



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

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT (For the three months ended 31 March 2022)**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 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 GEM of the Stock Exchange 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.*

## 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 months ended 31 March 2022 together with the comparative figures for the corresponding period in 2021 as follows:

|   | <i>Notes</i> | <b>For the<br/>3 months<br/>ending<br/>31 March<br/>2022<br/>HK\$'000</b> | <b>For the<br/>3 months<br/>ending<br/>31 March<br/>2021<br/>HK\$'000</b> |
|---|--------------|---|---|
| Revenue                                 | 2            | <b>10,190</b>   | 6,789   |
| Cost of services                        |              | <u><b>(5,762)</b></u>   | <u>(2,822)</u>  |
| Gross profit                            |              | <b>4,428</b>  | 3,967   |
| Other income                            |              | <b>1</b>  | 125   |
| Staff costs                             |              | <b>(1,058)</b>  | (2,081)   |
| Depreciation and amortization           |              | <b>(88)</b>   | (258)   |
| Operation lease rental                  |              | <b>(38)</b>   | (491)   |
| Other operating expenses                |              | <b>(1,759)</b>  | (1,756)   |
| Gain on disposal of a subsidiary        |              | <u><b>1,345</b></u>   | <u>–</u>  |
| Profit/(loss) from operating activities |              | <b>2,831</b>  | (494)   |
| Finance costs                           | 3            | <u><b>(40)</b></u>  | <u>(227)</u>  |
| Profit/(loss) before taxation           |              | <b>2,791</b>  | (721)   |
| Taxation                                | 4            | <u><b>–</b></u>   | <u>–</u>  |
| Profit/(loss) for the period            |              | <b>2,791</b>  | (721)   |
| Attributable to:                        |              |   |   |
| Equity holders of the Company           |              | <b>2,818</b>  | 201   |
| Non controlling interest                |              | <u><b>(27)</b></u>  | <u>(922)</u>  |
|   |              | <u><b>2,791</b></u>   | <u>(721)</u>  |
| Earnings per share                      |              |   |   |
| – Basic                                 | 6            | <u><b>1.40 cents</b></u>  | <u>0.10 cents</u>   |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

|                        | Attributable to equity holders of the Company |                  |                    |                        |                       |                     | Non          |                         | Total         |
|------------------------|---|------------------|--------------------|------------------------|-----------------------|---------------------|--------------|-------------------------|---------------|
|                        | Issued<br>Share<br>Capital                    | Share<br>Premium | Capital<br>Reserve | Translation<br>Reserve | Fair value<br>Reserve | Accumulated<br>Loss | Total        | Controlling<br>interest |               |
|                        | HK\$'000                                      | HK\$'000         | HK\$'000           | HK\$'000               | HK\$'000              | HK\$'000            | HK\$'000     | HK\$'000                | HK\$'000      |
| 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            | -                      | -                     | 201                 | 201          | (922)                   | (721)         |
| As at 31 March 2021    | <u>20,090</u>                                 | <u>385,212</u>   | <u>206,832</u>     | <u>(4,232)</u>         | <u>(134)</u>          | <u>(598,463)</u>    | <u>9,305</u> | <u>877</u>              | <u>10,182</u> |
| As at 1 January 2022   | 20,091  | 385,212          | 206,831            | (4,171)                | (164)                 | (609,291)           | (1,492)      | (3,840)                 | (5,332)       |
| Movement of the period | -   | -                | -                  | -                      | -                     | 2,764               | 2,764        | 2,991                   | 5,755         |
| As at 31 March 2022    | <u>20,091</u>                                 | <u>385,212</u>   | <u>206,831</u>     | <u>(4,171)</u>         | <u>(164)</u>          | <u>(606,527)</u>    | <u>1,272</u> | <u>(849)</u>            | <u>423</u>    |

Notes:

## 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 (“the HKICPA”), and accounting principles general 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 2021.

## 2. REVENUE

The Group’s revenue represents the invoiced value of service fees from the provision of management and consultancy services and media services (intra-Group transactions excluded) as follows:

|                                | For the three months |              |
|--------------------------------|----------------------|--------------|
|                                | Ended 31 March       |              |
|                                | 2022                 | 2021         |
|                                | HK\$’000             | HK\$’000     |
| <b>Continuing Operation</b>    |                      |              |
| Management and consultancy fee | 6,264                | 6,264        |
| Media service income           | 1,212                | 523          |
| Sales income                   | 2,714                | 2            |
|                                | <hr/>                | <hr/>        |
| Total revenue                  | <b>10,190</b>        | <b>6,789</b> |

## 3. FINANCE COSTS

The finance costs represent the interest on amount due to the Company’s ultimate holding company, which bears interest at 5%.

## 4. TAXATION

Nil

**5. DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2022 (2021: Nil).

**6. EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months ended 31 March 2022 is based on the net profit from ordinary activities attributable to shareholders of approximately HK\$2,818,000 (2021: HK\$201,000) and 200,902,041 ordinary shares (2021: 200,902,041) during the period.

**7. 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 past three months, there was an increase in the revenue of the Group from HK\$6,789,000 of 2021 to HK\$10,190,000 of 2022 and the performance for the period was turnaround from loss of approximate HK\$721,000 of 2021 to profit of approximate HK\$2,791,000 of 2022, resulting from management vigilant control over the operational expenses and practice development expenses, and the disruption caused by the pandemic, which is to be detailed illustrated as follows:

The Company entered 2022 with a more bullish expectation, as a result of additional pipe-line of transactions in the consultancy and private equity sector under discussion by the Group's executives. Furthermore, the ongoing media and e-marketing and sales sector experienced continuous growth in volume towards the end of 2021, with great commitments by the Suppliers of merchandise, and expanded customers' number as recorded.

The Management had already factored the seasonal reduction over the growth of businesses, during the Chinese New Year period, which is always the quietest period on consumer demands, and face-to-face transaction consummation.

However the management were taken by surprise in February with the un-anticipated surge of covid cases in Hong Kong, and the continuation of the omicron pandemic towards the various major Cities in Peoples' Republic of China, including Shenzhen, Guangzhou and Shanghai, during the first quarter, causing extended period of lockdowns, chaos and travel disruptions, putting great pressure to the Group to maintain the growth drive.

Many of the Group's pipeline consulting deals had to slowdown, in particular the e-sport fund in Shanghai, and the cessation of the retainer contract on the Wellness consulting project, pending the completion of the Wellness Fund, which are suppose to complete and signed in 2nd quarter of 2022.

Much of management efforts in the 1st quarter of 2022 had been dedicated to the completion of the annual financial results announcement, which was seriously affected by the pandemic and the continued travel tightening due to the increase of covid cases within the audit team, and that from the Company's executives. Nevertheless, the Board is pleased to report that due to the lockdown, the Management team has been able to concentrate in the various on-going transactions, and secured good responds from innovative, project management and material manufacturing entities in Guangzhou to show great interest to secure the Group's consultancy capability to assist in their value enhancement campaigns.

The Board is pleased to also report the possible joining of the Group by a very seasoned real estate and project management professional of over 30 years, and he is confident that a number of lucrative consulting transactions can be put in place, during the second and third quarters of 2022, barring any unforeseeable disruptions caused by both geopolitical incidents and the negative impact caused by the covid-19 pandemic, which have been so unpredictable to the China's economy as a whole.

The rejuvenation plan as outlined by Board in the December 2021 Annual Financial Reports has been strictly and diligently adhered by the Management, and to the best of information of the managers, every effort has been dedicated to achieve the various mile-stones set, which hopefully can meet the sustainability growth expectations, under Section 17.26 of the Stock Exchange guidelines.

To complicate the pursuit of consultancy and media sector' services, the regulatory landscape and the international accounting standards verses new directives from the Ministry of Industry and Information Technology, are also the various key factors that can impact investment patterns in the Group's pursuit of sustainable growth. Increasing regulatory challenges both in China and at a global level in antitrust enforcement, fund movements and eligible investments, national security protections, and the greater focus on data protection and cyber securities have given rise to more complex deal making, and private equity investors and consultants like ACR will have to make the necessary adjustments to their strategies, and the expected deliverables in order to provide good and plausible advice to profitable deal structure.

In the media and marketing and e-commerce sector, we are pleased to report that the plan to pursuit in the next frontier in consumer goods, finance and KOL marketing activities based on digitally enabled innovation had been successfully achieved, with a number of noticeable recognitions by different social media and technology platforms to the ranking of Bohu shops in creating GMV for their platform services, which are translated to sales revenues accounted for Bohu, based on the latest PRC Ministry's directives issued in March 2021, as described in details in the Company's annual report for the year ended 31 December, 2021.

As reported by McKinsey's April 2022 newsletter, from the strategy & corporate finance practice, "with digitally enabled innovation, McKinsey's work has shown that consumer packaged goods companies can bring new products to market 50% percentage faster, at a third lower costs and with double the return on investment".

The report further stated that “technology is critical, but only one piece of the puzzle, and companies that digitize innovation need to prepare for significant changes in procedures and the entire eco-system of services, of which Bohu has managed to achieve not only, carrying the e-commerce services as pure old-concepts of trading entity, but secured a flow system of service, including the supply chain management, trade finance structure within China, with licensed financial institutions, implemented change-management training at all levels, and adopted the company’s innovative and marketing operating model by KOL platform, and oversight on quality, customers’ services and security over the data quality in order to comply with the Measures promulgated by the PRC Regulators”.

The Group further improve on the reliability of those sales and registered statistics for PRC Regulators by engaging in Guangzhou, an independent audit firm to provide the sales authentication over those sales reported and details of the audit report, which was completed in May, 2022, for the four quarters of 2021 and the first quarter of 2022 is illustrated as follows:

E-commerce sales volume for the year of 2021 and the first quarter of 2022

|                                    | 2021             |                     |                     |                     | Aggregate<br>Total    | 2022            |
|------------------------------------|------------------|---------------------|---------------------|---------------------|-----------------------|-----------------|
|                                    | Q1               | Q2                  | Q3                  | Q4                  |                       | Q1              |
|                                    | HK\$'000         | HK\$'000            | HK\$'000            | HK\$'000            | HK\$'000              | HK\$'000        |
| Disclosed Per financial statements | –                | 23,757              | 17,388              | 50,226              | <b>91,371</b>         | –               |
| Disclosed Per PRC audit            | <u>61</u>        | <u>26,479</u>       | <u>21,021</u>       | <u>58,659</u>       | <u><b>106,220</b></u> | <u>19,095</u>   |
| Difference (Note 1)                | <u><b>61</b></u> | <u><b>2,722</b></u> | <u><b>3,633</b></u> | <u><b>8,433</b></u> | <u><b>14,849</b></u>  | <u><b>–</b></u> |

Note 1: Represents recognition by PRC auditors as per PRC accounting records

Table of audited sales recorded with Bohu internet shops

In order to align further to the differences in classification under the HKFRS 15 on revenue recognition, the Bohu management, in collaborating with legal adviser in PRC, had continued to modify the service contracts from suppliers to signify the control over those merchandise, that are temporarily stored with the manufacturer, but paid for as deposits. Furthermore the control over the price determination by engaging the sales team to do more on consumers' expectation over those FMCP (fast-moving consumer products), to allow both standards of reporting in strict compliance to the various criteria imposed.

Bohu platform was designed, implement and improved since 2020 September, and we are pleased to state that extensive research were undertaken to differ us from ordinary "trading enterprise", and distinct Bohu's perceived "agency service" with others technological companies. The media platform besides providing value-added customer services, has also concentrated towards the procurement of quality merchandise for the Guangzhou communities, and to train and educate the new generation of KOLs in legally binding marketing and promotional techniques, which is led by one of our executives, who is trained in legal and compliance, but been managing large size media and e-commerce enterprise for over 5 years, from the time that China experienced paradigm shift in digital sales expansion.

As a listed Company, our plan and business model adopted respects the UN sustainable goals in various dimension, i.e. Goal 8 on decent work and economic growth, Goal 9 in Industry, innovation and infrastructure, Goal 12 in responsible consumption and production, in order to deliver the social and governance responsibilities to both our Investors and operational stakeholders for the continuous faith in collaborating and supplying the business pursuits.

In addition, apart from the aforementioned operations, the Group continues to research, develop and explore investment opportunities which are strategic to its business operations and which will contribute meaningful and sustainable returns to the Company's shareholders.

## **FINANCIAL REVIEW**

### **Revenue and profit attributable to shareholders**

The consolidated revenue of the Group for the three months ended 31 March 2022 was approximately HK\$10,190,000 (2021: HK\$6,789,000) which had increased by approximately 50% as compared to the corresponding period of last year. The increase was driven by increase in new business in media service income and sales income.

## **Financial cost**

The financial cost of the Group for the three months ended 31 March 2022 was approximately HK\$40,000 (2021: HK\$227,000) which was decreased by approximately 82% as compared to that of the same period of last year.

## **Liquidity, financial resources and capital structure**

For the three months ended 31 March 2022, the Group's borrowing consists of a loan from the Company's immediate holding company of approximately HK\$3,205,000 (2021: HK\$6,415,000). The Group had a cash balance of approximately HK\$3,652,000 (2021: HK\$1,585,000).

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 as at 31 March 2022 was HK\$20,090,204 (2021: HK\$20,090,204).

## **Gearing Ratio**

As at 31 March 2022, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 96.77% (2021: 67.10%).

## **Employee and remuneration policies**

As at 31 March 2022, the Group employed a total of 16 employees (as at 31 March 2021: 50), of which 5 were located in Hong Kong, 10 were located 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: 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 ended 31 March 2022, 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 31 March 2022.

## **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 31 March 2022, 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 |                                  |                                |                        | Total      | Percentage of the Company’s issued Shares as at 31 March 2022 |
|--------------|---|----------------------------------|--------------------------------|------------------------|------------|---|
|              | Directly beneficially owned                                   | Through spouse or minor children | Through controlled corporation | Beneficiary of a trust |            |   |
| Directors    |   |                                  |                                |                        |            |   |
| Mr. Xie Xuan | –   | –                                | 51,801,478                     | –                      | 51,801,478 | 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 31 March 2022, 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 31 March 2022, 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<br>shares | Percentage<br>of the<br>Company's<br>issued Shares<br>as at<br>31 March<br>2022 |
|--------------------------------------|--|---------------------|---|
| Glamour House Limited                | Interest of a controlled corporation ( <i>Note 1</i> ) | 51,801,478          | 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 31 March 2022, 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 31 March 2022 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 31 March 2022.

**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 six directors, with three executive directors, namely Mr. Xie Xuan (Chairman), Dr. Feng Ke and Mr. Huang Haitao; 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 announcement and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board

**Xie Xuan**

*Chairman*

Hong Kong, 13 May 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Xie Xuan (Chairman), Dr. Feng Ke and Mr. Huang Haitao; 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](http://www.hkgem.com) for at least 7 days from the date of its publication and the Company website at [www.airnet.com.hk](http://www.airnet.com.hk).*