



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

THIRD QUARTERLY RESULTS ANNOUNCEMENT

(For the nine months ended 30 September 2021)

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

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*This announcement, for which the directors (the “**Directors**”) of Asian Capital Resources (Holdings) Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). 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.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board of directors (the “Board”) of Asian Capital Resources (Holdings) Limited (the “Company”) present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three and nine months ended 30 September 2021 together with the comparative figures for the corresponding periods in 2020 as follows:

		For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	25,270	4,337	62,641	11,400
Cost of services		(18,244)	(2,831)	(44,643)	(6,721)
Gross profit		7,026	1,506	17,998	4,679
Other revenue		3,573	82	4,012	143
Staff costs		(2,110)	(705)	(7,273)	(2,899)
Operating lease rentals		(53)	(163)	(938)	(307)
Other operating expenses		(4,425)	(1,327)	(10,479)	(3,442)
Depreciation and amortization		(274)	(1,126)	(799)	(3,400)
Profit/(Loss) from operating activities		3,737	(1,733)	2,521	(5,226)
Finance costs		(285)	(256)	(775)	(901)
Profit/(Loss) before taxation		3,452	(1,989)	1,746	(6,127)
Taxation	3	(400)	—	(400)	—

		For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) for the period		3,052	(1,989)	1,346	(6,127)
Attributable to:					
Owners of the Company		1,571	(1,989)	3,427	(6,127)
Non controlling interest		1,481	—	(2,081)	—
		<u>3,052</u>	<u>(1,989)</u>	<u>1,346</u>	<u>(6,127)</u>
Earning/(Loss) per share	4				
– Basic		0.78 cents	(0.99) cents	1.71 cents	(0.81) cents
– Diluted		0.78 cents	(0.99) cents	1.71 cents	(3.06) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30
September 2021

	Attributable to Owners of the Company									
	Issued share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Fair value reserve <i>HK\$'000</i>	Convertible		Total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
						bonds	Accumulated loss <i>HK\$'000</i>			
						equity reserve <i>HK\$'000</i>				
As at 1 January 2020	176,183	304,371	26,020	(3,566)	162	3,091	(586,395)	(80,134)	(1)	(80,135)
Movement of the period	24,719	80,647	—	—	—	(3,091)	(6,127)	96,148	—	96,148
As at 30 September 2020	200,902	385,018	26,020	(3,566)	162	—	(592,522)	16,014	(1)	16,013
As at 1 January 2021	200,902	385,212	26,020	(4,232)	(134)	—	(598,664)	9,104	1,799	10,903
Movement of the period	(180,812)	—	180,812	—	—	—	3,427	3,427	(2,081)	1,346
As at 30 September 2021	20,090	385,212	206,832	(4,232)	(134)	—	(595,237)	12,531	(282)	12,249

Notes to the Condensed Consolidated Quarterly Financial Statements

1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group’s annual audited consolidated financial statements for the year ended 31 December 2020.

2. REVENUE

The Group’s turnover represents the invoiced value of service fees from the provision of management and consultancy services, media service income and marketing services and sales income as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Consultancy Fee	6,264	3,419	18,792	9,915
Media service income	344	918	1,009	1,485
Marketing services and sales income	18,662	—	42,840	—
	25,270	4,337	62,641	11,400

3. TAXATION

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%.

Provision for Hong Kong profits tax has been provided for the nine months ended 30 September 2021 as the Group has assessable profit in Hong Kong for the period. (2020: Nil)

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months and nine months ended 30 September 2021 is based on the net profit attributable to owners of the Company of approximately HK\$1,571,000 and HK\$3,427,000 (2020: net loss of approximately HK\$1,989,000 and HK\$6,127,000) and 200,902,041 ordinary shares (2020: weighted average number of ordinary shares of approximately 200,902,041 and 760,294,107) during the periods.

Diluted earnings per share for the three months and nine months ended 30 September 2021 was calculated by adjusting the weighted average number of ordinary shares to assume share consolidation of every 10 shares into 1 consolidated share was effected from the first day of the respective periods. The adjusted weighted average number of ordinary shares is 200,902,041 (2020: approximately 200,902,041 and 200,090,087) for the respectively period in 2021.

5. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2021 (2020: Nil).

6. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current quarterly period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

During the nine months of 2021, due to the successful launch of the Bofu platform, and the steady performance of the consultancy division, there was a healthy increase in the turnover of the Group from HK\$11,400,000 of 2020 to HK\$62,641,000 of 2021, an operational improvements of over 449%, and the loss for the period improved from approximate HK\$6,127,000 of 2020 to a profit of approximate HK\$1,346,000 of 2021, which was the result of the management tireless effect in the recovering scheme introduced for the revenue stream of the media operations by collaborating more with creditable stakeholders in respect of both the supply-chain and the demand chain clients of the value-added marketing services of the KOL platforms within the Peoples' Republic of China.

The Board in the latest submission made to the Listing Review Committee had indicated that we realized that the Company had been unable to demonstrate to the satisfaction of the Listing Division based on the results of the last 2 years, that the Company had maintained sufficient operations and sufficient assets for the comfort of the Listing Division, based on the accounting principles adopted. However, the Board considered to their best of ability, the Company had maintained a viable business operations by way of strategic recovery directives, by (1) building asset management and consultation services via the Limited Partnership Fund Ordinance in Hong Kong, and (2) the collaboration with the media services suppliers and marketing talents by engaging Key-Opinion Leaders (“KOLs”) tactics to assist suppliers’ chain distributors or manufacturers to improve on their sales and corporate value respectively. With the operating platform on consultation services, the Company was able to secure a turnover of 2 years, aggregating to over HK\$30 million of revenue in total, and to maintain positive operating cash-flows besides reinvestment sums for operational growth, which was reported during the interim period of transformation in 2019 and 2020. The Company managed only to expand the operation and to deploy the recovery directives over the last 9 months, by the financial support of the single-largest shareholder, in order to allow time for the Company to achieved the revised business transformation strategy, and by way of pure “organic growth”, for continuous to a stable operate, with sufficient working capital and viable business activities, to provide incentive to the existing staff, for the best interest of all shareholders of the Company (the “Shareholders”).

According to the published article by PREQIN Markets in Focus, PEVC in Greater China Innovative Economy issued on 12 October 2020; that “China has an extensive and complex regulatory framework”, as demonstrated by the continuous modifications of the China Securities Regulatory Commission, including the current regulatory provision regarding in the strengthening the supervision of private equity investment funds, issued in 15 October 2020, which makes compliance failures to be of serious consequences to an operating business entity.

Since January 2018, the China Banking Regulatory Commission had tightened regulations on financial institutions, including similar operating entities as the Company, who focus in the consultancy and private equity sector, including by arranging entrusted loan and private equity investments, as a response to the associated risks identified by the PRC Government, in order to better control those associated risks of the rapid growth within the industry, and by increasing regulatory oversight, specifically with new guidelines tightening rules on asset management in China.

The Company, as reported in previous financial disclosures, undertook a prudent and conservative strategy to steer through these challenging periods, and are pleased to report that the current progress towards a more sustainable operational coverage, of both the consultancy and asset management sector, and the media sector has been in line with the recovery strategy targets. As illustrated in our periodic financial statements, there was a great improvement over the Company’s operation, since the second quarter of 2021, as a result of the repositioning of the operational focus from consultancy services to media sector by introducing the platforms for direct digital services, for strict compliance to the various regulatory policies and guideline changes of the Greater China Region.

Transformation process of the media business was more apparent if the Company wishes to remain in providing sustainable and profitable services, resulting from the advancements of digital equipment and services over the last 5 years, particularly within the PRC, which had created multiple numbers of major operators, or Unicorns as competitors.

In recognizing that both business model and technology migrations are necessary to provide the value-added services to the Group's enterprise clients, the Company proceeded to upgrade the marketing and enterprise relationship management (the "ERM") services by a radio platform, to digital and analytic transformations, which had already been widely undertaken.

Based on the results of the first 9 months of the year, and despite the fact that circumstances and market environments due to the ongoing pandemic and periodic lockdown by Authorities, compounded by the longer than expected over the Bank's opening of the newly registered Limited Partnership Funds, which attracts many review procedures due to the money-laundering legislations, and the due diligence required for approving, there were profound mixed of results towards the recovery process in respect of time-line necessary, under the newly announced Ordinance. Nevertheless, the Board is confident with the eco-system that was constructed by the Company over the last two years in these focus services, and are of great believes that the operating targets set by the Board can be achieved in the near future, to support the viable corporate pursuits, and to deliver reasonable results for the Shareholders, hopefully, to reward them with the supports that was extended to the Company during the most challenging periods, having been disrupted by the disorder and social crises faced by Hong Kong during most part of 2019, and the Covid-pandemic of 2020, which had continued throughout also the year 2021 without any signs of subsiding.

Boston Consulting Group in their 2020 report indicated that the changing environment will offer many opportunities for growth after Covid. In line with the reported opinions the Management been observed the very fact, that major internet marketing operators and payment gateway in the PRC region faced with in-depth scrutiny in 2021 over "monopolistic operations", and those adjustments will permanently reshape the way the asset management industry functions after Covid, and be of benefit to the Group.

Within the Group, the Company embarked to implement a business model which will effectively boost sales in a balance-sheet efficient manner for the clients using both the Company's consultancy and media sectors' services under what was known as distribution financing for the nine months to September, 2021. The distribution financing is a financing solution based on a Company's trade accounts which also known as a seller-centric programme, a model that complied to the PRC current laws over licensed factoring financing by banks and financial institutions in the PRC, and very beneficially to the supply-chain development fund model which the Company had secured, and is glad to report, a supply chain fund has been progressing as planned to provide, steady and sustainable revenue for the Company, of which is also scalable to service multiple clienteles.

In addition, the consultancy arrangements presently securing with certain small-medium enterprises associated with the supply-chain fund, as well as the media sector should provide incremental revenue over the consultancy sector for 2022 and onward.

The Board hopefully can report a more favorable results, and attainment of listing requirements for the best value to all shareholders, of which had been tirelessly committed by the member of Management and the Board respectively.

Asian Capital Resources Holdings Limited (“ACR”) establishes supply chain financial technology development fund

ACR (Stock Code: 08025) officially established a supply chain industry investment fund, ACR Capital Supply Chain Fintech Development (1) Limited Partnership Fund is mainly aimed at the start-up of live e-commerce intelligent enterprise-level service SaaS and the upstream and downstream industrial chain of live e-commerce Enterprises make investments, including live streaming e-commerce traffic ends, supply chain ends, MCN institutions, and intelligent cloud warehouses.

Investment by industry funds will bring more full-link solutions to the live broadcast e-commerce industry, and help live broadcast e-commerce to grasp the opportunities of China's consumption growth market and achieve rapid growth in performance.

As a professional asset management company, ACR is optimistic about the growth of digital assets in Mainland China. According to the characteristics of live e-commerce platform orders, traceability and non-tampering characteristics, it converts the accounts receivable generated by the sales of live e-commerce companies. It is a digital debt certificate that can be split, circulated, held due, and can be financed. It uses platform order data to reach a transaction consensus. Merchant order assets can be circulated in real time, so as to provide upstream small, medium and micro supply chain enterprises of live broadcast e-commerce enterprises. Open supply chain financial services for the transfer, financing and management of digital accounts receivable.

At present, the industrial investment fund has reached cooperation with many high-quality live broadcast supply chain enterprises and MCN institutions in Mainland China, and has core industry resources in the field of live broadcast e-commerce services. The industrial fund has increased investment in the domestic live broadcast e-commerce field and strengthened its presence in live broadcast. The strategic layout in the field of e-commerce provides enterprises with all-round services such as venture capital, financial advisory, equity investment, and early payment, and serves enterprises in the industry chain to seize the dividends of live e-commerce.

FINANCIAL REVIEW

Revenue and profit attributable to shareholders

The total revenue of the Group for the nine months ended 30 September 2021 was approximately HK\$62,641,000 (2020: HK\$11,400,000) which had increased by approximately 449% as compared to that of the previous financial year. Quarterly revenue had improved by 483% compared with the period of last year. Profits of the Group for the nine months ended 30 September 2021 was approximately HK\$1,346,000. An improve of 122% was attributed by the patient and the recovery plan followed.

The unaudited consolidated profit from operations, before finance costs and tax, for the nine months ended 30 September 2021 was approximately HK\$2,521,000 which was increased as compared with the corresponding period last year loss of HK\$5,226,000. The decrease in loss for the period was mainly attributable to the combined result for improved operating efficiency as well as tighter controls over cost.

Finance cost

The finance cost of the Group for the nine months ended 30 September 2021 was approximately HK\$775,000 (2020: HK\$901,000) which had decreased by approximately 14% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the nine months ended 30 September 2021, the Group's borrowing consists of a loan from the Company's substantial shareholder of approximately HK\$12,510,000. The Group had a cash balance of approximately HK\$5,369,000.

The Group continues to adopt a prudent treasury policy to maintain its cash 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 nine months ended 30 September 2021 was HK\$20,090,204 (2020: HK\$200,902,041) as the capital reduction of HK\$1.0 per share to HK\$0.1 per share was effective on 14 January 2021.

Gearing Ratio

As at 30 September 2021, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 69.27% (2020: 64.98%).

Employee and remuneration policies

As at 30 September 2021, the Group employed a total of 54 employees (as at 30 September 2020: 10), of which 4 were located in Hong Kong, 49 in the PRC and 1 located 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.

Those subsidiaries which are currently in the deregistration process are: 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.

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Nil

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Nil

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognizes that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

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 period ending 30 September 2021, except:

- (i) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated 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 the period ended 30 September 2021.

Directors' Right to Acquire Shares or debentures

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

Competing Interests

None of the Directors or management shareholders of the Company or their respective associates had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

DISCLOSURE OF INTERESTS

(A) Interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares, or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Positions in the Ordinary Shares of HK\$0.10 each (the “Shares”) of the Company

Number of issued shares held, capacity and nature of interest						Percentage of the Company’s issued Shares as at 30 September 2021
Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total		
Directors						
Mr. Xie Xuan	—	—	51,801,473	—	51,801,473	25.78%
		(Note 1)				

Note 1: The controlled corporation is Glamour House Limited, which is accustomed to acting in accordance with Mr. Xie Xuan’s instructions who is its sole director, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(B) Interests and short positions of the Substantial Shareholders in the Shares, underlying shares and debentures of the Company

As at 30 September 2021, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

(i) Long Positions in the Shares

Name of Shareholder	Capacity	Number of shares	Percentage of the Company's issued Shares as at 30 September 2021
Glamour House Limited	Interest of a controlled corporation (<i>Note 1</i>)	51,801,473	25.78%
Asian Dynamics International Limited	Beneficial owner	51,789,613	25.78%
Century Field Limited	Beneficial Owner	27,630,666	13.75%

Note 1: The controlled corporation is Asian Dynamics International Limited, which is beneficially owned as to 67.18% by Glamour House Limited.

(ii) Long Position in the Underlying Shares

Nil

Save as disclosed above, as at 30 September 2021, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

Management Shareholder

As far as the Directors are aware of, other than Asian Dynamics International Limited, Glamour House Limited and Mr. Xie Xuan as disclosed above, there was no other person as at 30 September 2021 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2021.

Board of Directors

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of seven directors, with four executive directors, namely Mr. Xie Xuan (Chairman), Dr. Feng Ke, Mr. Huang Haitao and Mr. Liao Haifei; and three independent non-executive directors, namely Mr. Wu Jixue, Mr. Zheng Hongliang and Dr. Wang Yi. They are professionals in different areas and provide independent opinions based on their expertise.

INTERNAL CONTROL

On an annual basis the Directors have reviewed and are satisfied with their ability to comply with the policies installed as part of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions. Furthermore, the Directors are satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programs and budget.

AUDIT COMMITTEE

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising Independent Non-executive Directors, namely Dr. Wang Yi (Chairman of the Committee), Mr. Wu Jixue and Mr. Zheng Hongliang, and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this quarterly report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board

Xie Xuan

Chairman

Hong Kong, 15 November 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 publication and the Company website at www.airnet.com.hk.