



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

INTERIM RESULTS ANNOUNCEMENT

(For the six months ended 30 June 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three and six months ended 30 June 2022 together with the comparative figures for the corresponding periods in 2021 as follows:

	<i>Notes</i>	For the three months ended 30 June		For the six months ended 30 June	
		2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	3,185	7,361	13,375	14,150
Cost of services		<u>(20)</u>	<u>(356)</u>	<u>(5,782)</u>	<u>(3,178)</u>
Gross profit		3,165	7,005	7,593	10,972
Other revenue		45	314	46	439
Staff costs		(1,096)	(3,082)	(2,154)	(5,163)
Operating lease rentals		(64)	(394)	(102)	(885)
Other operating expenses		(1,430)	(4,298)	(3,189)	(6,054)
Depreciation and amortization		(88)	(267)	(176)	(525)
Gain on disposal of subsidiaries		—	—	1,345	—
Written off amount due from an investee company		<u>(596)</u>	<u>—</u>	<u>(596)</u>	<u>—</u>
Profit/(Loss) from operating activities		(64)	(722)	2,767	(1,216)
Finance costs	9	<u>(46)</u>	<u>(263)</u>	<u>(86)</u>	<u>(490)</u>
Profit/(Loss) before taxation		(110)	(985)	2,681	(1,706)
Taxation	3	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(Loss) for the period		<u><u>(110)</u></u>	<u><u>(985)</u></u>	<u><u>2,681</u></u>	<u><u>(1,706)</u></u>

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:				
Owners of the Company	(112)	1,655	2,652	1,856
Non controlling interest	2	(2,640)	29	(3,562)
	<u>(110)</u>	<u>(985)</u>	<u>2,681</u>	<u>(1,706)</u>
Earnings/(Loss) per share				
Basic and diluted	4 <u>(0.06) cents</u>	<u>0.82 cents</u>	<u>1.32 cents</u>	<u>0.92 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2022	Audited As at 31 December 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,250	1,301
Right-of-use assets		266	388
Goodwill		5,000	5,000
Interests in associates		5,391	5,392
Amount due from an investee company		—	596
Rental deposit		72	72
		11,979	12,749
CURRENT ASSETS			
Inventories		152	152
Trade and other receivables	6	24,233	21,509
Cash and cash equivalents		1,140	4,681
		25,525	26,342
Assets classified as held for sale		—	5,854
		25,525	32,196
CURRENT LIABILITIES			
Trade and other payables	7	19,137	21,531
Amounts due to associates		3,056	3,021
Lease liabilities		251	244
Tax payable		3,494	3,494
		25,938	28,290
Liabilities directly associated with assets classified as held for sale		—	12,803
		25,938	41,093

	Unaudited	Audited
	As at 30	As at 31
	June 2022	December 2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT LIABILITIES	<u>(413)</u>	<u>(8,897)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>11,566</u>	<u>3,852</u>
NON-CURRENT LIABILITIES		
Amount due to a director of the Company	8,450	6,254
Amount due to a substantial shareholder	2,782	2,781
Lease liabilities	<u>21</u>	<u>149</u>
	<u>11,253</u>	<u>9,184</u>
NET (LIABILITIES)/ASSETS	<u><u>313</u></u>	<u><u>(5,332)</u></u>
CAPITAL AND RESERVES		
Share capital	20,091	20,091
Reserves	<u>(18,931)</u>	<u>(21,583)</u>
(Capital deficiency)/Equity attributable to owners of the Company	1,160	(1,492)
Non-controlling interests	<u>(847)</u>	<u>(3,840)</u>
TOTAL (CAPITAL DEFICIENCY)/EQUITY	<u><u>313</u></u>	<u><u>(5,332)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the six months ended 30 June
2022

Attributable to owners of the Company										
	Issued Share Capital	Share Premium	Capital Reserve	Translation Reserve	Fair value reserve	Convertible		Non- Controlling Total	Total equity	
						equity Reserve	Accumulated Losses			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
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	—	—	—	1,856	1,856	(3,562)	(1,706)
As at 30 June 2021	<u>20,090</u>	<u>385,212</u>	<u>206,832</u>	<u>(4,232)</u>	<u>(134)</u>	<u>—</u>	<u>(596,808)</u>	<u>10,960</u>	<u>(1,763)</u>	<u>9,197</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	—	—	—	—	—	—	2,652	2,652	2,993	5,645
As at 30 June 2022	<u>20,091</u>	<u>385,212</u>	<u>206,831</u>	<u>(4,171)</u>	<u>(164)</u>	<u>—</u>	<u>(606,639)</u>	<u>1,160</u>	<u>(847)</u>	<u>313</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	2,681	(1,706)
Adjustments for:		
Interest income	(2)	(1)
Finance costs	86	490
Depreciation of property, plant and equipment	51	390
Depreciation of right-of-use assets	122	135
Written off of amount due from an investee company	596	578
Gain on disposal of subsidiaries	<u>(1,345)</u>	<u>—</u>
Operating cash flows before changes in working capital	2,189	(114)
(Increase)/decrease in trade and other receivables	(2,724)	(4,379)
Increase in inventories	—	(261)
Increase/(decrease) in trade and other payables	<u>(5,034)</u>	<u>8,293</u>
Cash generated from/(used in) operations	(5,569)	3,539
Income tax paid	—	—
Interest received	<u>2</u>	<u>1</u>
Net cash generated from/(used in) operating activities	<u><u>(5,567)</u></u>	<u><u>3,540</u></u>

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	—	(9,269)
Advances to associates	<u>35</u>	<u>(10)</u>
Net cash (used in)/generated from investing activities	<u>35</u>	<u>(9,279)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/advance from a director of the Company	2,119	(47)
(Repayment to)/net advance from a substantial shareholder	1	(487)
Advances from/(to) associates	1	157
Lease liabilities repayment	(121)	(139)
Interest paid for leasing liabilities	<u>(9)</u>	<u>(3)</u>
Net cash (used in)/generated from financing activities	<u>1,991</u>	<u>(519)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,541)	(6,258)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE PERIOD	<u>4,681</u>	<u>7,061</u>
CASH AND CASH EQUIVALENTS		
AT END OF THE PERIOD	<u><u>1,140</u></u>	<u><u>803</u></u>

Notes to the Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION

The unaudited interim 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 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 follow:

	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Consultancy fee	3,016	6,264	9,280	12,528
Media service income	169	462	1,381	473
Advertising income	—	303	—	623
Marketing services and sales income	—	332	2,714	526
	3,185	7,361	13,375	14,150

(a) Business segments information reported to the chief operating decision maker, directors of the Company, is based on the type of services rendered by the Group’s operating division for the purposes of resources allocation and performance assessment. The Group has two reporting segments, management and consultancy services, multi-media and value-added services.

(b) Geographical segments

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
The PRC and outside		
of Hong Kong	13,375	14,150

3. TAXATION

No Hong Kong profits tax and PRC income tax has been provided for the six months ended 30 June 2022 as the Group had no assessable profits for the period. (2021: Nil)

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months and six months ended 30 June 2022 is based on the net profit/(loss) attributable to owners of the Company of approximately net loss of HK\$112,000 and net profit of HK\$2,652,000 (2021: net profit of approximately HK\$1,655,000 and HK\$1,856,000) and 200,902,041 ordinary shares (2021: 200,902,041) during the periods.

5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group has not incurred expenditures on additions to property, plant and equipment (2021: approximately HK\$9,269,000) and no property, plant and equipment has been disposed of by the Group for both periods.

6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Trade receivables	10,165	7,414
Prepayments, deposits and other receivables	14,068	14,095
	<u>24,233</u>	<u>21,509</u>

Trade receivable

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
0-30 days	3,016	7,414
31-60 days	7,149	—
Total	<u>10,165</u>	<u>7,414</u>

7. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Trade payable, accruals and other payables	<u>19,137</u>	<u>21,531</u>

8. AMOUNT DUE TO SUBSTANTIAL SHAREHOLDER

In order to improve the Group's financial position and to sustain the Group's as a going concern, the management had taken the following measures during the period:

- (i) Mr. Xie Xuan, the substantial shareholder of the Company provided a 18-month stand-by credit facility of HK\$20,000,000 to the Company;
- (ii) Asian Dynamics International Limited, the substantial shareholder of the Company and Mr. Xie Xuan have 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.

9. FINANCE COSTS

The finance costs was mainly the interest on amount due to Mr. Xie Xuan, the substantial shareholder of the Company, which bears interest at 5% per annum, and interest on finance lease.

10. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (2021: Nil).

11. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

During the past three months, a contrast in decrease in the revenue of the Group from HK\$7,361,000 of 2021 to HK\$3,185,000 of 2022 and the performance for the period was loss of approximate HK\$721,000 of 2021 to approximate HK\$64,000 of 2022, resulting from management vigilant control over the operational expenses and practice development expenses.

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 July, 2022, for the four quarters of 2021 and the first half of 2022 is illustrated as follows:

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

	Aggregate			Aggregate
	Total for 2021	Q1	Q2	Total for 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Disclosed Per financial statements	3,515	631	136	767
Disclosed Per PRC audit	106,220	19,095	3,251	22,346
Difference	<u>102,705</u>	<u>18,464</u>	<u>3,115</u>	<u>21,579</u>

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

Table of audited sales recorded with Bohu internet shops

However, experience disappointed results of 2nd quarter 2022. Due to: (1) From February Hong Kong and China were suffered tremendously in business activities due to covid pandemic. (2) As a result of the disruptive environment, our valued clients has decided either to hold or delay the asset management and consulting services due to risk associated for the advisor business circumstances. (3) IFRS15 is differ from the PRC accounting as disclosed in the annual report for the year ended 31 December 2021, the management has taken the 2nd quarter to realign with our customers and the contract of suppliers in line with the compliance necessary to both PRC regulations and HKFRS requirements.

Following the audit for the year ended 31 December 2021; the Management of the wholly owned subsidiary, an entity which has been carrying out e-commerce, digital marketing and risks control over the e-commerce operational ecosystem, was engaged with all of its customers to realign the business contracts in order to meet the legal and accounting compliance of the merchandise wholesale businesses being carried out within the e-commerce ecosystem, for the best interest of the Company. The Management is pleased to state that since August 2022, the Company shall undertake the financial risks, inventory risks and the control risks of the merchandise, including inventory management to comply with the Hong Kong financial reporting standard 15 and the relevant laws and taxation regulatory of the People's Republic of China for good governance matters.

FINANCIAL REVIEW

Revenue and profit attributable to shareholders

The consolidated revenue of the Group for the six months ended 30 June 2022 was approximately HK\$13,375,000 (2021: HK\$14,150,000). The unaudited consolidated profit from operations for the six months ended 30 June 2022 was approximately HK\$2,767,000 which as compared with the loss of last year corresponding period of HK\$1,216,000. Profit attributable to shareholders for the six months ended 30 June 2022 was approximately HK\$2,652,000 as compared to 2021's profit of HK\$1,856,000.

Finance costs

The finance costs of the Group for the six months ended 30 June 2022 was approximately HK\$86,000 (2021: HK\$490,000) 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 six months ended 30 June 2022, the Group's borrowing consists of a loan from the Company's substantial shareholder of approximately HK\$2,782,000. The Group had a cash balance of approximately HK\$1,140,000.

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 the six months ended 30 June 2022 was HK\$20,090,204 (2021: HK\$20,090,204).

Gearing Ratio

As at 30 June 2022, the gearing ratio of the Group, expressed as a percentage of net debt divided by total capital plus net debt, was 97.39% (2021: 76.77%).

Employee and remuneration policies

As at 30 June 2022, the Group employed a total of 18 employees (as at 30 June 2021: 50), of which 5 were located in Hong Kong, 12 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 Event(s) after 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 June 2022, except:

- (i) 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 June 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 30 June 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				Percentage of the Company’s issued Shares as at 30 June 2022	
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
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 shareholder, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at 30 June 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 30 June 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 shares	Percentage of the Company's issued Shares as at 30 June 2022
Glamour House Limited	Interest of a controlled corporation (Note 1)	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 30 June 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 30 June 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 30 June 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 seven directors, with four executive directors, namely Mr. Lu Yongde (Chairman), Mr. Xie Xuan, 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 Interim Results Report and the audited financial statements and has provided advice and comments thereon.

On behalf of the Board

Lu Yongde

Chairman

Hong Kong, 15 August 2022

As at the date of this announcement the executive directors of the Company are Mr. Lu Yongde (Chairman), Mr. Xie Xuan, 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 website of The Stock Exchange of Hong Kong Limited at www.hkexnews.com for at least 7 days from the date of its publication and the Company website at www.airnet.com.hk.