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**DECISION OF THE GEM LISTING COMMITTEE ON
CANCELLATION OF LISTING
AND
REVIEW REQUEST OF THE DELISTING DECISION**

This announcement is made by Asian Capital Resources (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 21 January 2022, 23 March 2022, 23 June 2022, 23 September 2022, 9 January 2023 and 23 March 2023 (the “**Announcements**”) in relation to, among other things, the resumption guidance for the resumption of trading in the Company’s shares (the “**Shares**”) set by the Stock Exchange (the “**Resumption Guidance**”) and the update on resumption progress. Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

DECISION OF THE GEM LISTING COMMITTEE ON CANCELLATION OF LISTING

On 6 April 2023, the Company received a letter (the “**Letter**”) from the Stock Exchange stating that the GEM Listing Committee of the Stock Exchange (the “**GEM Listing Committee**”) has decided to cancel the Company’s listing under Rule 9.14A of the GEM Listing Rules (the “**Delisting Decision**”). In arriving at the Delisting Decision, the GEM Listing Committee had considered the following:

- 1 Trading in the Company’s shares has been suspended since 24 December 2021. Under Rule 9.14A of the GEM Listing Rules, the Stock Exchange may delist the Company if trading did not resume by 23 December 2022.

- 2 The resumption deadline of 23 December 2022 had passed. As explained below, the GEM Listing Committee was not satisfied that the Company had fulfilled all the resumption guidance. This entitled the Stock Exchange to delist the Company under Rule 9.14A of the GEM Listing Rules.
- 3 First, the Company had confirmed that it would not publish the audited results for 2022 by the prescribed deadline of 31 March 2023. It was uncertain when the 2022 audited results would be published given that the Company had yet to appoint an auditor. In any case, there was no assurance that the 2022 annual results, if published, would not be subject to audit modifications. This was particularly concerning given that (i) the audit had not been started and (ii) it was questionable whether the Company had gathered the walkthrough documents and accounting ledger of the Production Model (defined in paragraph 7) which it was unable to provide to its former auditor for the audit purpose.
- 4 Second, the Company had not met the resumption guidance (RG1) requiring compliance with Rule 17.26 of the GEM Listing Rules as it had not demonstrated to have sufficient operations and sufficient assets to support the operation.

On operations

(i) Consultancy Business

- 5 For the following reasons, the GEM Listing Committee did not consider the Consultancy Business to be viable and sustainable:
 - 5.1 Since the decision (“**LRC Decision**”) of the GEM Listing Review Committee of the Stock Exchange (“**LRC**”) on 23 December 2021, the Consultancy Business had not improved its operation scale and performance as forecasted at the time of the LRC Decision or at all. For 2021, the business generated revenue of HK\$26 million, which further dropped to HK\$15.3 million (unaudited) for 2022. The scale of operation remained very small.
 - 5.2 More specifically, for the Corporate Advisory Services, at the time of the LRC Decision, the Company provided general advisory services. For such advisory services, it maintained only one legally binding consultancy agreement which generated annual revenue of RMB10.4 million. The scale of operation was minimal. The Company did not intend to develop the general advisory services.
 - 5.3 For the provision of the real estate advisory services, the GEM Listing Committee did not consider this to be a viable and sustainable business, having regard to the following:
 - (a) The Company’s provision of the real estate-specific advisory services had a short operating history, starting in the 2nd half of 2022.
 - (b) It had a limited customer base with only 4 customers. It entered into 4 consultancy agreements with these clients involving a total contract sum of RMB39.6 million. RMB28 million (or 70.7%) of such total contract sum was based on one consultancy agreement.

(c) For 2022, none of these consultancy agreements generated any revenue for the Company. Recognition of the revenue under these agreements was conditional upon the Company meeting the outcomes required by the clients. It was uncertain whether and, if so, when, the Company would meet the outcomes and be entitled to receive the contract sums given that it did not have a track record of providing real estate advisory services.

(d) The Company had not demonstrated to have a competitive edge in soliciting sufficient clients and generating sufficient revenue and profits to sustain the business.

5.4 For the Private Equity Management Services, the Company had not improved its operation scale and performance since the LRC Decision. The business had yet to raise any asset under management (“**AUM**”) and hence revenue. Even if the expected AUM of HK\$300 million were to be raised, the expected revenue would be HK\$15 million only.

(ii) Media Business

6 For the Traditional Media Business, it generated minimal revenue of HK\$3.9 million and HK\$0.6 million for 2021 and 2022 respectively. An operation of this scale was not considered to be viable and sustainable. The Company did not provide any plan for developing this business.

7 For the KOL Business, the LRC considered that it was not viable and sustainable as it only earned a very thin profit margin with a small number of product suppliers in the distribution and marketing of products with the key opinion leader (“**KOL**”) network (“**Trading Model**”). To try to address the LRC’s concerns, the Company claimed to have (i) expanded the number of product suppliers and KOLs under the Trading Model; and (ii) commenced the production, distribution and marketing of bedding products (“**Production Model**”). Nonetheless, the GEM Listing Committee was not satisfied that either of them could enable the Company to comply with Rule 17.26 of the GEM Listing Rules.

For the Trading Model

8 The Company did not demonstrate how the expanded number of product suppliers and KOLs could enable the Trading Model to become viable and sustainable. In particular, the GEM Listing Committee noted that for 2021 and 2022, the Trading Model recorded revenue of HK\$1.8 million and HK\$4.2 million respectively. The scale of operation had continued to be minimal since the LRC Decision.

For the Production Model

9 The Production Model was commenced in July 2022 to try to address the former auditors’ view that under the Trading Model, the Company could recognise only the net service fee (instead of the gross sales amount as revenue) under HKFRS 15.

10 The Company claimed to have recorded unaudited revenue of HK\$69.0 million on a gross basis from the Production Model for 2022, representing 93% of total segment revenue. For the following reasons, the GEM Listing Committee was concerned with the substance, viability and sustainability of the Production Model:

10.1 The Company commenced the Production Model without the required financial resources and management expertise. To finance the production process, purchase and storage of raw materials/inventories, the Company had to obtain an interest bearing loan from the Guangzhou Dingshan Media Technology Co., Ltd. (“Licensor”). The Company’s directors were not demonstrated to have the expertise of operating a similar manufacturing business. They relied on the Licensor for providing product design and engaged the same sub-contractors and raw material suppliers that the Licensor used to produce the bedding products.

10.2 The Company’s operating history of the Production Model was short, starting only 6 months ago.

10.3 The Company claimed that the Production Model recorded revenue of HK\$69.0 million. This was subject to assurance given that the revenue figure was unaudited and that the auditor had not confirmed the Company’s view that it could record the gross sales amount as revenue under the applicable accounting standards. In any case, the Production Model required the Company to bear significant costs (including costs of good sold, operating costs and finance costs, among others) and there was no information on whether the segment could indeed record profits.

10.4 The Company did not provide any financial forecast supported by a concrete and credible business plan with projections based on signed contracts and supportable customer demand to demonstrate this loss making position could be improved within a short period of time or at all.

On assets

11 The GEM Listing Committee considered that the Company had failed to demonstrate that it had assets of sufficient value to support its operations to meet Rule 17.26 of the GEM Listing Rules.

12 As at 31 December 2022, the Company recorded net current liabilities of HK\$3.3 million. With cash of only HK\$12 million only, the Company did not appear to have sufficient working capital to cover its staff costs, operating expenses and finance costs which amounted to over HK\$46 million for 2022. Coupled with the other matters noted above, the Group’s assets could not generate sufficient revenue or profits to enable the Company to operate a viable and sustainable business.

13 The Company had mentioned various potential equity fundraisings which, however, were preliminary and uncertain. It was also questionable whether Mr. Xie Xuan who had financial difficulties could provide any further financial support to the Company as submitted or at all.

- 14 Third, fulfillment of RG2 on informing the market of all material information was to be assessed when the Company had met all the other resumption guidance. For the above reasons, the GEM Listing Committee was not satisfied that the Company had met the RG2.
- 15 In these circumstances, the Stock Exchange was entitled to delist the Company under Rule 9.14A of the GEM Listing Rules.

REVIEW REQUEST OF THE DELISTING DECISION

Under Chapter 4 of the GEM Listing Rules, the Company has the right to have the Delisting Decision referred to the GEM Listing Review Committee of the Stock Exchange for review within seven business days from the date of issue of the Delisting Decision (i.e., on or before 19 April 2023) (the “**LRC Review**”). If the Company decides not to request to have the LRC Review, the last day of listing of the Company’s shares would be on 24 April 2023 and the listing of its shares will be cancelled with effect from 9:00 a.m. on 25 April 2023.

The Board is discussing the same with the Company’s advisers and is considering whether to lodge a request to refer the Delisting Decision to the GEM Listing Review Committee of the Stock Exchange for further review.

The Company hereby reminds the Shareholders and potential investors of the Company that the outcome of the LRC Review is uncertain. Shareholders who have any queries about the implications of the delisting of the Company’s shares are advised to seek appropriate professional advice.

Shareholders who have any queries about the implication of the Stock Exchange’s notice of proceeding to cancel the Company’s listing are advised to seek appropriate professional advice.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 24 December 2021.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares. When in doubt, shareholders of the Company and potential investors are advised to seek advice from professional or financial advisers.

By order of the Board of
Asian Capital Resources (Holdings) Limited
Lu Yongde
Chairman

Hong Kong, 6 April 2023

As at the date of this announcement, the executive Directors are Mr. Lu Yongde (Chairman), Mr. Xie Xuan and Mr. Huang Haitao; the independent non-executive Directors are Mr. Zheng Hongliang, Dr. Wang Yi and Dr. Zhang Jin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.

This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its publication and the Company website at www.airnet.com.hk.