

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Asian Capital Resources (Holdings) Limited** you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

**(1) PROPOSED SHARE CONSOLIDATION AND
CHANGE IN BOARD LOT SIZE;
(2) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES
AND SUB-DIVISION OF UNISSUED SHARES;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the EGM to be held at 20/F, OfficePlus@Sheung Wan, 93-103, Wing Lok Street, Sheung Wan, Hong Kong on Wednesday, 25 March 2020 at 11:30 a.m. is set out in the on pages 18 to 20 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

28 February 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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..

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a full day upon which the Stock Exchange is open for dealings
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from HK\$1.0 each to HK\$0.1 each by cancelling the paid up capital to the extent of HK\$0.9 on each issued Consolidated Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of Shares for trading on the Stock Exchange from 2,000 Existing Shares to 3,000 Consolidated Shares or (as the case may be) New Shares
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM (stock code: 8025)
“Consolidated Share(s)”	ordinary share(s) of HK\$1.0 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Capital Reduction and the Share Sub-division shall become effective

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Capital Reduction and the Share Sub-division
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company before the Share Consolidation becoming effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong dollars
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 February 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended from time to time
“New Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective

DEFINITIONS

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Hong Kong Registrars Limited
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed share consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.1 each into one (1) Consolidated Share of par value of HK\$1.0 each
“Share Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share of par value of HK\$1.0 each into 10 New Shares of par value of HK\$0.1 each
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. All times and dates stated in this circular refer to Hong Kong local times and dates. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division will be announced as appropriate.

Date

Latest date and time for lodging transfers
documents in order to qualify for attendance
and voting at the EGM 4:30 p.m. on Thursday,
19 March 2020

Register of members of the Company closed for
the determining members who are entitled to
attend and vote at the EGM for the Share
Consolidation, the Capital Reduction and
the Share Sub-division Friday, 20 March 2020 to
Wednesday, 25 March 2020
(both days inclusive)

Latest time for lodging forms of proxy
for the EGM 11:30 a.m. on Monday,
23 March 2020

Record date of the attendance and
voting at the EGM Wednesday, 25 March 2020

Date and time of the EGM 11:30 a.m. on Wednesday,
25 March 2020

Announcement of voting results of the EGM for
the Share Consolidation, the Capital Reduction
and the Share Sub-division Wednesday, 25 March 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:

Effective date of the Share Consolidation Friday, 27 March 2020

Dealings in the Consolidated Shares commence 9:00 a.m. on Friday,
27 March 2020

EXPECTED TIMETABLE

Original counter for trading in the existing Shares
in board lots of 2,000 existing Shares
(in the form of existing share certificates)
temporarily closes 9:00 a.m. on Friday,
27 March 2020

Temporary counter for trading in the Consolidated
Shares in board lots of 200 Consolidated Shares
(in the form of existing share certificates
in the colour of grey) opens 9:00 a.m. on Friday,
27 March 2020

First day for free exchange of existing share
certificates in the colour of grey for new share
certificates in the colour of yellow for the
Consolidated Shares Friday, 27 March 2020

Original counter for trading in the Consolidated
Shares in board lots of 3,000 Consolidated
Shares (in the form of new share certificates in
the colour of yellow) re-opens 9:00 a.m. on Tuesday,
14 April 2020

Parallel trading in the Consolidated Shares and
the existing Shares (in the form of new share
certificates in the colour of yellow and
existing share certificates in the colour of
grey) commences 9:00 a.m. on Tuesday,
14 April 2020

Designated broker starts to stand in the market to
provide matching services for odd lots of
the Consolidated Shares 9:00 a.m. on Tuesday,
14 April 2020

Temporary counter for trading in the Consolidated
Shares in board lots of 200 Consolidated
Shares (in the form of existing share certificates
in the colour of grey) closes 4:10 p.m. on Wednesday,
6 May 2020

Parallel trading in the Consolidated Shares
(in the form of new share certificates in the
colour of yellow and existing share certificates
in the colour of grey) ends 4:10 p.m. on Wednesday,
6 May 2020

EXPECTED TIMETABLE

Designated broker ceases to stand in the market to
provide matching services for odd lots of
the Consolidated Shares 4:10 p.m. on Wednesday,
6 May 2020

Last day for free exchange of existing share
certificates in the colour of grey for new share
certificates in the colour of yellow for
the Consolidated Shares 4:30 p.m. on Friday,
8 May 2020

**The following events are conditional on the results of the EGM and the approval from
the Court on the Capital Reduction and therefore the dates are tentative only:**

Effective date of the Capital Reduction and
the Share Sub-division Friday, 26 June 2020

Commencement of dealings in the New Shares 9:00 a.m. on Friday,
26 June 2020

First day of free exchange of existing share
certificates for the Consolidated Shares into
new share certificates for New Shares Friday, 26 June 2020

Last day of free exchange of existing share
certificates for the Consolidated Shares into
new share certificates for New Shares Monday, 27 July 2020

LETTER FROM THE BOARD



(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8025)

Executive Directors:

Mr. Xie Xuan (*Chairman*)

Dr. Feng Ke

Mr. Huang Haitao

Mr. Liao Haifei

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Wu Jixue

Mr. Zheng Hongliang

Dr. Wang Yi

*Head Office and Principal Place
of Business in Hong Kong:*

Room 2102, 21/F

Fu Fai Commercial Centre

27 Hillier Street

Sheung Wan

Hong Kong

28 February 2020

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION AND
CHANGE IN BOARD LOT SIZE;
(2) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES
AND SUB-DIVISION OF UNISSUED SHARES;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 10 February 2020 and 21 February 2020 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share sub-division.

The purpose of this circular is to provide you with further details of, among other things, (i) the Share Consolidation; (ii) the Change in Board Lot Size; (iii) the Capital Reduction; (iv) the Share Sub-division; and (v) a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.1 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.0 each.

Immediately after the Share Consolidation, the total number of Consolidated Shares in the issued share capital of the Company will be rounded down to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.1 each, of which 2,009,020,411 Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective, and assuming that no further Existing Shares will be issued or repurchased from the Latest Practicable Date up to the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$1,000,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK\$1.0 each, of which 200,902,041 Consolidated Shares will have been issued and will be fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu in* all respects with each other in accordance with the Memorandum and Articles. The Share Consolidation will not result in any change in the rights of the Shareholders. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (c) the compliance with all relevant procedures and requirements under the GEM Listing Rules to effect the Share Consolidation.

LETTER FROM THE BOARD

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be 27 March 2020, being one clear Business Day immediately after the date of the EGM.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing of the Consolidated Shares

An application has been made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, the Company has no derivatives, options, warrants, convertible securities or other similar rights that are convertible or exchangeable into, any Existing Shares, Consolidated Shares or New Shares.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

LETTER FROM THE BOARD

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Shareholders who wish to take advantage of this facility should contact Ms. Carmen Wong of One China Securities Limited at 2/F, Cheong K. Building, 86 Des Voeux Road Central, Central, Hong Kong (telephone number: (852) 3188-2676) from 9:00 a.m. on Tuesday, 14 April 2020 to 4:10 p.m. on Wednesday, 6 May 2020.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Friday, 27 March 2020 until Friday, 8 May 2020 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit the existing share certificates for the Existing Shares (in grey colour) to the Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (in yellow colour).

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Wednesday, 6 May 2020, trading will only be in Consolidated Shares which share certificates will be issued in yellow colour. Existing share certificates in grey colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Change in Board Lot Size

As at the Latest Practicable Date, the Shares are traded in board lots of 2,000 Existing Shares. Conditional upon the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 3,000 Consolidated Shares.

Based on the closing price of HK\$0.106 per Existing Share (equivalent to the theoretical closing price of HK\$1.06 per Consolidated Share) as quoted on the Stock Exchange at the Latest Practicable Date, the value of each existing board lot of 2,000 Existing Shares is HK\$212.0 and the theoretical value for each new board lot of 3,000 Consolidated Shares would be HK\$3,180.0.

LETTER FROM THE BOARD

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division be implemented, pursuant to which:

- (i) the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK\$0.9 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.1; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$1.0 each be sub-divided into ten (10) New Shares of par value HK\$0.1 each.

Effect of the Capital Reduction and the Share Sub-division

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.1 each, of which 2,009,020,411 Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the Latest Practicable Date up to and including the Effective Date, the authorised share capital of the Company shall be HK\$1,000,000,000 divided into 10,000,000,000 New Shares of par value of HK\$0.1 each, of which 200,902,041 New Shares will have been issued and will be fully paid or credited as fully paid.

Based on the 2,009,020,411 Existing Shares in issue as at the Latest Practicable Date or (as the case may be) 200,902,041 Consolidated Shares in issue as at the date on which the Share Consolidation becomes effective, and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the Effective Date, a credit amounting to approximately HK\$180.81 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws and the Memorandum and Articles.

Assuming that there is no change in the number of issued Existing Shares from the Latest Practicable Date up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division become effective, the share capital structure of the Company will be as follows:

LETTER FROM THE BOARD

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	HK\$0.1 per Existing Share	HK\$1.0 per Consolidated Share	HK\$0.1 per New Share
Amount of authorised share capital	HK\$1,000,000,000	HK\$1,000,000,000	HK\$1,000,000,000
Number of authorised shares	10,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares	10,000,000,000 New Shares
Number of issued shares	2,009,020,411 Existing Shares	200,902,041 Consolidated Shares	200,902,041 New Shares
Amount of the issued share capital	HK\$200,902,041.1	HK\$200,902,041	HK\$20,090,204.1

Upon the Capital Reduction and the Share Sub-division becoming effective, the size of each board lot of the New Shares will remain the same as that of the Consolidated Shares, being 3,000 New Shares per board lot and the New Shares will rank *pari passu* in all respects with each other in accordance with the Memorandum and Articles.

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division, the implementation of the Share Consolidation, the Capital Reduction and the Share Sub-division will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Directors are of the view that the Share Consolidation, the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

- (a) the Share Consolidation has become effective;
- (b) the passing of the special resolution(s) to approve the Capital Reduction and the Share Sub-division by the Shareholders at the EGM;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-division;

LETTER FROM THE BOARD

- (d) approval of the Capital Reduction by the Court;
- (e) compliance with any conditions which the Court may impose in relation to the Capital Reduction; and
- (f) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law with respect to the Capital Reduction.

In relation to condition (c) above, only the New Shares which are issued, will be applied for the listing of, and permission to deal in.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisers to the Company (as to Cayman Islands Law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing of the New Shares which are issued

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares which are issued.

Subject to the granting of the listing of, and permission to deal in, the New Shares which are issued on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares which are issued, will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares which are issued on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares which are issued to be admitted into CCASS established and operated by HKSCC.

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the Effective Date is not ascertainable at present. Should the Capital Reduction and the Share Sub-division become effective, Shareholders may submit the existing share certificates for the Consolidated Shares (in yellow colour) to the Registrar at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong to exchange, at the expense of the Company, for new share certificates of the New Shares (in blue colour). Details of such free exchange of share certificates will be announced as soon as the Effective Date is ascertained.

LETTER FROM THE BOARD

The Company will publish further announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated as and when appropriate.

All existing certificates of the Consolidated Shares or (as the case may be) the Existing Shares will continue to be evidence of title to such Shares but all existing certificate of the Existing Shares will cease to be valid for trading and settlement purpose.

REASONS FOR THE SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE, CAPITAL REDUCTION AND SHARE SUB-DIVISION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 28 June 2019 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In addition, the Company is prohibited from issuing new shares at below their par value under the Companies Law. As at the Latest Practicable Date, the par value of the Existing Shares is HK\$0.1 each.

Since June 2019, the closing prices of the Shares have demonstrated a down trend and first dropped below the par value of the Existing Shares of HK\$0.1 on 15 November 2019. In addition, during the period from 15 November 2019 up to the Latest Practicable Date (the “**Review Period**”), there were 50 trading days (representing approximately 72.5% of the total trading days of the Shares during the Review Period) in which the closing prices of the Shares were lower than the par value of the Existing Shares of HK\$0.1, which would affect the Company’s ability in the pricing for any issue of new Shares in the future.

In view of the above, the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division, (i) will enable the Company to increase the market price as well as each board lot value of the Shares so as to comply with the requirements under the GEM Listing Rules and the Guide; while (ii) will keep the par value of the Shares at HK\$0.1 per New Share, which allows greater flexibility for the Company in the pricing for any issue of new Shares in the future.

LETTER FROM THE BOARD

Save for the relevant expenses, the implementation of the Share Consolidation, the Capital Reduction and the Share Sub-division will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. Although the fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders, all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Further, the Company has also appointed One China Securities Limited as an agent to provide matching of the sale and purchase of odd lots of the Consolidated Shares. By so doing, the Company has minimized the potential adverse effect arising from the loss of fractional entitlement and the resultant odd lots to the Shareholders.

According to the annual report of the Group for the year ended 31 December 2018, the auditor stated that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Further, according to the interim report of the Group for the six months ended 30 June 2019, the Company recorded net current liabilities of approximately HK\$17,989,000 and had cash and cash balance of approximately HK\$707,000. Considering the above, the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division will allow greater flexibility for the Company in the pricing of possible fundraising activities in the future as and when appropriate. Such flexibility is important and essential to the Company in improving the Group's ability to continue as a going concern. The Board believes that the benefits from the Share Consolidation and the Change in Board Lot Size outweigh the disadvantages arise from the fractional Consolidated Shares and odd lots.

In view of above, the Board considers that the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share sub-division and change in board lot size) in the coming 12 months. But given the financial position of the Company as mentioned above, the Company may consider to conduct fund raising exercises in the coming 12 months should the opportunities arise. However, as at the Latest Practicable Date, the Company had no agreement, arrangement, understanding, or negotiation with any parties for any fundraising activity.

LETTER FROM THE BOARD

EGM

A notice convening the EGM is set out on pages 18 to 20 of this circular. The EGM will be held at at 20/F, OfficePlus@Sheung Wan, 93-103, Wing Lok Street, Sheung Wan, Hong Kong on Wednesday, 25 March 2020 at 11:30 a.m. to consider and, if thought fit, approve the Share Consolidation, the Capital Reduction and the Share Sub-division.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked. The resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the poll results of the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions approving the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM. As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors nor their respective close associates had any business or interest, which competes or may compete with the businesses of the Group which would be required to be disclosed under the GEM Listing Rules.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider the proposed Share Consolidation, Capital Reduction and Share Sub-division are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

On behalf of the Board
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Asian Capital Resources (Holdings) Limited (the “Company”) will be held at 20/F, OfficePlus@Sheung Wan, 93-103, Wing Lok Street, Sheung Wan, Hong Kong on Wednesday, 25 March 2020 at 11:30 a.m. to consider and, if thought fit, approve, with or without modifications, the following ordinary resolution and special resolution set out below:

ORDINARY RESOLUTION

1. “THAT subject to and conditional upon the fulfilment of all the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in the circular of the Company dated 28 February 2020 (the “Circular”), a copy of which has been tabled at the EGM marked “A” and initialled by the chairman of the EGM for the purpose of identification, with effect from one clear business day immediately following the date on which this resolution is passed or these conditions are fulfilled (whichever is the later):
 - (a) every ten (10) issued and unissued shares with a par value of HK\$0.1 each (the “Existing Shares”) in the share capital of the Company be consolidated into one (1) share with a par value of HK\$1.0 (the “Consolidated Share(s)”) in the share capital of the Company (the “Share Consolidation”);
 - (b) round down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share arising as a result of the Share Consolidation;
 - (c) any fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “Director(s)”) may think fit; and
 - (d) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Share Consolidation and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Share Consolidation.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

2. “**THAT** subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) the fulfilment of all the conditions set out in the section headed “Conditions of the Capital Reduction and the Share Sub-division” in the Circular, with effect from the date on which these conditions are fulfilled (the “**Effective Date**”):
- (a) the issued share capital of the Company be reduced (the “**Capital Reduction**”) by cancelling the paid up capital of each of the issued Consolidated Shares to the extent of HK\$0.9 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Shares will be reduced from HK\$1.0 to HK\$0.1 (each a “**New Share**”);
 - (b) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilized by the Directors in accordance with the memorandum and articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
 - (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares with par value of HK\$1.0 each be sub-divided into ten (10) New Shares of par value HK\$0.1 each (the “**Share Sub-division**”);
 - (d) each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions as contained in the memorandum and articles of association of the Company; and
 - (e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Share Sub-division and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction and the Share Sub-division.”

On behalf of the Board
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

Hong Kong, 28 February 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business

in Hong Kong:

Room 2102, 21/F
Fu Fai Commercial Centre
27 Hillier Street
Sheung Wan
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at any the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders shall be present at the meeting personally or by proxy, that one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy and the power of attorney (if any), under which it is signed or a notarially certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the appointed time for holding the above meeting or any adjournment thereof.
4. Completion and delivery of a form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM, and in such event, such form of proxy shall be deemed to be revoked.
5. For determining the entitlement of the shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 20 March 2020 to Wednesday, 25 March 2020 (both days inclusive), during which no transfer of shares of the Company can be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Thursday, 19 March 2020.

As at the date of this notice, the board of directors of the Company comprises Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei as executive Directors; and Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi as independent non-executive Directors.