亞洲資產（控股）有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of 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.

Given 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Asian Capital Resources (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Asian Capital Resources (Holdings) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ANNUAL RESULTS

The board of directors (the "**Board**") of Asian Capital Resources (Holdings) Limited (the "**Company**") is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*5(a)*	**14,354**	17,998
Cost of services		**(2,617)**	(5,188)
Cost of sales		**(79)**	–
Other revenue and net income	*5(b)*	**254**	291
Administrative and operating expenses		**(11,153)**	(17,167)
Impairment loss on goodwill		**(17,900)**	(47,966)
Loss on disposal of plant and equipment		**(43)**	(176)
Written off of plant and equipment		**(9)**	–
Written off of other receivables		**(61)**	–
Written off of trade receivables		**–**	(162)
Loss on lease termination		**–**	(332)
Loss on deregistration of subsidiaries		**(3)**	–
Gain on disposal of subsidiaries		**4,822**	6,780
Loss from operations		**(12,435)**	(45,922)
Finance costs	*6*	**(574)**	(9,509)
Share of loss of associates		**(199)**	(260)
Loss before taxation	*7*	**(13,208)**	(55,691)
Income tax expenses	*8*	**(605)**	(577)
LOSS FOR THE YEAR		**(13,813)**	(56,268)

	Note	**2020**	2019
		HK$'000	*HK$'000*
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income ("**FVTOCI**")		**(44)**	162
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(604)**	441
Exchange difference reclassified to profit or loss on disposal of subsidiaries		**–**	(308)
Other comprehensive (loss)/income for the year, net of tax		**(648)**	295
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(14,461)**	(55,973)
LOSS ATTRIBUTABLE TO:			
– owners of the Company		**(12,521)**	(56,268)
– non-controlling interests		**(1,292)**	–
		(13,813)	(56,268)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
– owners of the Company		**(13,231)**	(55,973)
– non-controlling interests		**(1,230)**	–
		(14,461)	(55,973)
		HK$	*HK$*
Loss per share:	*10*		
Basic and diluted		**(0.06)**	(0.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,848**	1,139
Right-of-use assets		**158**	427
Goodwill		**24,041**	41,800
Interests in associates		**4,758**	4,947
Financial assets at fair value through other comprehensive income		**30**	931
Amount due from an investee company		**578**	538
Rental deposit		**–**	79
		31,413	49,861
CURRENT ASSETS			
Inventories		**582**	–
Trade and other receivables	*11*	**7,543**	3,754
Cash and cash equivalents		**7,061**	5,520
		15,186	9,274
CURRENT LIABILITIES			
Trade and other payables	*12*	**14,270**	15,042
Amounts due to associates		**2,340**	1,860
Convertible bonds payable		**–**	102,275
Lease liabilities		**163**	494
Tax payable		**605**	4,432
		17,378	124,103
NET CURRENT LIABILITIES		**(2,192)**	(114,829)
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,221**	(64,968)

	2020	2019
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Amount due to a director of the Company	**7,066**	5,801
Amount due to a substantial shareholder	**11,252**	9,203
Lease liabilities	**–**	163
	18,318	15,167
NET ASSETS/(LIABILITIES)	**10,903**	(80,135)
CAPITAL AND RESERVES		
Share capital	**200,902**	176,183
Reserves	**(191,798)**	(256,317)
Equity attributable/(capital deficiency) to owners of the Company	**9,104**	(80,134)
Non-controlling interests	**1,799**	(1)
TOTAL EQUITY/ (CAPITAL DEFICIENCY)	**10,903**	(80,135)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATION INFORMATION

Asian Capital Resources (Holdings) Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**GEM**"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is at Room 2102, 21/F, Fu Fai Commercial Centre, 27, Hillier Street, Sheung Wan, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the presentation and functional currency of the Company. The functional currency of the subsidiaries of the Company mainly include Renminbi ("**RMB**") and HK$. All values are rounded to nearest thousand unless otherwise stated.

The principal activities of the Company and its subsidiaries (together the "**Group**") are investment holdings, provision of business consultation services, and private investment fund management services, provision of traditional media and internet media content production management services and media content design services, provision of internet development and maintenance services.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("**HKASs**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance ("**CO**").

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group has incurred losses for number of years and a net loss of HK$13,813,000 during the year ended 31 December 2020 and as of that date, the Group's net current liabilities as of 31 December 2020 amounted to HK$2,192,000.

In order to improve the Group's financial position, to provide liquidity and cashflows and to sustain the Group as a going concern, the management has taken and/or will take the following measures:

(i) The Group is taking measures to tighten cost controls over various operating costs and expenses with the aim to attain profitable and positive cash flow operation;

(ii) The Group has negotiated and agreed with Asian Dynamics International Limited ("**ADIL**"), the substantial shareholder of the Company to provide a 18-month stand-by credit facility of HK$20,000,000 to the Company; and

(iii) ADIL has agreed to provide continuing financial support to the Group to meet its liabilities as they fall due.

The directors of the Company considered that, upon obtaining the abovementioned stand-by facilities, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirement. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis. The stand-by facility of HK$20,000,000 from ADIL has been granted to the Company on 24 March 2021.

3. APPLICATION OF AMENDMENTS TO HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 June 2020.
[5] Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SEGMENTAL INFORMATION

Segment information reported to the chief operating decision maker, directors of the Company, is the type of services rendered by the Group's operating division for the purposes of resources allocation and performance assessment. The Group's operating and reportable segments under HKFRS 8 are as follows:

The Group is currently organised into two major business divisions:

(i) private investment fund management and consultancy services, internet and software development and maintenance services ("**Consultancy Services**"); and

(ii) traditional media and internet media content production services and media content design services ("**Media Services**").

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the year.

Segment results represent the profit/loss incurred by each segment without allocation of corporate income and expense, central administration cost, directors' salaries, share of results of associates, certain interest income, other income, gain on disposal of subsidiaries, finance costs and income tax expense.

Segment assets include all tangible, intangible assets and current assets other than interests in associates, financial assets at FVTOCI, amount due from an investee company and corporate assets.

Segment liabilities include current liabilities other than convertible bonds payable, amounts due to associates, amount due to a substantial shareholder, amount due to a director of the Company, tax payable and corporate liabilities.

Segment revenues and results

	2020		
	Consultancy Services *HK$'000*	**Media Services** *HK$'000*	**Total** *HK$'000*
Consultancy income	**13,493**	**–**	**13,493**
Media service income	**–**	**535**	**535**
Sales income	**–**	**114**	**114**
Software development and maintenance service income	**–**	**212**	**212**
Segments revenue	**13,493**	**861**	**14,354**
Segments results	**(7,059)**	**(3,142)**	**(10,201)**
Interest income			**1**
Other income			**213**
Unallocated corporate expenses			**(7,270)**
Gain on disposal of subsidiaries			**4,822**
Share of loss of associates			**(199)**
Finance costs			**(574)**
Income tax expense			**(605)**
Loss for the year			**(13,813)**

	2019		
	Consultancy Services *HK$'000*	Media Services *HK$'000*	Total *HK$'000*
Consultancy income	13,608	–	13,608
Software development and maintenance service income	4,390	–	4,390
Segments revenue	17,998	–	17,998
Segments results	(44,214)	(4,338)	(48,552)
Interest income			2
Unallocated corporate expenses			(4,152)
Gain on disposal of subsidiaries			6,780
Share of loss of associates			(260)
Finance costs			(9,509)
Income tax expenses			(577)
Loss for the year			(56,268)

Segment assets and liabilities

	2020		
	Consultancy Services	**Media Services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segments assets	**29,082**	**4,936**	**34,018**
Unallocated assets			**7,215**
Financial assets at FVTOCI			**30**
Amount due from an investee company			**578**
Interests in associates			**4,758**
Consolidated assets			**46,599**
Segment liabilities	**2,748**	**4,585**	**7,333**
Unallocated liabilities			**7,100**
Tax payable			**605**
Amounts due to associates			**2,340**
Amount due to a substantial shareholder			**11,252**
Amount due to a director of the Company			**7,066**
Consolidated liabilities			**35,696**

	2019		
	Consultancy Services	Media Services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segments assets	52,640	79	52,719
Unallocated assets			–
Financial assets at FVTOCI			931
Amount due from an investee company			538
Interests in associates			4,947
Consolidated assets			59,135
Segment liabilities	3,651	8,665	12,316
Unallocated liabilities			3,383
Tax payable			4,432
Amounts due to associates			1,860
Covertible bonds payable			102,275
Amount due to a substantial shareholder			9,203
Amount due to a director of the Company			5,801
Consolidated liabilities			139,270

5. REVENUE, OTHER REVENUE AND NET INCOME

(a) An analysis of the Group's revenue for the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Consultancy income	**13,493**	13,608
Media service income	**535**	–
Sales income	**114**	–
Software development and maintenance service income	**212**	4,390
	14,354	17,998
Timing of revenue recognition		
A point of time	**114**	4,175
Over time	**14,240**	13,823
	14,354	17,998

(b) An analysis of the Group's other revenue and net income for the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Other income	**–**	21
Dividend income from financial assets at FVTOCI	**–**	268
Interest income	**2**	2
Other interest income	**40**	–
Government grants	**212**	–
	254	291

The government grants mainly relate to wage support from the government in Hong Kong. Under the conditions of the grants, the Group is required to retain its local employees even if business is affected by the COVID-19 outbreak.

Other interest income of the Group is arising from the amount due from an investee company.

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on amount due to a substantial shareholder of the Company	**341**	662
Imputed interest expenses on convertible bonds payable	**194**	8,707
Interest on lease liabilities	**39**	140
	574	9,509

7. LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration)		
– wages, salaries and other benefits	**2,937**	4,012
– retirement benefits scheme contributions	**129**	233
Auditor's remuneration	**900**	1,000
Cost of inventories recognised as an expense	**79**	–
Depreciation of property, plant and equipment	**405**	297
Depreciation of right-of-use assets	**269**	1,612
Short-term lease expenses	**333**	171
Legal and professional fees	**2,323**	1,428
Impairment loss on goodwill	**17,900**	47,966
Written off of trade receivables	**–**	162

8. INCOME TAX EXPENSE

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2020	2019
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
Under provision in prior year	**–**	46
Current tax – Hong Kong Profits Tax		
Charge for the year	**605**	531
Income tax expense	**605**	577

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profit for the year (2019: 25%).

9. DIVIDEND

The directors do not recommend the payment of any dividends for the year ended 31 December 2020 (2019: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculations of the basic loss per share are based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(12,521)**	(56,268)

	2020	2019
Weighted average number of ordinary shares at 31 December *(Note)*	**200,361,724**	176,182,556

Note: The comparative figures for number of shares for the purpose of loss per share were calculated to reflect the share consolidation on the assumption that the share consolidation had been effective in the prior period.

(b) Diluted loss per share

For the year ended 31 December 2020, no diluted loss per share was presented as there were no potential ordinary shares in issue.

For the year ended 31 December 2019, diluted loss per share is same as basic loss per share detailed above because the only potential dilutive share is convertible bonds issued by the Company which is anti-dilutive.

(c) On 27 March 2020, the ordinary shares of the Company was consolidated on the basis of every ten existing shares of a par value of HK$0.1 each in the share capital of the Company be consolidated into one share with a par value of HK$1.0 each in the share capital of the Company.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**3,325**	4,922
Less: Allowance for credit losses	**–**	(1,790)
	3,325	3,132
Prepayments, deposits and other receivables	**4,218**	622
	7,543	3,754

The credit terms granted by the Group to customers are determined on a case-by-case basis with reference to the size of service contracts, recurrent services provided to the customers and their credit history. The Group makes provision for trade receivables based on specific review. Provision is made against trade receivables after considering the amount due, creditability of customers and other qualitative factors.

An ageing analysis of the trade receivables of the Group at the end of the reporting period based on the invoice date and net of allowance for doubtful debts, is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**3,325**	3,132
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**–**	–
Total trade receivables	**3,325**	3,132

12. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**2,319**	–
Accruals and other payables	**11,773**	14,650
Contract liabilities	**178**	392
	14,270	15,042

An ageing analysis of the trade payables of the Group at the end of the reporting period based on the invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 90 days	**2,319**	–
90 to 180 days	**–**	–
Over 180 days	**–**	–
Total trade payables	**2,319**	–

13. EVENTS AFTER THE REPORTING PERIOD

(a) As announced by the Company on 28 February 2020, the Company proposed to implement a capital reorganisation (the "**Capital Reorganisation**") involving the capital reduction ("**Capital Reduction**") and share subdivision ("**Share Subdivision**"). The Capital Reorganisation was approved at the extraordinary general meeting held on 25 March 2020. Details of which are as follows:

(i) *Capital Reduction*

This involves the reduction of the nominal value of each issued consolidated share from HK$1.0 to HK$0.1 effective on 14 January 2021. The credit arising from the Capital Reduction amounted to HK$180,811,000 will transfer to the capital reserve of the Company; and

(ii) *Share Subdivision*

Immediately following the Capital Reduction, each of the authorised but unissued consolidated share of nominal value of HK$1.0 each will be subdivided into ten new shares of HK$0.1 each effective on 14 January 2021.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The Group's independent auditor has expressed a qualified opinion with a material uncertainty related to going concern section in its auditor's report on the Group's consolidated financial statement for the year ended 31 December 2020, an extract of which is as follows:

QUALIFIED OPINION

We have audited the consolidated financial statements of Asian Capital Resources (Holdings) Limited (the "**Company**") and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis For Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As discussed in Note 16 to the consolidated financial statements, the carrying amounts of goodwill which have been allocated to consultancy services segment and media services segment are HK$23,900,000 and HK$141,000 as at 31 December 2020 respectively. During the year ended 31 December 2020, impairment loss on goodwill allocated to consultancy services segment of HK$17,900,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

We were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the reasonableness of assumptions made by the directors in the estimation of recoverable amount of the related group of cash-generating units for consultancy services segment as at 31 December 2020 and 31 December 2019. There are no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the valuation of the goodwill as included in the consolidated statement of financial position as at 31 December 2020 and 31 December 2019 and the Group's impairment loss of goodwill included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 and 2019.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2020 and 31 December 2019 and the financial position of the Group as at 31 December 2020 and 2019, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements which indicates that the Group has incurred losses for a number of years. The Group has incurred a net loss of HK$13,813,000 for the year ended 31 December 2020 and sustained net current liabilities of HK$2,192,000 at 31 December 2020. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and loss attributable to shareholders

The total revenue of the Group for the year ended 31 December 2020 was approximately HK$14,354,000 (2019: HK$17,998,000) which decreased by approximately 20.25% as compared to that of the previous financial year.

The decrease in total revenue is attributed to the decrease of the management services provided. The audited consolidated loss for the year ended 31 December 2020 was approximately HK$14,461,000 as compared with the loss of corresponding period last year of HK$55,973,000. The decrease was mainly attributed to decrease in cost of services, impairment loss on goodwill and finance costs.

Finance costs

The finance costs of the Group for the year ended 31 December 2020 was approximately HK$574,000 (2019: HK$9,509,000) which had decreased by approximately 93.96% as compared to that of the same period of last year. This was due to significant decrease of "Imputed Interest expenses on Convertible bonds payable" which was incurred for the year ended 31 December 2020 was approximately HK$194,000 (2019: HK$8,707,000).

Liquidity, financial resources and capital structure

For the year ended 31 December 2020, the Group's borrowing consists of amounts due to associates of HK$2,340,000, amount due to the Company's substantial shareholder of approximately HK$11,252,000, and an amount due to a director of approximately HK$7,066,000.

The Group had a cash and bank balance of approximately HK$7,061,000 (2019: HK$5,520,000). The Group continues to adopt a prudent treasury policy to maintain its cash and bank balance either in Hong Kong Dollars, or in the local currencies of the operating subsidiaries, maintaining a minimum exposure to foreign exchange risks.

The issued share capital of the Group for the year ended 31 December 2020 was HK$200,902,041(2019: HK$176,182,556), which was increased by issuance of shares for conversion of convertible bonds on 8 January 2020.

Gearing ratio

For the year ended 31 December 2020, the gearing ratio of the Group, expressed as a percentage of net debt divided by the total capital plus net debt, was 71.75% (2019: 266.48%).

Employee and remuneration policies

For the year ended 31 December 2020, the Group employed a total of 65 employees (2019: 10), of which 4 were located in Hong Kong, 60 were located in the People's Republic of China ("**PRC**") and the remaining 1 in USA. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

Material acquisitions and disposals of subsidiaries and affiliated companies

Deregistration and winding-up of various subsidiaries in the Group

The Board has resolved that, in order to reduce the operating costs of the Group, those subsidiaries within the Group which no longer add value to, nor generate any income attributable to the Group, should be deregistered, or voluntarily wound up or ceased operations and the disposed of at par to improve governance and compliance.

The subsidiary which is currently in the deregistration process is: Sinobase Asia Limited.

Those subsidiaries which are currently being voluntarily wound up are: Asian Information Investment Consulting Limited, BuyCollection.com Limited, and Myhome Network Limited.

OPERATION REVIEW

During the past year, there was a decrease in the turnover of the Group from HK$17,998,000 of 2019 to HK$14,354,000 of 2020 and the loss for the year decreased from approximate HK$56,268,000 of 2019 to approximate HK$13,813,000 of 2020, resulting from management's vigilant control over the operational expenses and practice development expenses. The loss is partially attributable to the lockdown faced by the Group's operations during the coronavirus pandemic, which had caused interruptions and impossibility for the Group Executives to travel freely, in order and to follow up on the various deals in the pipeline during the period. The loss is also a result of the additional professional costs for regulating compliance. During the period, the Group had engaged in adopting a more promising management and investment model under the newly enacted Limited Partnership Fund Ordinance, promoted by the City of Hong Kong as legislative supports to make Hong Kong a favorable center for wealth and private equity management services. In addition, the ordinance has also concluded the Executives' search for a reliable overseas center to complement the Company's existing service scope in consultancy and management services.

The Company had been engaging in entrusted equity investment management and consulting services in China which, include growth capital investments through asset management services, syndication of fund(s) from entrepreneurs with full compliance to respective laws, and buyout transactions on their behalf. The Company's consistency in our management personnel, and the experiences and cases performed in the past 15 years, with both successes and failures, had provided a solid foundation for our management enhancement advice to be of value to the Group's clients.

The Company has always respected the governance and regulatory compliance over her business pursuit. Furthermore the Group remains continuously prudent to ensure that management and consulting clients of the Company will comply with the PRC and international law while staying vigilant in terms of compliance issues.

The registration of the authorized Limited Partnership Funds ("**LPF**") was not introduced until October, 2020 by enactment of the Legislative Council in Hong Kong, and the Company is pleased to report, on behalf of the Company's clients, the Company have the first LPF registered in February 2021. Regrettably, the asset under management by the Company had been in low level for 2020, as three similar funds are under negotiation by the Executives currently, there is an expected increase of such activities in 2021.

As discussed in quarterly financial reports in 2020, the Group's management and consulting business; nevertheless, was able to navigate through the most challenging year of 2020 with steady services, especially in respect of the assistance provided to our clients on social responsibility obligations during the pandemic years. The Company has been able to remain stable by carrying out value added services and activities in consulting. However, the Company was unable to strengthen the working capital of the Group to re-capitalise the financial position of the Group for expansion and business developments and further enlarge the revenue sources. Furthermore, the uncertain environment in the direct investment and management sector, with increasing challenges and concerns the fund industry was facing, the performance of those contracts of services consummated are continuously being reviewed with cautious optimism, which based on the view of the Board, can have adverse impact to the reasonable estimates of the Goodwill value attached to the management and consulting sector as reported, and shareholders should take into consideration of the Auditors' report in this area. Moving forward the Company will endeavor to rebuild the assets, expand on client bases, and improve enterprise value throughout 2021, when the post-pandemic economic condition improves.

Despite all the above obstacles, the Group is pleased to report that the business focus of the Company in management and consultancy services and multi-channel media value-added services are beginning to take better shape by the Executives efforts during the year. In additions, 31 July 2020 the CSRC issued consultation papers Measures for the Supervision and Administration of Public offered Securities Investment Fund Managers a more favorable enacted Company's Law in foreign direct investments and the Company believes that the Measures and Implementation Provisions aim to revise and improve the old measures for fund management companies issued in 2012. The key changes provide better and a clearer rule base supports that the Company operates under, and are beneficial to the strategic growth plan of the Company, as a whole.

To complete the strategic plan of the Company, we shall continuously research, develop and explore investment opportunities which are strategic to its business operations and which will provide meaningful return of the Company's shareholders.

Digital Marketing and digital platform service and operation

In recognizing that migration is necessary to provide the VAS services to the Group's enterprise clients, the Company proceeded to upgrade the marketing and enterprise relationship management (ERM) services by radio only platform to digital and analytic transformations, which were widely undertaken by many technologies companies.

Recognizing the important of the paradigm shift over a more regulated, supervised and license mandatory operating environment for the multi-channel marketing sector, the Company entered into the fourth quarter of 2020, in building up a supply-chain and management platform to re-engineer the management of the digital risks and financing operations and to provide services to the greater Guangzhou area with defined organizational accountability. The Company had assisted and established a range of effective practices and tools, which is crucial for establishing an indispensable brand, and to ensure compliance and sustainable services by the Company in the sector of key-opinion leaders' marketing in China.

The Management further observed that towards the year end of 2020 that PRC Government was tightening scrutiny of its tech-development enterprises operating within China, and in December 2020, market concerns were raised when regulators launched an anti-trust probe into e-commerce Unicorns. With such regulatory scrutiny, the policy aimed to end the once laissez-faire approach, it came after a string of high-profile deals in the sector that triggered concerns about competition and consumer data.

The Management therefore, decided to approach the multi-channel marketing businesses with great care and full compliance with comprehensive studies over the new development of such regulatory trend were undertaken by the Executives, in order to comply in full to the new introduced measures.

Operational risk analysis and governance

Throughout the year, the Company had observed various regulatory and business model changes due to the (i) tightening of regulatory oversight, (ii) changes over the direct investment law of the Peoples' Republic of China, (iii) the introduction of the Limited Partnership Fund Ordinance in Hong Kong to enable the asset management and consultancy services to have Regulatory oversight over certain types of asset management activities, and (iv)the recent regulatory challenges faced by Ant Group Co. Limited on issues related to financing and multi-channel marketing deliveries, together with (v) the introduction of the International Accounting Standards of revenue recognition which have impact over the contract negotiation on industries as telecommunications, asset management, real estate and software industries. To ensure best interest for the shareholders as a whole, the Group Management had endeavor to perform proactive continuous analysis of the Group's existing operations, and to ensure orderly practice in future.

We are pleased to state that throughout the year, certain critical milestones had been achieved as instigated by the management since 2019. However, due to operational risk brought by the prolonged administrative measures to deal with the Global Pandemic and restrictions imposed over work-life balance and travel mobility, many initiatives of the Group faced delays in registrations, causing disruption or inability to move forward as planned. However, the Management had committed to mitigate to the best of their ability the risk associated and rejuvenate the business operations of the Group to normal and stable conditions soonest possible. Shareholders shall be careful when trading the company's share during the most uncertain time of the history of the Company, as disclosed in the third quarter of 2020 by the Company in their report to shareholders.

Future Prospects

The prospect of 2021 might be clouded by the uncertainties with the global economy still affected by the ongoing political issues and a growing coronavirus pandemic. However, the Board feels that it is only for a short-term basis and it has provided the Group with an opportunity to reposition itself to achieve better return for shareholders in the long run. More specifically, the coronavirus has served as proof that the vision of the Company to focus on providing consulting services to the health and wellness sector to be of an accurate direction as it points toward a mutually promising business for 2021 and wishingly, years to come in future.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

To ensure compliance with the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code. In the opinion of the Directors, the Company has complied with all the provisions of the Code, for the year ended 31 December 2020, except:

(i) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has set out in written terms the responsibilities between the chairman and chief executive officer. At present, Mr. Xie Xuan, the chairman of the Company, also undertakes the responsibilities of the chief executive officer until a replacement for the chief executive officer is found. The Company considers that under the supervision of its Board and its Independent Non-executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

(ii) under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from the code provision. However, all the Non-executive Directors of the Company are subject to retirement by rotation at annual general meetings pursuant to the articles of association of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the year ended 31 December 2020.

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

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

AUDIT COMMITTEE

During the year under review, CHENG & CHENG LIMITED have been appointed as the external auditor of the Company.

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Group.

SCOPE OF WORK OF CHENG & CHENG LIMITED

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, CHENG & CHENG LIMITED, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CHENG & CHENG LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.airnet.com.hk). The Company's annual report for the year ended 31 December 2020 containing all applicable information required by GEM Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board of
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

Hong Kong, 30 March 2021

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

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.airnet.com.hk.