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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)**

## **SECOND INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015**

### **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

- Following the change of financial year end date to 31 March, this is the second interim results announcement containing the unaudited condensed consolidated results of the Group for the three months and twelve months ended 31 December 2015.
- Revenue and other income for the three months ended 31 December 2015 at HK\$15.68 million (2014: HK\$7.23 million) was more than double that of the corresponding quarter last year. All round increases in corporate advisory income, placing income as well as interest income from loans receivables contributed to this outstanding performance.
- There was a modest net fair value gain on financial assets in the fourth quarter of 2015 of HK\$0.02 million compared to a net fair value loss of HK\$0.88 million recorded in the 2014 corresponding quarter, and interest income from bank deposits and listed investments came lower compared to the fourth quarter of 2014.
- Operating expenses during the fourth quarter of 2015 at HK\$9.80 million (2014: HK\$8.15 million) was 20.25% higher than the corresponding quarter in 2014, representing higher staff costs which included bonus provisions on account of satisfactory financial performance.
- Total comprehensive income for the fourth quarter of 2015 was HK\$4.93 million, compared to a loss of HK\$0.14 million in the corresponding quarter last year.
- For the twelve months ended 31 December 2015, revenue and other income at HK\$36.36 million (2014: HK\$24.42 million) was almost 1.5 times of that of 2014, whilst operating expenses were contained at a modest period-on-period increase of 5.20% at HK\$27.91 million (2014: HK\$26.53 million). The resultant pre-tax profit for the twelve months to 31 December 2015 was HK\$8.45 million, compared to a pre-tax loss of HK\$2.12 million for the corresponding twelve months period in 2014.
- Total comprehensive income for the twelve months period ended 31 December 2015 was HK\$6.75 million, compared to a total comprehensive loss of HK\$1.33 million in 2014. Basic earnings per share for the twelve months ended 31 December 2015 was HK0.47 cents (2014: basic loss per share of HK0.09 cents).
- With all the loans receivables having been repaid in 2015, the Group's cash resources were at all time high.
- Net assets value as at 31 December 2015 advanced to a record level of HK\$138.16 million (2014: HK\$130.43 million), 5.93% higher than the 2014 year end level. Net assets value per share as at 31 December 2015 stood at approximately HK0.10 cents, compared to the 2014 level of HK0.09 cents.
- The Board does not recommend the payment of an interim dividend for the twelve months ended 31 December 2015 (2014: Nil).
- With the extraordinary general meeting of the Company approving the Subscription by the Zhongzhi Group and the New Shares Placing to be held on 18 February 2016, along with a number of new business initiatives already in the pipeline, the Group looks forward to turning a new page for an exciting and rewarding period ahead.

The board (the “Board”) of directors (the “Directors”) of Asian Capital Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and twelve months ended 31 December 2015, together with the comparative figures for the corresponding periods in 2014, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and twelve months ended 31 December 2015

|                                                                                         |       | Three months ended<br>31 December |             | Twelve months ended<br>31 December |           |
|-----------------------------------------------------------------------------------------|-------|-----------------------------------|-------------|------------------------------------|-----------|
|                                                                                         |       | 2015                              | 2014        | 2015                               | 2014      |
|                                                                                         | Notes | HK\$'000                          | HK\$'000    | HK\$'000                           | HK\$'000  |
|                                                                                         |       | (Unaudited)                       | (Unaudited) | (Unaudited)                        | (Audited) |
| <b>Revenue</b>                                                                          | 3     | <b>14,174</b>                     | 6,908       | <b>32,265</b>                      | 24,937    |
| Net investment income/(loss)                                                            | 3     | <b>22</b>                         | (877)       | <b>129</b>                         | (2,478)   |
| Net interest income                                                                     | 3     | <b>1,329</b>                      | 938         | <b>3,812</b>                       | 1,696     |
| Other income and gains                                                                  | 3     | <b>150</b>                        | 261         | <b>150</b>                         | 261       |
| Revenue and other income                                                                | 3     | <b>15,675</b>                     | 7,230       | <b>36,356</b>                      | 24,416    |
| Operating expenses                                                                      |       | <b>(9,797)</b>                    | (8,152)     | <b>(27,909)</b>                    | (26,532)  |
| <b>Profit/(Loss) before tax</b>                                                         | 5     | <b>5,878</b>                      | (922)       | <b>8,447</b>                       | (2,116)   |
| Income tax (expense)/credit                                                             | 6     | <b>(945)</b>                      | 784         | <b>(1,696)</b>                     | 785       |
| <b>Profit/(Loss) for the period</b>                                                     |       | <b>4,933</b>                      | (138)       | <b>6,751</b>                       | (1,331)   |
| <b>Total comprehensive income/ (loss) for the period</b>                                |       | <b>4,933</b>                      | (138)       | <b>6,751</b>                       | (1,331)   |
| <b>Earnings/(Loss) per share attributable to ordinary equity holders of the Company</b> | 7     |                                   |             |                                    |           |
| – Basic (HK cents)                                                                      |       | <b>0.34</b>                       | (0.01)      | <b>0.47</b>                        | (0.09)    |
| – Diluted (HK cents)                                                                    |       | <b>0.33</b>                       | (0.01)      | <b>0.44</b>                        | (0.09)    |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

|                                                               |       | 31 December<br>2015<br>HK\$'000<br>(Unaudited) | 31 December<br>2014<br>HK\$'000<br>(Audited) |
|---------------------------------------------------------------|-------|------------------------------------------------|----------------------------------------------|
|                                                               | Notes |                                                |                                              |
| <b>Non-current assets</b>                                     |       |                                                |                                              |
| Plant and equipment                                           | 9     | 2,744                                          | 3,385                                        |
| Intangible asset                                              |       | 866                                            | 866                                          |
| Deposits                                                      |       | 100                                            | 100                                          |
| Total non-current assets                                      |       | 3,710                                          | 4,351                                        |
| <b>Current assets</b>                                         |       |                                                |                                              |
| Trade receivables                                             | 10    | 3,117                                          | 2,658                                        |
| Loans receivables                                             | 11    | –                                              | 7,000                                        |
| Prepayments, deposits and other receivables                   |       | 1,589                                          | 2,572                                        |
| Investments at fair value through profit or loss              |       | 137                                            | 6,273                                        |
| Deferred tax assets                                           |       | 217                                            | –                                            |
| Cash held on behalf of clients                                | 12    | 60,250                                         | 45                                           |
| Cash and cash equivalents                                     |       | 140,469                                        | 113,901                                      |
| Total current assets                                          |       | 205,779                                        | 132,449                                      |
| <b>Current liabilities</b>                                    |       |                                                |                                              |
| Trade payables                                                | 13    | 61,575                                         | 702                                          |
| Other payables and accruals                                   |       | 7,079                                          | 5,036                                        |
| Tax payable                                                   |       | 2,674                                          | 615                                          |
| Deferred tax liabilities                                      |       | –                                              | 21                                           |
| Total current liabilities                                     |       | 71,328                                         | 6,374                                        |
| <b>Net current assets</b>                                     |       | 134,451                                        | 126,075                                      |
| <b>Net assets</b>                                             |       | 138,161                                        | 130,426                                      |
| <b>Equity</b>                                                 |       |                                                |                                              |
| Equity attributable to ordinary equity holders of the Company |       |                                                |                                              |
| Issued capital                                                | 14    | 14,541                                         | 14,515                                       |
| Reserves                                                      |       | 123,620                                        | 115,911                                      |
| Total equity                                                  |       | 138,161                                        | 130,426                                      |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 December 2015

|                                                                       | Attributable to ordinary equity holders of the Company |                                         |                                    |                                        |                                 | Total<br>HK\$'000 |
|-----------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------|------------------------------------|----------------------------------------|---------------------------------|-------------------|
|                                                                       | Issued<br>capital<br>HK\$'000                          | Share<br>premium<br>account<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Share<br>option<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 |                   |
| At 1 January 2014 (Audited)                                           | 14,400                                                 | 65,898                                  | 9,000                              | 8,179                                  | 30,969                          | 128,446           |
| Total comprehensive loss for the period                               | –                                                      | –                                       | –                                  | –                                      | (1,331)                         | (1,331)           |
| Allotment of new shares<br>pursuant to pre-IPO share<br>option scheme | 115                                                    | 3,566                                   | –                                  | (1,373)                                | –                               | 2,308             |
| Equity-settled share option<br>arrangements                           | –                                                      | –                                       | –                                  | 1,003                                  | –                               | 1,003             |
| At 31 December 2014 and<br>1 January 2015 (Audited)                   | <u>14,515</u>                                          | <u>69,464</u>                           | <u>9,000</u>                       | <u>7,809</u>                           | <u>29,638</u>                   | <u>130,426</u>    |
| Total comprehensive income<br>for the period                          | –                                                      | –                                       | –                                  | –                                      | 6,751                           | 6,751             |
| Allotment of new shares<br>pursuant to pre-IPO share<br>option scheme | 26                                                     | 816                                     | –                                  | (323)                                  | –                               | 519               |
| Equity-settled share option<br>arrangements                           | –                                                      | –                                       | –                                  | 465                                    | –                               | 465               |
| At 31 December 2015 (Unaudited)                                       | <u>14,541</u>                                          | <u>70,280</u>                           | <u>9,000</u>                       | <u>7,951</u>                           | <u>36,389</u>                   | <u>138,161</u>    |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the twelve months ended 31 December 2015*

|                                                                                                   | <b>Twelve months ended</b> |                      |
|---------------------------------------------------------------------------------------------------|----------------------------|----------------------|
|                                                                                                   | <b>31 December</b>         |                      |
|                                                                                                   | <b>2015</b>                | <b>2014</b>          |
|                                                                                                   | <b>HK\$'000</b>            | <b>HK\$'000</b>      |
|                                                                                                   | <b>(Unaudited)</b>         | <b>(Audited)</b>     |
| Net cash flows from/(used in) operating activities                                                | <u>22,678</u>              | <u>(674)</u>         |
| Net cash flows used in investing activities                                                       | <u>(28,905)</u>            | <u>(35,178)</u>      |
| Net cash flows from financing activities                                                          | <u>519</u>                 | <u>2,308</u>         |
| <b>Net decrease in cash and cash equivalents</b>                                                  | <b>(5,708)</b>             | <b>(33,544)</b>      |
| Cash and cash equivalents at beginning of period                                                  | <u>53,578</u>              | <u>87,122</u>        |
| <b>Cash and cash equivalents at end of period</b>                                                 | <b><u>47,870</u></b>       | <b><u>53,578</u></b> |
| <b>Analysis of balances of cash and cash equivalents</b>                                          |                            |                      |
| Cash and bank balances                                                                            | 12,541                     | 7,244                |
| Time deposits                                                                                     | <u>127,928</u>             | <u>106,657</u>       |
| Cash and cash equivalents as stated in the condensed consolidated statement of financial position | 140,469                    | 113,901              |
| Time deposits with original maturity of more than three months when acquired                      | <u>(92,599)</u>            | <u>(60,323)</u>      |
| Cash and cash equivalents as stated in the condensed consolidated statement of cash flows         | <b><u>47,870</u></b>       | <b><u>53,578</u></b> |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2015

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of corporate advisory services and related activities, investment in various types of assets as well as money lending and asset management.

## 2. BASIS OF PREPARATION

On 27 January 2016, the Company announced to change its financial year end date from 31 December to 31 March. As a result, these second interim results covered a period of the twelve months ended 31 December 2015.

The unaudited condensed consolidated interim financial statements for the twelve months ended 31 December 2015 (the “Second Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The principal accounting policies used in the preparation of the Second Interim Financial Statements are consistent with those used in the preparation of the Group’s audited annual financial statements for the year ended 31 December 2014 (the “2014 Annual Financial Statements”). However, the Second Interim Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the 2014 Annual Financial Statements.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the Second Interim Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The Second Interim Financial Statements are presented in Hong Kong dollars (“HK\$”), which is also the Group’s functional currency. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Inter-company transactions and balances between Group companies are eliminated.

### 3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

|                                                                                                                    |       | Three months ended<br>31 December |              | Twelve months ended<br>31 December |                |
|--------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------|--------------|------------------------------------|----------------|
|                                                                                                                    |       | 2015                              | 2014         | 2015                               | 2014           |
|                                                                                                                    | Notes | HK\$'000                          | HK\$'000     | HK\$'000                           | HK\$'000       |
|                                                                                                                    |       | (Unaudited)                       | (Unaudited)  | (Unaudited)                        | (Audited)      |
| <b>Revenue</b>                                                                                                     | (a)   |                                   |              |                                    |                |
| Corporate advisory income                                                                                          |       | 12,669                            | 6,906        | 30,110                             | 24,771         |
| Placing and underwriting<br>income/arrangement fee                                                                 |       | 1,505                             | –            | 2,155                              | 126            |
| Securities dealing commission                                                                                      |       | –                                 | 2            | –                                  | 40             |
|                                                                                                                    |       | <u>14,174</u>                     | <u>6,908</u> | <u>32,265</u>                      | <u>24,937</u>  |
| <b>Net investment income/(loss)</b>                                                                                | (a)   |                                   |              |                                    |                |
| Net fair value gain/(loss) on financial assets<br>measured at fair value through profit or loss                    |       | 22                                | (876)        | (51)                               | (722)          |
| Realised gain/(loss) on financial assets<br>measured at fair value through profit or loss<br>and other investments |       | –                                 | (1)          | 180                                | (1,756)        |
|                                                                                                                    |       | <u>22</u>                         | <u>(877)</u> | <u>129</u>                         | <u>(2,478)</u> |
| <b>Net interest income</b>                                                                                         |       |                                   |              |                                    |                |
| Interest income from financial assets                                                                              |       |                                   |              |                                    |                |
| – Bank deposits                                                                                                    |       | 182                               | 771          | 1,043                              | 1,406          |
| – Listed investments                                                                                               |       | –                                 | 45           | 43                                 | 101            |
| – Loans receivables                                                                                                | (b)   | 1,147                             | 122          | 2,726                              | 189            |
|                                                                                                                    |       | <u>1,329</u>                      | <u>938</u>   | <u>3,812</u>                       | <u>1,696</u>   |
| <b>Other income and gains</b>                                                                                      |       |                                   |              |                                    |                |
| Gain on disposal of plant and equipment                                                                            |       | 150                               | 261          | 150                                | 261            |
|                                                                                                                    |       | <u>150</u>                        | <u>261</u>   | <u>150</u>                         | <u>261</u>     |
| <b>Revenue and other income</b>                                                                                    |       | <u>15,675</u>                     | <u>7,230</u> | <u>36,356</u>                      | <u>24,416</u>  |

Notes:

- (a) During the fourth quarter of the financial year ended 31 December 2014, management performed a review of the nature of the Group's principal activities and their presentation in the Group's consolidated financial statements. As a result of the review, whilst management considered that the revenue of the Group had correctly included the fee income from corporate advisory services, placing and underwriting services and securities dealings, as well as gains or losses on investments at fair value through profit or loss, it would be more appropriate to present such gains or losses on investments at fair value through profit or loss on a separate line. Such revised presentation better reveals the nature of the Group's investment income/(loss) and is more consistent with the current market practice. It has consistently been adopted for the first quarterly, half-yearly and third quarterly results of 2015 as well as these Second Interim Financial Statements.
- (b) During the review of the Group's unaudited interim financial statements for the six months ended 30 June 2015 (the "2015 First Interim Financial Statements"), management considered it more appropriate to disclose the Group's loans receivables as a separate item on the condensed consolidated statement of financial position as at 30 June 2015 in view of its materiality. Accordingly, the interest income from other interest-bearing assets presented in the 2014 Annual Financial Statements was renamed as interest income from loans receivables in the 2015 First Interim Financial Statements to better reflect the underlying nature of such item which had become more material for the Group's results. Such presentation has continued to be adopted for the third quarterly results of 2015 and these Second Interim Financial Statements. The presentation of the corresponding amounts of the interest income for the three months and twelve months ended 31 December 2014 has been re-presented to align with the current period presentation. There is no impact on the Group's revenue and other income for the three months and twelve months ended 31 December 2014 as a result of the change in presentation.

#### 4. OPERATING SEGMENT INFORMATION

During the reporting period, the Group's principal businesses were in the provision of corporate advisory services and related activities, investment in various types of assets as well as money lending. 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.

#### 5. PROFIT/(LOSS) BEFORE TAX

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

|                                                                        | Three months ended<br>31 December<br>2015<br>HK\$'000<br>(Unaudited) |       | Twelve months ended<br>31 December<br>2015<br>HK\$'000<br>(Unaudited) |        |
|------------------------------------------------------------------------|----------------------------------------------------------------------|-------|-----------------------------------------------------------------------|--------|
|                                                                        | 2014<br>HK\$'000<br>(Unaudited)                                      |       | 2014<br>HK\$'000<br>(Audited)                                         |        |
| Depreciation                                                           | 280                                                                  | 278   | 1,082                                                                 | 768    |
| Minimum lease payments under operating leases<br>on land and buildings | 808                                                                  | 810   | 3,236                                                                 | 3,386  |
| Employee benefit expense<br>(including directors' remuneration)        | 6,253                                                                | 2,813 | 17,564                                                                | 13,522 |

#### 6. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% for the three months and twelve months ended 31 December 2015 and 2014.

|                                                    | Three months ended<br>31 December<br>2015<br>HK\$'000<br>(Unaudited) |       | Twelve months ended<br>31 December<br>2015<br>HK\$'000<br>(Unaudited) |       |
|----------------------------------------------------|----------------------------------------------------------------------|-------|-----------------------------------------------------------------------|-------|
|                                                    | 2014<br>HK\$'000<br>(Unaudited)                                      |       | 2014<br>HK\$'000<br>(Audited)                                         |       |
| Current tax                                        |                                                                      |       |                                                                       |       |
| Provision for the period                           | (996)                                                                | (575) | (1,696)                                                               | (715) |
| Adjustments in respect of prior periods            | –                                                                    | 1,070 | (238)                                                                 | 1,070 |
| Total current tax                                  | (996)                                                                | 495   | (1,934)                                                               | 355   |
| Deferred tax                                       |                                                                      |       |                                                                       |       |
| Origination and reversals of temporary differences | 51                                                                   | 289   | 238                                                                   | 430   |
|                                                    | (945)                                                                | 784   | (1,696)                                                               | 785   |

There was no significant unprovided deferred tax for the relevant periods.

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

The calculations of basic earnings per share for the three months and twelve months ended 31 December 2015 are based on the unaudited consolidated profits of approximately HK\$4,933,000 and HK\$6,751,000 attributable to ordinary equity holders of the Company for the three months and twelve months ended 31 December 2015 respectively (three months and twelve months ended 31 December 2014: unaudited consolidated loss of HK\$138,000 and audited consolidated loss of HK\$1,331,000 respectively) and the weighted average number of 1,453,744,348 shares and 1,452,095,616 shares in issue for the three months and twelve months ended 31 December 2015 respectively (three months and twelve months ended 31 December 2014: 1,451,540,000 shares and 1,446,165,205 shares respectively).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. The calculations of diluted earnings per share for the three months and twelve months ended 31 December 2015 are based on the unaudited consolidated profits of approximately HK\$4,933,000 and HK\$6,751,000 attributable to ordinary equity holders of the Company for the three months and twelve months ended 31 December 2015 respectively and the adjusted weighted average number of 1,519,740,000 shares in issue for each of the three months and twelve months ended 31 December 2015 respectively.

No adjustment was made to the basic loss per share presented for each of the three months and twelve months ended 31 December 2014 as share options had anti-dilutive effect on the basic loss per share.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 December 2015 (2014: Nil).

## 9. PLANT AND EQUIPMENT

During the twelve months ended 31 December 2015, the Group acquired items of plant and equipment with a cost of approximately HK\$441,000 (2014: vehicle, plant and equipment with a cost of HK\$1,922,000).

## 10. TRADE RECEIVABLES

The Group's trade receivables arose generally from the provision of corporate advisory services, placing and underwriting income/arrangement fee and securities dealing commission.

The Group's normal trading term with its customers is that payment 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.

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

|                    | As at<br>31 December<br>2015<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|--------------------|---------------------------------------------------------|-------------------------------------------------------|
| <i>Note</i>        |                                                         |                                                       |
| Current to 30 days | 2,085                                                   | 1,026                                                 |
| 31 to 60 days      | 952                                                     | 896                                                   |
| 61 to 90 days      | –                                                       | 62                                                    |
| Over 90 days       | 80                                                      | 674                                                   |
|                    | <u>3,117</u>                                            | <u>2,658</u>                                          |
| (a)                |                                                         |                                                       |

*Note:*

- (a) Up to the date of this announcement, subsequent settlement of trade receivables as at 31 December 2015 amounted to approximately HK\$2,571,600.

## 11. LOANS RECEIVABLES

For the reasons given in note 3(b) to the Second Interim Financial Statements, the other assets and receivables presented in the Group's 2014 Annual Financial Statements were reclassified as (a) loans receivables; and (b) prepayments, deposits and other receivables in the 2015 First Interim Financial Statements to better reflect the underlying nature of these items and their significance to the Group's overall financial position. Such presentation has continued to be adopted for these Second Interim Financial Statements. The corresponding amount of the other assets and receivables as at 31 December 2014 has been re-presented to align with the current period presentation. There is no impact on the Group's total current assets and net assets as at 31 December 2014 as a result of the change in presentation.

The Group's loan receivable as at 31 December 2014 was an interest-bearing asset in relation to an external party. The Group's loans receivables as at 31 December 2015 went down to nil from approximately HK\$27,846,000 as at 30 June 2015 after loans and interest bearing assets in relation to external parties having been fully repaid in the second half of 2015.

## 12. CASH HELD ON BEHALF OF CLIENTS

The Group's licensed subsidiary maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the condensed consolidated statement of financial position, and recognised the corresponding payables to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

## 13. TRADE PAYABLES

Included in trade payables are clients' monies which are segregated in the trust accounts as described in note 12 to the Second Interim Financial Statements. Aging of the Group's trade payables excluding clients' monies as at the end of the reporting period was current to 30 days (31 December 2014: current to 30 days).

## 14. SHARE CAPITAL

|                                                                                | <i>Notes</i> | Number of shares      | Nominal value<br><i>HK\$</i> |
|--------------------------------------------------------------------------------|--------------|-----------------------|------------------------------|
| <b>Authorised</b>                                                              |              |                       |                              |
| As at 1 January 2014, 31 December 2014,<br>1 January 2015 and 31 December 2015 |              | <u>10,000,000,000</u> | <u>100,000,000</u>           |
| <b>Issued</b>                                                                  |              |                       |                              |
| As at 1 January 2014 (Audited)                                                 |              | 1,440,000,000         | 14,400,000                   |
| Allotment of new shares pursuant to pre-IPO<br>share option scheme             | <i>(a)</i>   | <u>11,540,000</u>     | <u>115,400</u>               |
| As at 31 December 2014 and<br>1 January 2015 (Audited)                         |              | 1,451,540,000         | 14,515,400                   |
| Allotment of new shares pursuant to pre-IPO<br>share option scheme             | <i>(b)</i>   | <u>2,600,000</u>      | <u>26,000</u>                |
| As at 31 December 2015 (Unaudited)                                             |              | <u>1,454,140,000</u>  | <u>14,541,400</u>            |

*Notes:*

- (a) During the twelve months ended 31 December 2014, an aggregate of 11,540,000 new shares were allotted and issued by the Company upon the exercise of the options (the "Pre-IPO Share Options") granted under the pre-IPO share option scheme of the Company adopted on 7 June 2010 (the "Pre-IPO Share Option Scheme") by certain grantees at an exercise price of HK\$0.20 per share. The weighted average closing price of the shares of the Company immediately before the date on which these Pre-IPO Share Options were exercised was HK\$0.43 per share.
- (b) During the twelve months ended 31 December 2015, an aggregate of 2,600,000 new shares were allotted and issued by the Company upon the exercise of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme by a grantee at an exercise price of HK\$0.20 per share. The weighted average closing price of the shares of the Company immediately before the date on which these Pre-IPO Share Options were exercised was HK\$0.37 per share.

## 15. RELATED PARTY TRANSACTIONS

- (a) During the twelve months ended 31 December 2014, the Group generated corporate advisory income of HK\$250,000 from a company, a director of which was also a non-executive director of the Company. The income so derived was determined by reference to market rates and agreed on an arm's length basis. Save as disclosed herein and in note 15(b) below, the Group had no other significant related party transactions during the twelve months ended 31 December 2014 and 2015.
- (b) Compensation of key management personnel of the Group:

|                                                    | Three months ended<br>31 December |              | Twelve months ended<br>31 December |              |
|----------------------------------------------------|-----------------------------------|--------------|------------------------------------|--------------|
|                                                    | 2015                              | 2014         | 2015                               | 2014         |
|                                                    | HK\$'000                          | HK\$'000     | HK\$'000                           | HK\$'000     |
|                                                    | (Unaudited)                       | (Unaudited)  | (Unaudited)                        | (Audited)    |
| Short-term employees benefits                      | 2,911                             | 1,093        | 6,783                              | 4,774        |
| Pension scheme contributions                       | 9                                 | 9            | 36                                 | 34           |
| Equity-settled share option expense                | —                                 | 126          | 332                                | 476          |
| Total compensation for<br>key management personnel | <u>2,920</u>                      | <u>1,228</u> | <u>7,151</u>                       | <u>5,284</u> |

## 16. EVENTS AFTER THE REPORTING PERIOD

- (i) As disclosed in the joint announcement issued by the Company and Jinhui Capital Company Limited (“Jinhui”) dated 5 January 2016, the announcement of the Company dated 22 January 2016 and the circular of the Company dated 28 January 2016 (the “Circular”):
- (a) on 28 October 2015, the Company entered into a subscription agreement (the “Subscription Agreement”) with the wholly-owned subsidiaries of 中植資本管理有限公司 (Zhongzhi Capital Group\*) (“Zhongzhi Capital”), Jinhui and Kang Bang Qi Hui (HK) Company Limited (“Kang Bang”) (collectively, the “Zhongzhi Group”), pursuant to which, the Company conditionally agreed to issue, and Jinhui and Kang Bang (collectively, the “Subscribers”) conditionally agreed to subscribe for, a total of 2,100,000,000 shares of the Company (the “Subscription Shares”). On 5 January 2016, a supplemental agreement (the “Supplemental Subscription Agreement”) was entered into by the parties to amend, among other things, the number of Subscription Shares to be subscribed by the Subscribers and pursuant to which, the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, a total of 1,630,756,836 Subscription Shares for an aggregate consideration of HK\$485,965,537 in cash at the subscription price of approximately HK\$0.298 per Subscription Share (the “Subscription”);
- (b) on 28 October 2015, Master Link Assets Limited (“Master Link”), Allied Target Holdings Limited (“Allied Target”), Phillip Capital (HK) Limited (“Phillip Capital”), Jinhui, Kang Bang, Mr. Yeung Kai Cheung Patrick (“Mr. Yeung”) and Zhongzhi Capital entered into a share purchase agreement (the “Share Purchase Agreement”), pursuant to which, Master Link, Allied Target and Phillip Capital (collectively, the “Vendors”) conditionally agreed to sell, and Jinhui and Kang Bang (collectively, the “Purchasers”) conditionally agreed to purchase, in aggregate, 511,307,896 shares of the Company (the “Sale Shares”) owned by the Vendors. On 5 January 2016, a supplemental agreement (the “Supplemental Share Purchase Agreement”) was entered into by the parties to amend, among other things, the number of Sale Shares to be sold by Phillip Capital to the Purchasers, increasing the aggregate number of Sale Shares to 648,345,791, for a total consideration of HK\$251,298,829, equivalent to approximately HK\$0.3876 per Sale Share (the “Share Purchase”);

- (c) on 5 January 2016, the Company and Haitong International Securities Company Limited (the “New Shares Placing Agent”) entered into a placing agreement (the “New Shares Placing Agreement”), pursuant to which the New Shares Placing Agent conditionally agreed to place 400,000,000 new shares of the Company (the “New Placing Shares”), on a fully underwritten basis, to placees (the “New Shares Placees”) at the placing price of HK\$0.3876 per New Placing Share (the “New Shares Placing”);
  - (d) on 5 January 2016, Master Link entered into a placing agreement (the “Master Link Placing Agreement”) with Freeman Securities Limited (the “Master Link Placing Agent”), pursuant to which the Master Link Placing Agent agreed to act as placing agent for the purpose of procuring, as agent of Master Link, on a fully underwritten basis, placees to purchase 48,000,000 shares of the Company (the “Master Link Placing Shares”) owned by Master Link at the placing price of HK\$0.3876 per Master Link Placing Share (the “Master Link Placing”);
  - (e) completion of the Subscription, the New Shares Placing, the Share Purchase and the Master Link Placing (the “Completion”) is subject to fulfillment and/or waiver, as applicable, of the conditions contained in the Subscription Agreement (as amended and supplemented by the Supplemental Subscription Agreement), the New Shares Placing Agreement, the Share Purchase Agreement (as amended and supplemented by the Supplemental Share Purchase Agreement) and the Master Link Placing Agreement respectively. One such condition in the Subscription Agreement and the Share Purchase Agreement requires the Securities and Futures Commission of Hong Kong (the “SFC”) having granted the necessary consent for Jinhui, Kang Bang and their controlling shareholders to become the indirect substantial shareholders of Asian Capital (Corporate Finance) Limited (“Asian Capital (Corporate Finance)”) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The SFC has on 5 February 2016 informed us that such consent has been given; and
  - (f) subject to and upon Completion, Jinhui will become the controlling shareholder of the Company. Pursuant to the Hong Kong Code on Takeovers and Mergers, Jinhui will be required to make unconditional mandatory cash offers to acquire all the issued shares of the Company (other than those already owned or agreed to be acquired by Jinhui and parties acting in concert with it) and to cancel all the outstanding Pre-IPO Share Options (the “Offers”).
- (ii) As disclosed in the Circular, the Group is in the process of applying for and setting up a wholly-owned foreign funded equity investment management enterprise (the “Foreign Enterprise”) in Qianhai, Shenzhen based on the qualification of Asian Capital (Corporate Finance) as a Qualified Foreign Limited Partnership (“QFLP”). The registered capital required for setting up the Foreign Enterprise is approximately US\$2 million which will be financed by the Group’s internal resources.
  - (iii) On 27 January 2016, the Board resolved to change the financial year end date of the Company from 31 December to 31 March. Further details were disclosed in the announcement of the Company dated 27 January 2016.
  - (iv) On 2 February 2016, Asian Capital (Corporate Finance), a wholly-owned subsidiary of the Company, entered into an investment advisory and management agreement (the “IAM Agreement”) with Zhongzhi Capital, pursuant to which Asian Capital (Corporate Finance) is conditionally appointed as an investment manager of Zhongzhi Capital for managing a portfolio of listed securities under the IAM Agreement. The IAM Agreement is conditional upon the fulfillment of the conditions precedent including completion of the Share Purchase and the Subscription having taken place and approval by independent shareholders of the Company. Further details were disclosed in the announcement of the Company dated 2 February 2016.
  - (v) Subsequent to 31 December 2015 and up to the date of this announcement, 15,000,000 new shares have been allotted and issued by the Company pursuant to the exercise of 15,000,000 Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme at the exercise price of HK\$0.20 per share.

Save as disclosed above, the Directors are not aware of any significant events requiring disclosure that have taken place subsequent to 31 December 2015 and up to the date of this announcement.

## **17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Second Interim Financial Statements were approved and authorised for issue by the Board on 12 February 2016.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

As expected, the US Federal Reserve raised its interest rates by a quarter percent in December 2015, but, along with an obvious slowdown of the China economy which registered a 25 year low of 6.9% gross domestic product growth in 2015, triggered a significant round of repricing of currencies and commodities, with oil prices fell to a nearly seven-year low of US\$35 per barrel towards the end of 2015, and significantly breached this low level as we entered the 2016. In 2015, despite early gains and masked by overheated share margin financing then regulatory suppression, the fear for a China hard landing took helm and led to substantial falls in the A shares markets commencing June 2015. Capital outflows from China and Hong Kong became obvious, with further falls in the stock markets that led into 2016. The stimulation of Renminbi being included for the Special Drawing Rights of the International Monetary Fund (the “IMF”) effective October 2016, the introduction and quick termination of the Chinese stock market circuit breaker system did little to check the free fall of the China stock markets that went into early 2016.

Against this background, and to carry out the well set strategies, the Group unwound almost all its equities investments, and by the end of 2015, also had timely repayment of the loans receivables amounted to HK\$21.50 million from Wongs Investment Development Holdings Group Limited (In Liquidation) (“Wongs Investment”) (background of such loan receivable was disclosed in the paragraph headed “Advance to Entity” on page 10 of the Company’s 2015 third quarterly report). In October 2015, the Company concluded and signed the Subscription Agreement and later the New Shares Placing Agreement in January 2016. The completion of the Subscription and the New Shares Placing will bring in a gross sum of approximately HK\$641 million new capital, significantly scaling up the financial strength of the Group, allowing us to more effectively diversify our income streams and can take advantage of market downturns for assets with attractive valuation.

During the quarter ended 31 December 2015, the corporate finance team continued to act as the sole sponsors in four initial public offerings (“IPOs”), financial advisers for listed companies in seven corporate resumption cases and other advisory works, and the placing agent in the placing of new shares for CIG Yangtze Ports PLC (“CIG”) (Stock Code: 8233). Apart from these continuing engagements, we concluded the share disposal for Wongs Investment in China Kingstone Mining Holdings Limited (Stock Code: 1380) towards the end of 2015.

### **Financial review**

As announced on 27 January 2016, the Company’s financial year end date has been changed to 31 March and the next audited consolidated financial statements will cover a 15-month period from 1 January 2015 to 31 March 2016. This is therefore the second interim results announcement containing the unaudited condensed consolidated results of the Group for the three months and twelve months ended 31 December 2015.

Revenue and other income for the three months ended 31 December 2015 at approximately HK\$15.68 million (2014: HK\$7.23 million) was more than double that of the corresponding quarter last year. All round increases in corporate advisory income, at approximately HK\$12.67 million (2014: HK\$6.91 million), placing income, at approximately HK\$1.51 million (2014: Nil) as well as interest income from loans receivables of approximately HK\$1.15 million (2014: HK\$0.12 million) contributed to this outstanding performance.

During the three months ended 31 December 2015, there was a modest net fair value gain on financial assets of approximately HK\$0.02 million compared to a net fair value loss of HK\$0.88 million recorded in the 2014 corresponding quarter, and interest income from bank deposits and listed investments came lower at approximately HK\$0.18 million compared to HK\$0.82 million recorded in the fourth quarter of 2014.

Operating expenses during the fourth quarter of 2015 at approximately HK\$9.80 million (2014: HK\$8.15 million) was approximately 20.25% higher than the corresponding quarter in 2014, representing higher staff costs which included bonus provisions on account of satisfactory financial performance.

Total comprehensive income for the fourth quarter of 2015 was approximately HK\$4.93 million, compared to a loss of HK\$0.14 million in the corresponding quarter last year.

For the twelve months ended 31 December 2015, revenue and other income at approximately HK\$36.36 million (2014: HK\$24.42 million) was almost 1.5 times of that of 2014, whilst operating expenses were contained at a modest period-on-period increase of approximately 5.20%, at approximately HK\$27.91 million (2014: HK\$26.53 million). The resultant pre-tax profit for the twelve months to 31 December 2015 was approximately HK\$8.45 million, compared to a pre-tax loss of HK\$2.12 million for the corresponding twelve months period in 2014.

With income tax expense rising to approximately HK\$1.70 million (2014: income tax credit of HK\$0.79 million), total comprehensive income for the twelve months period ended 31 December 2015 came at approximately HK\$6.75 million, against the total comprehensive loss of HK\$1.33 million in 2014. Basic earnings per share for the twelve months ended 31 December 2015 was approximately HK0.47 cents (2014: basic loss per share of HK0.09 cents). Fully diluted earnings per share for the twelve months ended 31 December 2015 was HK0.44 cents (2014: fully diluted loss per share of HK0.09 cents).

Trade receivables as at 31 December 2015, after allowing for debt provisioning, increased mildly to approximately HK\$3.12 million (2014: HK\$2.66 million). And whereas cash held on behalf of clients shot up because of the intervening placing exercise for CIG (and correspondingly higher trade payable), other payables and accruals also increased, compared to the 2014 year end level, to approximately HK\$7.08 million (2014: HK\$5.04 million), as higher provisions were made for staff bonuses.

The loans receivables were fully repaid in 2015. With most of the Group's investments having been sold during 2015 in line with the pre-determined, risk-averse strategy, the Group's cash resources were at all time high, with net assets value as at 31 December 2015 advanced to a record level of approximately HK\$138.16 million (2014: HK\$130.43 million), approximately 5.93% higher than the 2014 year end level.

## **Liquidity and financial resources**

The Group continued to adopt a prudent financial management strategy and maintained a healthy liquidity position. With the loans receivables having been repaid in 2015, the Group's cash and cash equivalents went up to approximately HK\$140.47 million as at 31 December 2015 (2014: HK\$113.90 million). As at 31 December 2015, the Group had net current assets of approximately HK\$134.45 million (2014: HK\$126.08 million), and the current ratio was approximately 2.88 (2014: 20.78).

The Group's operations and investments were financed principally by revenues generated from business operations and available bank balances. Funds are largely placed with financial institutions with maturities timed to cover any known capital, investment or underwriting commitments. 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 2015 (2014: Nil).

During the twelve months ended 31 December 2015, 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 and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

## **Capital structure**

Save for the issue of new shares upon the exercise of certain Pre-IPO Share Options, there has been no change in the capital structure of the Company during the twelve months ended 31 December 2015. The capital of the Company comprises only ordinary shares.

Total equity attributable to ordinary equity holders of the Company amounted to approximately HK\$138.16 million as at 31 December 2015 (2014: HK\$130.43 million). This increase was mainly attributable to the combined effects of the exercising of certain Pre-IPO Share Options and the clawback of the share option reserve, together with the increase in the retained profits.

## **Commitments**

As at 31 December 2015, the Group did not have any significant commitments (2014: Nil).

## **Dividend**

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 December 2015 (2014: Nil).

## **Employees and remuneration policies**

The Group places strong emphasis on attracting, engaging, training and retaining professional talents, and regards human resource as a cornerstone in the Group's ability to secure and deliver its advisory services and manage its assets. Promotion from within is a key part of the human resources policy. The Group's policy concerning remuneration of directors is to consider and determine remuneration (including bonuses) and terms of service by reference to the relevant director's qualifications, experience, level of responsibilities, capabilities, workload and performance, having regard to market conditions and performance of the individual business units and of the Group as a whole. The Group adopts a similar policy in respect of all employees.

The Group has adopted and maintained incentive bonus schemes seeking to align the financial well-being of the Group with that of the employees, and to retain professional staff of high calibre. Staff are offered basic salaries commensurate with market levels. On top of basic salaries, performance based and discretionary bonuses are paid having regard to the performance of the individual, the business units and the Group as a whole. Generally a bonus of one month's basic salary is paid to supporting staff.

In addition to other staff benefits including contributions to mandatory provident fund scheme in Hong Kong and social insurance in the People's Republic of China (the "PRC") for PRC based staff, medical insurance, education subsidy and training are offered to employees. The Group regularly arranges and conducts professional development and training programs, enabling its executives to refresh their knowledge and sharpen their skills. All Directors and employees who were with the Group at the time of listing of the Company on GEM were granted Pre-IPO Share Options which were fully vested by 10 June 2015 in accordance with the Pre-IPO Share Option Scheme. The Company also adopted a share option scheme on 7 June 2010 (the "Share Option Scheme"), however, no options have been granted, exercised or lapsed under this Share Option Scheme.

As at 31 December 2015, the Group employed 23 employees including executive Directors (2014: 23 employees). Total staff costs (including Directors' emoluments and fair value charge for the Pre-IPO Share Options) were approximately HK\$17.56 million for the twelve months ended 31 December 2015 (2014: HK\$13.52 million). The Group also engaged one contractor for business development as at 31 December 2015 (2014: three contractors) and outsourced its information technology and internal audit functions.

#### **Charge on the Group's assets**

As at 31 December 2015, the Group did not have any charge on its assets (2014: Nil).

#### **Contingent liabilities**

As at 31 December 2015, the Group had no material contingent liabilities (2014: Nil).

#### **Material acquisitions and disposals of subsidiaries and affiliated companies**

The Group had no material acquisitions and disposals of subsidiaries and affiliated companies during the twelve months ended 31 December 2015.

#### **Future plans for material investments or capital assets**

As disclosed in the Circular, the Group is in the process of applying for and setting up the Foreign Enterprise in Qianhai, Shenzhen based on Asian Capital (Corporate Finance)'s qualification as a QFLP. The registered capital required for setting up the Foreign Enterprise is approximately US\$2 million which will be financed by the Group's internal resources. Save as aforementioned, the Group has no plans for material investments or acquisitions of capital assets, but will actively pursue opportunities for investments and lending to enhance its profitability in the ordinary course of its business.

## Outlook

In January, the IMF forecast a growth of 3.4% for the global economy for 2016, higher than the US Conference Board's earlier prediction of 2.8%. With the market turmoil in January, extending to February as stimulated by negative interest rates introduced by Japan, without a doubt the IMF figure will have to be revised downwards. The US Federal Reserve has kept the interest rate intact in January, and toned down its cautionary forward looking interest rise statement, for fear of fueling the downward spiral of the financial markets. In China, significant falls in the indexes should have given sufficient reflections to the authorities what had and could have gone wrong, and the world looks forward to what policies will come out to stabilize the economy to avert a hard landing, which is fundamental to capital market directions.

The start of the year saw Renminbi and Hong Kong dollar came under some threat, but at current levels, the respective government reserves should have no problem to fend off speculative moves. Repricing in commodities especially oil and coal echoing the strength of the US dollar is creating difficulties to some Hong Kong listed companies, especially those in the primary industry. For listed companies facing insolvency threats, with our unblemished restructuring track records, we stand ready to offer assistance.

As at the date of this announcement, the Group has on hand six corporate resumptions and we are actively working on some new potential mandates. Meanwhile, prospects of mergers and acquisitions ("M&As") work and IPO are continuing. Apart from restructuring work, we are busy with four IPOs and a diversified portfolio of M&A engagements as well as some fund raising prospects for clients. On 2 February 2016, Zhongzhi Capital and Asian Capital (Corporate Finance) entered into the IAM Agreement under which we will, subject to completion of the Share Purchase and the Subscription having taken place and approval by independent shareholders of the Company, provide investment advisory and management services to Zhongzhi Capital as part of the Group's asset management business. We have already engaged new personnel to undertake the asset management business with Zhongzhi Capital.

As at 31 December 2015, our investment portfolio came down to only approximately HK\$0.14 million (2014: HK\$13.27 million) and all loans receivables were fully repaid in 2015.

The Group's cash position (at approximately HK\$140.47 million as at 31 December 2015) was at all time high. In furtherance of the Group's business activities, we have obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "MLO"). With the investment by the Zhongzhi Group and the New Shares Placees enriching our financial strength and business connections upon Completion, we are now well poised to continue to identifying prospects in underwriting, placing and investment in various types of assets as well as money lending to strengthen and diversify our income source and enhance our profitability to promote long term growth and prosperity of the Group. Investments and underwriting activities however are by their nature subject to market and other risks, and lending is subject to credit and security risks, and may impact the Group's profitability from time to time.

The Board wishes to emphasize that Completion is subject to fulfillment and/or waiver, as applicable, of the conditions contained in the Subscription Agreement (as amended and supplemented by the Supplemental Subscription Agreement), the New Shares Placing Agreement, the Share Purchase Agreement (as amended and supplemented by the Supplemental Share Purchase Agreement), and the Master Link Placing Agreement. Accordingly, the Offers may or may not be made. Shareholders, optionholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

## SHARE OPTION SCHEMES

The Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on 7 June 2010. The principal terms of the two schemes were summarised in the sections headed “Pre-IPO Share Option Scheme” and “Share Option Scheme” in Appendix V to the Company’s prospectus dated 11 June 2010.

The purpose of the Pre-IPO Share Option Scheme and the Share Option Scheme is to enable the Company to grant options to the participants as incentive or rewards for their contributions to the Group.

### Pre-IPO Share Option Scheme

Under the Pre-IPO Share Option Scheme, the Company granted Pre-IPO Share Options to directors and employees of the Group on 10 June 2010 for the subscription of new shares of the Company at an exercise price of HK\$0.20 per share. No further Pre-IPO Share Options can be granted thereafter and all outstanding Pre-IPO Share Options were fully vested by 10 June 2015.

Details of the Pre-IPO Share Options remained outstanding as at 31 December 2015 were as follows:

| Grantees               | Exercise period<br>(dd/mm/yy) | Number of options                      |                                   |                                   |                                | Outstanding<br>at<br>31 December<br>2015 | Approximate<br>percentage<br>of issued<br>share capital<br>of the<br>Company |
|------------------------|-------------------------------|----------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|------------------------------------------|------------------------------------------------------------------------------|
|                        |                               | Outstanding<br>at<br>1 January<br>2015 | Exercised<br>during<br>the period | Cancelled<br>during<br>the period | Lapsed<br>during<br>the period |                                          |                                                                              |
| Directors              |                               |                                        |                                   |                                   |                                |                                          |                                                                              |
| Mr. Yeung              | 10/06/12 – 09/06/20           | 10,000,000                             | –                                 | –                                 | –                              | 10,000,000                               | 0.69%                                                                        |
| Mr. Chan Hok Leung     | 10/06/12 – 09/06/20           | 10,000,000                             | –                                 | –                                 | –                              | 10,000,000                               | 0.69%                                                                        |
| Mr. Xin Luo Lin        | 10/06/12 – 09/06/20           | 10,000,000                             | –                                 | –                                 | –                              | 10,000,000                               | 0.69%                                                                        |
| Mr. Chan Kai Nang      | 10/06/12 – 09/06/20           | 6,000,000                              | –                                 | –                                 | –                              | 6,000,000                                | 0.41%                                                                        |
| Mr. Yi Xiqun           | 10/06/12 – 09/06/20           | 6,000,000                              | –                                 | –                                 | –                              | 6,000,000                                | 0.41%                                                                        |
| Employees of the Group | 10/06/12 – 09/06/20           | 26,200,000                             | (2,600,000)                       | –                                 | –                              | 23,600,000                               | 1.62%                                                                        |
| Total                  |                               | 68,200,000                             | (2,600,000)                       | –                                 | –                              | 65,600,000                               | 4.51%                                                                        |

## Share Option Scheme

During the twelve months ended 31 December 2015, no option was granted, exercised or lapsed under the Share Option Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares and underlying shares of the Company

| Name of Director   | Capacity                                 | Number of<br>ordinary<br>shares held | Number of<br>underlying<br>shares<br>pursuant to<br>share option | Aggregate<br>interests | Approximate<br>percentage of<br>shareholding<br>in the<br>Company |
|--------------------|------------------------------------------|--------------------------------------|------------------------------------------------------------------|------------------------|-------------------------------------------------------------------|
| Mr. Yeung          | Interest of<br>controlled<br>corporation | 769,660,000<br>(Note 1)              | –                                                                | 769,660,000            | 52.93%                                                            |
|                    | Beneficial owner                         | –                                    | 10,000,000<br>(Note 2)                                           | 10,000,000             | 0.69%                                                             |
| Mr. Chan Hok Leung | Beneficial owner                         | 7,300,000                            | 10,000,000<br>(Note 2)                                           | 17,300,000             | 1.19%                                                             |
| Mr. Xin Luo Lin    | Beneficial owner                         | –                                    | 10,000,000<br>(Note 2)                                           | 10,000,000             | 0.69%                                                             |
| Mr. Chan Kai Nang  | Beneficial owner                         | –                                    | 6,000,000<br>(Note 2)                                            | 6,000,000              | 0.41%                                                             |
| Mr. Yi Xiqun       | Beneficial owner                         | –                                    | 6,000,000<br>(Note 2)                                            | 6,000,000              | 0.41%                                                             |
| Mr. Tsui Pui Yan   | Beneficial owner                         | 1,000,000                            | –                                                                | 1,000,000              | 0.07%                                                             |

#### Notes:

- These shares represent 699,260,000 shares owned by Master Link and 70,400,000 shares owned by Allied Target.

Master Link is wholly and beneficially owned by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 699,260,000 shares held by Master Link.

Allied Target is owned as to 70% by Mr. Yeung. By virtue of the SFO, Mr. Yeung is deemed to be interested in the 70,400,000 shares held by Allied Target.

- These shares represent the underlying interest in shares pursuant to the Pre-IPO Share Options granted to the Directors by the Company under the Pre-IPO Share Option Scheme. Further details are set out in the paragraph headed "Pre-IPO Share Option Scheme" under the section headed "SHARE OPTION SCHEMES" above.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 December 2015, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

### **Long positions in shares of the Company**

| <b>Name of shareholder</b>                                 | <b>Capacity</b>                    | <b>Number of shares held</b> | <b>Approximate percentage of shareholding in the Company</b> |
|------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------------------------------------|
| Master Link ( <i>Note 1</i> )                              | Beneficial owner                   | 699,260,000                  | 48.09%                                                       |
| Mr. Lim Hua Min<br>("Mr. Lim") ( <i>Note 2</i> )           | Interest of controlled corporation | 252,955,791                  | 17.40%                                                       |
| Phillip Capital ( <i>Note 2</i> )                          | Beneficial owner                   | 252,955,791                  | 17.40%                                                       |
| Jinhui ( <i>Note 3</i> )                                   | Beneficial owner                   | 2,089,046,317                | 143.66%                                                      |
| Zhongzhi Capital (HK)<br>Company Limited ( <i>Note 3</i> ) | Interest of controlled corporation | 2,089,046,317                | 143.66%                                                      |
| 深圳前海中植金輝投資管理<br>合夥企業 (有限合夥) ( <i>Note 3</i> )              | Interest of controlled corporation | 2,089,046,317                | 143.66%                                                      |
| Kang Bang ( <i>Note 4</i> )                                | Beneficial owner                   | 522,261,579                  | 35.92%                                                       |
| 常州康邦齊輝投資中心<br>(有限合夥) ( <i>Note 4</i> )                     | Interest of controlled corporation | 522,261,579                  | 35.92%                                                       |
| 西藏康邦勝博投資<br>有限公司 ( <i>Note 5</i> )                         | Interest of controlled corporation | 2,611,307,896                | 179.58%                                                      |
| 常州京江資本管理<br>有限公司 ( <i>Note 5</i> )                         | Interest of controlled corporation | 2,611,307,896                | 179.58%                                                      |
| Zhongzhi Capital ( <i>Note 5</i> )                         | Interest of controlled corporation | 2,611,307,896                | 179.58%                                                      |

| Name of shareholder       | Capacity                           | Number of shares held | Approximate percentage of shareholding in the Company |
|---------------------------|------------------------------------|-----------------------|-------------------------------------------------------|
| 中海晟融（北京）資本管理有限公司 (Note 5) | Interest of controlled corporation | 2,611,307,896         | 179.58%                                               |
| 中海晟豐（北京）資本管理有限公司 (Note 5) | Interest of controlled corporation | 2,611,307,896         | 179.58%                                               |
| Mr. Xie Zhikun (Note 5)   | Interest of controlled corporation | 2,611,307,896         | 179.58%                                               |

*Notes:*

1. Master Link is an investment holding company, the entire issued share capital of which is wholly and beneficially owned by Mr. Yeung.
2. Phillip Capital is an investment holding company which is owned as to 85% by Mr. Lim. By virtue of the SFO, Mr. Lim is deemed to be interested in the 252,955,791 shares owned by Phillip Capital.
3. As at 31 December 2015, these shares represent the 1,680,000,000 Subscription Shares to be subscribed by Jinhui under the Subscription Agreement and the 409,046,317 Sale Shares to be purchased by Jinhui under the Share Purchase Agreement. Jinhui is an investment holding company. As confirmed by Jinhui, as at 31 December 2015, Jinhui was a wholly-owned subsidiary of Zhongzhi Capital (HK) Company Limited, which in turn was wholly-owned by 深圳前海中植金輝投資管理合夥企業（有限合夥）. As such, each of Jinhui, Zhongzhi Capital (HK) Company Limited and 深圳前海中植金輝投資管理合夥企業（有限合夥） is deemed to be interested in an aggregate of 2,089,046,317 shares by virtue of the SFO.
4. As at 31 December 2015, these shares represent the 420,000,000 Subscription Shares to be subscribed by Kang Bang under the Subscription Agreement and the 102,261,579 Sale Shares to be purchased by Kang Bang under the Share Purchase Agreement. Kang Bang is an investment holding company. As confirmed by Kang Bang, as at 31 December 2015, Kang Bang was a wholly-owned subsidiary of 常州康邦齊輝投資中心（有限合夥）. As such, each of Kang Bang and 常州康邦齊輝投資中心（有限合夥） is deemed to be interested in an aggregate of 522,261,579 shares by virtue of the SFO.
5. As confirmed by Jinhui and Kang Bang, as at 31 December 2015, 深圳前海中植金輝投資管理合夥企業（有限合夥） was owned as to 95% by 西藏康邦勝博投資有限公司 as limited partner and 5% by 常州京江資本管理有限公司 as general partner, and 常州康邦齊輝投資中心（有限合夥） was owned as to 99% by 常州京江資本管理有限公司 as limited partner and 1% by 西藏康邦勝博投資有限公司 as general partner. 西藏康邦勝博投資有限公司 and 常州京江資本管理有限公司 were wholly-owned subsidiaries of Zhongzhi Capital which in turn was owned as to 95% by 中海晟融（北京）資本管理有限公司 and 5% by 北京中海聚融投資管理有限公司. 中海晟融（北京）資本管理有限公司 was owned as to 99.8% by 中海晟豐（北京）資本管理有限公司 which was wholly and beneficially owned by Mr. Xie Zhikun. As such, each of 西藏康邦勝博投資有限公司, 常州京江資本管理有限公司, Zhongzhi Capital, 中海晟融（北京）資本管理有限公司, 中海晟豐（北京）資本管理有限公司 and Mr. Xie Zhikun is deemed to be interested in an aggregate of 2,611,307,896 shares to be subscribed and purchased by Jinhui and Kang Bang by virtue of the SFO.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the twelve months ended 31 December 2015.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of Directors are set out below:

| Name of Director   | Details of changes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Yeung          | Total emoluments increased in 2015 by approximately HK\$1.19 million to approximately HK\$3.42 million compared to 2014, of which approximately HK\$2.89 million (2014: HK\$2.23 million) is covered by service contract and agreement.                                                                                                                                                                                                                                                                                                                                      |
| Mr. Chan Hok Leung | Total emoluments increased in 2015 by approximately HK\$0.68 million to approximately HK\$3.15 million compared to 2014, of which approximately HK\$2.63 million (2014: HK\$2.47 million) is covered by service contract and agreement.                                                                                                                                                                                                                                                                                                                                      |
| Mr. Xin Luo Lin    | <p>Total emoluments decreased in 2015 by approximately HK\$0.05 million to approximately HK\$0.33 million compared to 2014, of which approximately HK\$0.22 million (2014: HK\$0.27 million) is covered under his letter of appointment.</p> <p>Director's fee covered under his letter of appointment has been increased from HK\$156,000 to HK\$163,800 per annum with effect from January 2016.</p> <p>Appointed as a non-executive director of China Trends Holdings Limited (Stock Code: 8171, listed on GEM of the Stock Exchange) with effect from 1 August 2015.</p> |
| Mr. Chan Kai Nang  | <p>Total emoluments decreased in 2015 by approximately HK\$0.02 million to approximately HK\$0.20 million compared to 2014, all of which are covered by letter of appointment.</p> <p>Director's fee covered under his letter of appointment has been increased from HK\$156,000 to HK\$163,800 per annum with effect from January 2016.</p> <p>Appointed as an independent non-executive director of FDB Holdings Limited (Stock Code: 8248) with effect from 16 September 2015, a company listed on GEM of the Stock Exchange on 30 September 2015.</p>                    |
| Mr. Tsui Pui Yan   | <p>Total emoluments increased in 2015 by approximately HK\$0.02 million to approximately HK\$0.16 million compared to 2014, all of which are covered by letter of appointment.</p> <p>Director's fee covered under his letter of appointment has been increased from HK\$156,000 to HK\$163,800 per annum with effect from January 2016.</p>                                                                                                                                                                                                                                 |
| Mr. Yi Xiqun       | <p>Total emoluments decreased in 2015 by approximately HK\$0.02 million to approximately HK\$0.20 million compared to 2014, all of which are covered by letter of appointment.</p> <p>Director's fee covered under his letter of appointment has been increased from HK\$156,000 to HK\$163,800 per annum with effect from January 2016.</p>                                                                                                                                                                                                                                 |

*Note:*

Except for Mr. Tsui Pui Yan, all Directors are participants of the Pre-IPO Share Option Scheme and the relevant fair value charges are included in their 2015 emoluments.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Mr. Xin Luo Lin, a non-executive director of the Company, currently serves as a non-executive director of Enerchina Holdings Limited (“Enerchina”) (Stock Code: 622, listed on the Main Board of the Stock Exchange). Based on public information, Enerchina carries on activities including the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services, securities trading and investments and money lending that compete or are likely to compete with the businesses of the Group. Mr. Xin Luo Lin has a personal interest in 9,999,000 shares of Enerchina and share options granted by Enerchina to subscribe for 4,191,000 shares of Enerchina.

Mr. Yi Xiqun currently serves as an independent non-executive director of Industrial and Commercial Bank of China Limited (Stock Code: 1398, listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange) and an independent director of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange). Based on publicly available information, the aforementioned companies have subsidiaries in Hong Kong (i) licensed by the SFC to carry on investment banking and/or asset management activities; and/or (ii) engaging in banking business providing corporate/personal loans or is a money lender licensed under the MLO which compete or are likely to compete with the businesses of the Group.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competes 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.

## **CODE OF CONDUCT REGARDING 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 had made specific enquiries to all the Directors who confirmed their compliance with the required standard of dealings and the code of conduct regarding securities transactions by the Directors during the twelve months ended 31 December 2015. No incident of non-compliance was noted by the Company during this period.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules during the reporting period, except code provision A.2.1 which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 the 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 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 (the “Internal Auditor”) to conduct internal audit, to perform check and balance functions.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee include reviewing and overseeing the financial reporting system, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely, Mr. Chan Kai Nang (chairman of the audit committee), Mr. Tsui Pui Yan and Mr. Yi Xiqun.

The Group has engaged the Internal Auditor to conduct regular internal audits and to report its findings to the audit committee. The Second Interim Financial Statements have been reviewed by the Internal Auditor, who confirms that it has not identified any matters that need to be brought to the attention of the audit committee.

The audit committee has reviewed the Second Interim Financial Statements and is of the opinion that the preparation of those statements complies with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 12 February 2016

*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. TSUI Pui Yan and Mr. YI Xiqun being independent non-executive Directors.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://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](http://www.asiancapital.com.hk).*

*\* For identification purpose only*