting them off against revenue. Accordingly, the comparative figures of revenue and operating expenses were restated to conform with the presentation adopted in the consolidated financial statements. The revenue for the year ended 31 December 2011 was changed from HK$44,945,000 to HK$48,266,000 and the operating expenses were changed from HK$20,371,000 to HK$23,692,000. There is no impact on the profit or loss, basic and diluted earnings per share for the prior years.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the below revised HKFRS for the first time for the current year's consolidated financial statements.

HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The adoption of the revised HKFRS have had no significant financial effect on the consolidated financial statements.

There are certain other revised HKFRSs but not considered relevant to the Group.

3. OPERATING SEGMENT INFORMATION

The Group focuses on the provision of corporate advisory services and related activities, as well as investment activities. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, 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. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

Geographical information

(a) ***Revenue from external customers***

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**20,148**	48,266
Mainland China	**13**	–
	20,161	48,266

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

(b) ***Non-current assets***

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**1,807**	2,199

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

Information about major customers

Revenue from each of the major customers amounting to 10% or more of the Group's revenue is set out below:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**–**	11,400
Customer B	**3,065**	1,001
Customer C	**2,526**	1,250

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents corporate advisory income, placing and underwriting service income/commission and securities dealing commission and investment income during the year.

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

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Corporate advisory income	**15,577**	17,043
Placing and underwriting service income/commission *(note (a))*	**2,099**	19,440
Securities dealing commission and investment income *(note (b))*	**2,485**	11,783
	20,161	48,266
Other income and gains, net		
Interest income from bank balances	**970**	478
Loss on disposal of an available-for-sale investment	**–**	(15)
Others	**–**	28
	970	491

Notes:

(a) During the years ended 31 December 2012 and 31 December 2011, the Group carried out underwriting and/or sub-underwriting activities for certain customers to earn commission. In 2011, the Group carried out a sub-underwriting activity for a securities company for the placement of HK$760,000,000 by a company listed on the main board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for which the Group received a sub-underwriting income of HK$11,400,000.

(b) Included in the securities dealing commission and investment income was a net fair value loss on investments at fair value through profit and loss for approximately HK$1,704,000 (2011: gain of HK$9,207,000). The aggregate underlying fair value of the investments held as at 31 December 2012 was approximately HK$26,877,000 (2011: HK$28,078,000).

5. (LOSS)/PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Depreciation	**427**	497
Minimum lease payments under operating leases on land and buildings	**2,662**	1,516
Auditors' remuneration		
Audit fees	**580**	300
Non-audit fees	**180**	78
Impairment of an intangible asset	**–**	72
Placing and underwriting service expense/commission	**1,596**	3,321
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and bonuses	**10,426**	11,500
Equity-settled share option expense	**2,281**	1,642
Pension scheme contributions (defined contribution scheme)	**242**	178
Dividend income*	**–**	(45)
Realised gain on fair value through profit or loss and other investments*	**(4,189)**	(2,531)
Fair value loss/(gain) on investments at fair value through profit or loss, net*	**1,704**	(9,207)
Loss on disposal of an available-for-sale investment (transferred from equity on disposal)	**–**	15

At 31 December 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2011: Nil).

* These items are included in "Securities dealing commission and investment income" (note 4).

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**6**	4,268
Underprovision in prior years	**35**	71
Total tax charge for the year	**41**	4,339

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate in which the Group is domiciled to the tax expense at the effective tax rate is as follows:

	2012	2011
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(1,578)**	25,065
Tax at the statutory tax rate	**(260)**	4,136
Adjustments in respect of current tax of previous periods	**35**	71
Income not subject to tax	**(160)**	(79)
Expenses not deductible for tax	**467**	204
Tax losses utilised from previous periods	**(17)**	(14)
Others	**(24)**	21
Tax charge at the Group's effective rate	**41**	4,339

There was no significant unprovided deferred tax in respect of the year and at the end of each reporting period.

7. DIVIDENDS

The Board does not recommend payment of a dividend for the year ended 31 December 2012 (2011: Nil).

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

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of 1,389,152,542 shares in issue for the year ended 31 December 2012 (2011: 1,200,000,000).

No adjustment has been made to the basic (loss)/earnings per share presented for the years ended 31 December 2012 and 2011 as the share options had anti-dilutive effect on the basic earnings per share.

9. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**1,260**	2,088

The Group's trading terms with its customers are 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 services are non-interest-bearing. The receivables from brokers arising from securities dealing by the Group's clients are interest-bearing at the prevailing saving rate offered by the banks in Hong Kong and are repayable on demand. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An aged analysis of the trade receivables which are not considered to be individually on collectively impaired as at the end of the reporting period, based on the invoice dates and net of provisions, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current to 30 days	**661**	933
31 to 60 days	**329**	150
61 to 90 days	**211**	80
Over 90 days	**59**	925
	1,260	2,088

All of the above receivables were past due but not impaired relate to a number of independent customers that have good track records with the Group, or have subsequently settled the amounts due to the Group. The Directors are of the opinion that no provision for impairment is necessary in respect of these balances as the balances are still considered fully recoverable.

The invoice dates of the above trade receivables are equal to the corresponding due dates.

10. TRADE PAYABLES

Included in trade payables are client monies of HK$41,000 (2011: HK$78,000).

Trade payables are non-interest-bearing and repayable on demand (2011: repayable on demand).

The age of the trade payables excluding client monies at the end of the reporting period, based on the settlement due date, is current to 30 days (2011: current to 30 days).

11. SHARE CAPITAL

	Note	**Number of shares**	**Nominal value** *HK$*
Ordinary shares of HK$0.01 per share			
Authorised:			
As at 31 December 2011, 1 January 2012 and 31 December 2012		10,000,000,000	100,000,000
Issued and fully paid:			
As at 1 January 2012		1,200,000,000	12,000,000
Placing of shares	*(a)*	240,000,000	2,400,000
As at 31 December 2012		1,440,000,000	14,400,000

Note:

(a) A conditional placing agreement dated 8 March 2012 (the "Placing Agreement") was entered into between the Company and its wholly-owned subsidiary, Asian Capital (Corporate Finance) Limited ("Asian Capital") in relation to the placing of up to 240,000,000 new shares of the Company (the "Shares") by Asian Capital on a best effort basis pursuant to the terms of the Placing Agreement (the "Placing"). The Placing was successfully completed on 19 March 2012. An aggregate of 240,000,000 Shares were placed to not less than six independent placees. The placing price was HK$0.105 per Share, and the net proceeds from the Placing amounting to approximately HK$24 million are used by the Group for general working capital and business development purposes.

12. EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2012 and up to the date of approval of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Capital markets in the year 2012 were largely fueled by the United States' (the "US") monetary easing, the People's Republic of China's gradual fiscal relaxation and European Central Bank's provision of more liquidity to rescue the weaker countries in reaction to the European debt crisis. Towards the end of the year, Japan, with its persistent recession, joined the wagon in releasing liquidity and helped the Hang Seng Index advance in 2012 by approximately 23%. Yet funds raised through the Hong Kong equities market shrinked by approximately 38% on a year on year basis, reflecting the cautious approach that both investors and listed issuers took in fund raising and mergers and acquisitions ("M&A") activities. With prevalent low interest rates, capital flows moved towards real estates, precipitating the Hong Kong government to introduce further taxes seeking to curb the overheated properties sector.

Surplus liquidity and low interest cost also helped the survival of financially stressed companies, with long suspension of listed corporates during 2012 more for reason of regulatory issues than insolvency.

Against this backdrop, the Group completed corporate resumption for Far East Holdings International Limited (stock code: 36) and First Natural Foods Holdings Limited (stock code: 1076), and achieved a significant milestone for Warderly International Holdings Limited ("Warderly") (stock code: 607) in obtaining a decision from the Stock Exchange to exercise its discretion to receive and consider a reverse takeover application for the resumption of trading of Warderly's shares. During the Financial Year, the Group generated revenue from 23 M&A and advisory transactions and took on underwritings and placements for a modest gross sum of approximately HK$95.15 million. The Group continued to work on two initial public offerings ("IPOs") which produced milestone income, whilst work in distressed asset recovery progressed with some remarkable achievements, yet no revenue could be booked in 2012 as fees are paid upon successful collection.

Investments in securities made by the Group however experienced mixed fortunes. The Group held a fair amount of shares and convertible bonds in Green International Holdings Limited ("Green International") (stock code: 2700) since 2011 as a result of the latter's successful restructuring. In June 2012, by virtue of a pre-existing placing and underwriting agreement for approximately HK$3.27 million, the Group took up more shares in this counter. Unfortunately, in July 2012, Green International's share price experienced a free fall on the day that the company announced that its controlling shareholder had entered into a loan facility agreement and pledged its controlling stake in Green International to a third party. The Group was nevertheless able to reduce its overall exposure and sold the majority of its holding in convertible bonds of Green International, realising a proceed of HK$10 million. This notwithstanding, the Group was still holding a substantial investment in shares and some convertible bonds in Green International, which, in the event, caused a fair value loss in the Financial Year for approximately HK$2.53 million.

As regards the Group's investment in Tack Fiori International Group Limited ("Tack Fiori") (stock code: 928), although the Group had substantially reduced its previous holdings, the Group was tempted by its rights issue and applied for the rights, and made additional investments towards the end of 2012. The share price however did not perform, and, as a result, the Group also suffered a fair value loss in the Financial Year for approximately HK$2.82 million.

During the Financial Year, the Group made investments in other counters for a total of approximately HK$8.35 million. Allowing for intervening trading activities and besides investments in Green International and Tack Fiori, the Group held investments in securities for approximately HK$11.29 million at the end of the Financial Year, which produced a fair value gain in the Financial Year for approximately HK$3.64 million. In addition, the Group sub-participated in a short term, securities backed financial asset in the second half of 2012 for HK$5 million, yielding a 20% per annum.

In March 2012, the Company announced its plan for the proposed transfer of its listing (the "Proposed Transfer") from the Growth Enterprise Market ("GEM") to the Main Board of the Stock Exchange. Formal application for the Proposed Transfer (the "Transfer Application") pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board Listing Rules") was submitted to the Stock Exchange in April 2012. Despite the assistance of the then auditor, the Group spent a lot of efforts demonstrating to the regulators that the Group had met the minimum profit requirement under Rule 8.05(1)(a) of the Main Board Listing Rules in respect of the three financial years ended 31 December 2011 (the "Track Record Period"). Attending to various probes throughout the application process was no easy task, and had consumed a fair amount of management energy and resources. In October 2012, as the Transfer Application was to expire pending renewal, and as the Stock Exchange remained unconvinced of the sustainability of the Group given the fluctuating financial performance of the Company during the Track Record Period and the various one-off transactions, the Board decided that, despite its conviction that one-off transactions and thus fluctuating financial performance are features of the Group's businesses, the Transfer Application should not be extended, such that the Group could refocus itself to developing its core businesses for the long term benefit of its shareholders as a whole.

Financial Review

Results of the Group

Against a fairly adverse operating environment during 2012, and despite a reasonable level of activities as described in the foregoing "Business Review" section, the Group's revenue suffered a wholesale shrinkage. The Group's overall revenue for the Financial Year was approximately HK$20.16 million, approximately 58.23% down from the 2011 level of approximately HK$48.27 million (as restated). Compared to 2011, whilst corporate advisory income only took an approximately 8.60% shave, placing and underwriting service income was seriously affected by some 89.20%, and securities dealing commission and investment income (both realised and unrealised) had a significant drop of approximately 78.91%.

Helped by the yield from an investment in a financial asset, the Group's investment portfolio achieved a realised gain of approximately HK$4.19 million, but with an aggregate unrealised loss of approximately HK$1.70 million, the Group was only able to book a net securities dealing commission and investment income of approximately HK$2.49 million for the Financial Year (2011: approximately HK$11.78 million). Securities held at fair value as at 31 December 2012 stood at approximately HK$26.88 million (2011: approximately HK$28.08 million).

Operating expenses for the Financial Year, which have been restated to include placing and underwriting expenses, were contained at approximately HK$22.71 million, a slight decrease of approximately 4.14% from the 2011 level of approximately HK$23.69 million. Overall staff costs marginally went down, as general salary increments and higher equity-settled share option expense were more than offset by lower bonuses. Rental costs for both Hong Kong and Shanghai offices went higher upon tenancy renewals, and auditor's remuneration went up too, partly attributable to the costs incurred for the Transfer Application. With much reduced activities, placing and underwriting expenses at approximately HK$1.60 million (2011: approximately HK$3.32 million) were lower than that of 2011.

Accordingly, the Group suffered a loss of approximately HK$1.62 million, against the 2011 profit of approximately HK$20.73 million. Loss per share for the Financial Year was approximately HK0.12 cents (2011: earnings per share of approximately HK1.73 cents).

Liquidity and financial resources

In March 2012, the Company successfully completed the placing of 240,000,000 new Shares and raised approximately HK$24 million (after expenses). Details of the Placing are described in note 11. The Placing has strengthened the Group's working capital, affording it better flexibility in undertaking underwriting, placement and investment activities.

The Group adopted a prudent financial management strategy and maintained a healthy liquidity position as at 31 December 2012. The Group had cash and cash equivalents of approximately HK$85.09 million as at 31 December 2012 (2011: approximately HK$66.45 million). As at 31 December 2012, the Group had net current assets of approximately HK$115.64 million (2011: approximately HK$90.17 million). Current ratio as at 31 December 2012 was approximately 24.68 (2011: approximately 12.46).

The Group's operations and investments were financed principally by revenues generated from business operations and available bank balances. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' funds, was nil as at 31 December 2012 (2011: Nil).

The net asset value of the Group as at 31 December 2012 stood at approximately HK$117.55 million (2011: approximately HK$92.47 million), which was approximately 27.12% higher than that of 2011. The net assets value per share as at 31 December 2012 was approximately HK8.16 cents (2011: approximately HK7.71 cents).

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 continue to monitor its foreign currency exposure closely and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Capital structure

Save for the Placing as disclosed in note 11, there has been no change in the capital structure of the Company during the Financial Year. The capital of the Company comprises only ordinary shares. Total equity attributable to ordinary equity holders of the Company amounted to approximately HK$117.55 million as at 31 December 2012 (2011: approximately HK$92.47 million). This increase was mainly attributable to the funds raised from the Placing in the Financial Year.

Future plans for material investments or capital assets

The Group had no plans for material investments or acquisitions of capital assets as at 31 December 2012, but will actively pursue opportunities for investments to enhance its profitability in the ordinary course of business.

Material acquisitions and disposals of subsidiaries and associated companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

Dividend

The Board does not recommend the payment of a dividend for the Financial Year (2011: Nil).

Outlook

Following the last minute fiscal cliff agreement on the new year eve, it is likely that there will be short term stability in the US economy. However, as the Federal debt ceiling and sequestration remain unresolved, the US debt level will remain a material concern for investors.

Meanwhile, austerity and structural reforms may drive Europe into further recession before an eventual recovery, with the German Bundesbank recently slashed its 2013 growth forecast, signaling a slowdown of the engine of Europe.

China has widely been tipped to maintain around 8% gross domestic product growth, with the Chinese Academy of Social Sciences, the country's top think tank, predicted that Beijing would boost budgetary help to the economy by borrowing and spending more, and cutting taxes that hinder economic efficiency. Yet authorities are expected to maintain controls over the real estate sector, whilst allowing reform of state firms.

China has also lowered the bar for companies to list in Hong Kong. Renminbi ("RMB") remains on a path for internationalisation, and the National 12th Five-Year Plan specifically states China's support for Hong Kong's development as an offshore RMB business centre and an international asset management centre. Regulatory tightening on sponsors both in China and Hong Kong will hopefully develop a level playing field to enhance the long term attraction and maturity of the capital markets.

The Group has two IPO mandates on hand for proposed listing in 2013 and is actively bidding for more, exploiting its support from Phillip Securities Group and other alliances to assist clients for fund raising. Along with five existing corporate resumption (one of which resumed for trading on 4 March 2013), other corporate advisory and asset recovery mandates together with investments, the Directors believe that the Group's business will sustain well despite unstable macroeconomic developments. With the Group's strong liquidity position, the Directors will take on attractive propositions when investment opportunities arise. The Directors will also look for opportunities to work with strategic partners to enhance the long term growth and prosperity of the businesses of the Group.

The Group's investments at fair value through profit or loss as at 31 December 2012 amounted to approximately HK$26.88 million. These however are subject to market risks associated with investments and may impact the Group's profitability from time to time.

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 2012.

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 until the expiry of such agreement following the distribution of the Company's 2012 annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at 31 December 2012, 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 the GEM of the Stock Exchange (the "GEM Listing Rules")) that compete or may compete with the business of the Group nor any 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 who have confirmed their compliance with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2012. No incident of non-compliance was noted by the Company during this period.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practices for the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code for the period from 1 April 2012 to 31 December 2012 contained in Appendix 15 of the GEM Listing Rules, 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 "CEO"). 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 CEO 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 their strong business and governance experience, the Directors do not expect any issues of concern would arise due to the combined role of Mr. Yeung. The Group also has in place an effective internal control system, including the engagement of a professional accounting firm to conduct internal audit, to perform check and balance functions.

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

Save for the placing of 240,000,000 new Shares which was completed on 19 March 2012, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Financial Year.

REVIEW OF RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 December 2012.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 4 March 2013

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. YI Xiqun, Mr. CHAN Kai Nang and Mr. TSUI Pui Yan being independent non-executive directors.

This announcement will remain on the website of the GEM of the Stock Exchange 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.