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ASR LOGISTICS HOLDINGS LIMITED
瀚洋物流控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board is pleased to announce the consolidated interim results of the Group for the six months ended 30 June 2015 (the "**Period**"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The 2015 consolidated interim results of the Group are unaudited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 20 August 2015.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*5*	**284,630**	428,020
Cost of sales		**(245,628)**	(331,696)
Gross profit		**39,002**	96,324
Other (losses)/gains, net		**(369)**	235
Other income		**394**	463
Administrative expenses		**(57,094)**	(72,381)
Operating (loss)/profit	*5*	**(18,067)**	24,641
Finance income		**138**	288
Finance costs		**(699)**	(13)
Finance (costs)/income, net		**(561)**	275
Share of loss of an associate		**(108)**	(94)
(Loss)/profit before income tax		**(18,736)**	24,822
Income tax expense	*6*	**(858)**	(7,298)
(Loss)/profit for the period		**(19,594)**	17,524
Other comprehensive income/(loss)			
Change in fair value of available-for-sale financial assets		**226**	–
Currency translation differences		**400**	(884)
Total comprehensive (loss)/income for the period		**(18,968)**	16,640

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
(Loss)/profit attributable to:			
– Equity holders of the Company		**(20,364)**	18,722
– Non-controlling interests		**770**	(1,198)
		(19,594)	17,524
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(19,994)**	17,722
– Non-controlling interests		**1,026**	(1,082)
		(18,968)	16,640
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company		***HK cents***	*HK cents*
– Basic	*7*	**(2.52)**	2.34
– Diluted	*7*	**(2.52)**	2.33
		HK$'000	*HK$'000*
Dividends	*8*	**–**	140,000

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2015

	Note	**30 June 2015 (Unaudited) *HK$'000***	31 December 2014 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,711**	9,202
Intangible assets		**2,282**	2,506
Available-for-sale financial assets		**15,878**	15,653
Loan to an associated company		**–**	3,071
Long-term deposits		**528**	582
Deferred income tax assets		**2,051**	1,506
		30,450	32,520
Current assets			
Trade receivables	*9*	**84,711**	145,591
Prepayments, deposits and other receivables		**12,831**	12,105
Other current assets		**999**	3,096
Pledged deposits		**6,456**	6,967
Cash and cash equivalents		**82,993**	228,808
		187,990	396,567
Total assets		**218,440**	429,087
EQUITY			
Share capital	*11*	**4,034**	4,034
Reserves		**33,549**	53,286
		37,583	57,320
Non-controlling interests		**3,250**	2,225
Total equity		**40,833**	59,545

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2015

	Note	**30 June 2015 (Unaudited)** ***HK$'000***	31 December 2014 (Audited) *HK$'000*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**117**	170
Deferred income tax liabilities		**822**	822
		939	992
Current liabilities			
Trade payables	*10*	**96,435**	167,473
Dividend payable		**–**	121,029
Other payables and accruals		**29,733**	38,858
Borrowings		**44,037**	33,610
Finance lease liabilities		**63**	73
Current income tax payable		**6,400**	7,507
		176,668	368,550
Total liabilities		**177,607**	369,542
Total equity and liabilities		**218,440**	429,087
Net current assets		**11,322**	28,017
Total assets less current liabilities		**41,772**	60,537

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information of the Group

This condensed consolidated interim financial information are presented in Hong Kong Dollars (HK$) unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 20 August 2015.

These condensed consolidated interim financial statements have not been audited.

2 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the HKICPA. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 are not expected to have a material financial impact on the Group's consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4 Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 Sales and segment information

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of air freight service in the wholesale market.

The chief operating decision-makers have been identified as the executive Directors. The executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive Directors assess the performance of the business from a geographical perspective, i.e. by destinations of air freight service. The information provided to the executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2015 is as follows:

	Europe	**America**	**Asia-Pacific**	**Africa**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Sales to external customers	**41,113**	**49,330**	**168,987**	**25,200**	**284,630**
Cost of sales	**(35,383)**	**(46,373)**	**(141,755)**	**(22,117)**	**(245,628)**
Segment results	**(1,683)**	**(868)**	**(7,997)**	**(905)**	**(11,453)**
Unallocated expenses, net					**(4,730)**
Depreciation and amortisation					**(1,884)**
Operating loss					**(18,067)**
Finance cost, net					**(561)**
Share of loss of an associate					**(108)**
Loss before income tax					**(18,736)**
Income tax expense					**(858)**
Loss for the period					**(19,594)**

Revenue of approximately HK$284,291,000 and HK$339,000 were derived from air freight service and sea freight service respectively.

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2014 is as follows:

	Europe	America	Asia-Pacific	Africa	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	46,332	32,989	304,121	44,578	428,020
Cost of sales	(43,468)	(31,669)	(218,883)	(37,676)	(331,696)
Segment results	866	400	25,818	2,090	29,174
Unallocated expenses, net					(2,828)
Depreciation and amortisation					(1,705)
Operating profit					24,641
Finance income, net					275
Share of loss of an associate					(94)
Profit before income tax					24,822
Income tax expense					(7,298)
Profit for the period					17,524

Revenue of approximately HK$427,637,000 and HK$383,000 were derived from air freight service and sea freight service respectively.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

6 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits.

Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to approximately HK$31,000) but below MOP300,000 (equivalent to approximately HK$291,000), and thereafter at a fixed rate of 12%. For the period ended 30 June 2015 and 2014, the special tax incentive is provided to effect that tax free income threshold is MOP300,000 (equivalent to approximately HK$291,000) and thereafter being taxed at a fixed rate of 12%.

The Group's operations in Mainland China are subject to PRC corporate income tax. The standard PRC corporate income tax rate is 25%. Preferential rate of 5% withholding income tax is also imposed on dividends relating to any profits earned commencing from 1 January 2008 to foreign investors incorporated in Hong Kong.

Taxation outside Hong Kong and Mainland China has been calculated on the estimated assessable profit at the rates of taxation prevailing in the countries in which the Group operates.

The amounts of income tax expense charged to the condensed consolidated interim statement of comprehensive income represent:

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**769**	2,017
Taxation outside Hong Kong		
Macau	**–**	3,840
Mainland China	**–**	147
Others	**942**	1,441
	942	5,428
(Over)/under provision in priors years		
Hong Kong profits tax	**(225)**	3
Taxation outside Hong Kong	**(83)**	–
	(308)	3
Deferred income tax	**(545)**	(150)
	858	7,298

7 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the Period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	For the six months ended 30 June	
	2015	2014
(Loss)/profit attributable to equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share (HK$'000)	**(20,364)**	18,722
Weighted average number of ordinary shares in issue for the purpose of basic (loss)/earnings per share (in thousand shares)	**806,860**	800,000
Weighted average number of ordinary shares in issue for the purpose of diluted (loss)/earnings per share (in thousand shares)	**806,860**	803,220
Basic (loss)/earnings per share (HK cents per share)	**(2.52)**	2.34
Diluted (loss)/earnings per share (HK cents per share)	**(2.52)**	2.33

(b) Diluted

Diluted loss per share for the six months ended 30 June 2015 is the same as the basic loss per share as there is no dilutive potential ordinary share for six months ended 30 June 2015.

Diluted earnings per share for the six months ended 30 June 2014 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

8 Dividends

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Final dividends declared for year 2014		
– Nil (2013: HK1.8 cents)	**–**	14,400
Special dividends declared for year 2013		
– HK15 cents per share	**–**	120,000
Interim dividends declared for year 2015 *(Note a)*		
– Nil (2014: HK0.7 cents)	**–**	5,600
	–	140,000

Note a The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: HK$5,600,000).

9 Trade receivables

	As at	
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**84,711**	145,591

The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 60 days.

The carrying amounts of trade receivables approximated their fair values.

As at 30 June 2015 and 31 December 2014, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
0 to 30 days	**38,666**	96,296
31 to 60 days	**29,142**	30,326
61 to 90 days	**11,439**	10,854
Over 90 days	**5,464**	8,115
	84,711	145,591

The maximum exposure to credit risk as at the balance sheet date is the fair values of the trade receivables.

10 Trade payables

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
Trade payables	**96,435**	167,473

As at 30 June 2015 and 31 December 2014, the ageing analysis of trade payables based on invoice date was as follows:

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
0 to 30 days	**33,763**	67,092
31 to 60 days	**13,257**	27,779
61 to 90 days	**7,977**	12,650
91 to 120 days	**1,443**	10,311
Over 120 days	**39,995**	49,641
	96,435	167,473

As at 30 June 2015 and 31 December 2014, the carrying amounts of trade payables approximated their fair values.

11 Share capital

	Number of shares *(thousands)*	Amount *HK$'000*
Ordinary shares		
Authorised:		
At 1 January 2014 and 30 June 2015	4,000,000	20,000
Issued and fully paid:		
At 1 January 2014	800,000	4,000
Exercise of share options	6,860	34
At 31 December 2014 and 30 June 2015	806,860	4,034

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group has reported a loss attributable to equity holders of the Company of HK$20.4 million for the six months ended 30 June 2015, dropped significantly by HK$39.1 million from a profit of HK$18.7 million for the same period of 2014. The loss was mainly attributable to the weak air cargo demand and over-capacity in the air cargo market.

For the six months ended 30 June 2015, revenue of the Group was HK$284.6 million representing a 33.5% decrease from HK$428.0 million for the same period of 2014, and volume of cargo handled was 23,391 tons dropping by 16.7% from 28,096 tons for the same period of 2014.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: HK$0.007 per share).

During the first half of 2015, the Group has implemented cost control measures aiming to reduce staff costs and office rental and related expenses. Number of employees was reduced from 258 as at 31 December 2014 to 129 as at 30 June 2015. Number of offices was consolidated from 37 in total as at 31 December 2014 to 27 in total as at 30 June 2015. However, weak cargo demand and over-capacity in the air cargo market continues to put downward pressure on yield performance, there was significant decrease in results of our Group from a profit in the first half of 2014 to a loss in the same period of 2015.

Notwithstanding the failure to comply with some of the restrictive financial covenant requirements of certain banking facilities as disclosed in the annual report of the Company for the year ended 31 December 2014, the Company has not received any notice from the banks that they will cancel, terminate, reduce or not renew the existing banking facilities. Further, the Company has not received any request from the banks for immediate repayment of the outstanding borrowings.

CHANGE IN CONTROLLING SHAREHOLDERS

Immediately after completion of the acquisition of Shares pursuant to a share purchase agreement dated 10 December 2014, on 12 January 2015, Hollyview International Limited, Excellent Success Asia Limited, Mass Talent Financial Limited and Mr. Sang Kangqiao (collectively the "**Joint Offerors**") became interested in an aggregate of 560,000,000 Shares, representing approximately 69.4% of the entire issued share capital of the Company. Accordingly, Changjiang Corporate Finance (HK) Limited, on behalf of the Joint Offerors, made unconditional mandatory cash offers (the "**Offers**") for all the issued Shares not already owned and/or agreed to be acquired by the Joint Offerors and/or parties acting in concert with them and cancellation of all outstanding options of the Company. The composite document (the "**Composite Document**") on the Offers was despatched to the Shareholders on 16 March 2015. The Offers were closed 8 April 2015.

Details of above were disclosed in the Company's announcements dated 24 December 2014 and 8 April 2015 and the composite document dated 16 March 2015.

PROSPECTS

Looking ahead to the second half of 2015, the overall air cargo business environment will remain challenging. Over-capacity will continue to be a major issue.

In view of the difficult business environment and rising operating costs, the Group will continue to implement further cost control measures such as consolidating our offices and reducing headcounts, reducing marketing, promotional and all non-revenue generating activities.

Notwithstanding the difficult market environment in the air cargo industry on wholesaling and reselling, over-capacity in air cargo and the rising costs in labor, offices and other operating costs, the management will maintain our commitment to grow our core business and concurrently explore new revenue streams with optimized operating costs, to bloom the profitability of the Group.

FINANCIAL HIGHLIGHTS

Revenue

The Group's revenue amounted to approximately HK$284.6 million for the six months ended 30 June 2015, representing a decrease of approximately 33.5% when compared with the same period last year. This was due to the decrease in air cargo handled by the Group, falling from 28,096 tons for the six months ended 30 June 2014 to 23,391 tons for the same period this year.

Gross Profit

Overall gross profit of the Group decreased by approximately 59.5% from approximately HK$96.3 million for the six months ended 30 June 2014 to approximately HK$39.0 million for the same period this year, and overall gross profit margin decreased from approximately 22.5% to approximately 13.7% respectively. This was mainly due to the decrease in yield attributable to the pressure of overcapacity in the air cargo markets.

Administrative Expenses

For the six months ended 30 June 2015, the Group's administrative expenses amounted to approximately HK$57.1 million (2014: HK$72.4 million), representing a decrease of approximately 21.1% when compared with the same period last year, which accounted for approximately 20.1% of the Group's turnover (2014: 16.9%). The decrease in administrative expenses was mainly attributable to the Group's cost control measures. Staff costs decreased by 27.2% to HK$33.5 million (2014: HK$45.9 million) and marketing, promotion and travelling expenses decreased by 36.0% to HK$5.7 million (2014: HK$8.9 million).

Contingent Liabilities and Guarantees

The Group had an un-utilised bank facility of HK$110.7 million as at 30 June 2015 and the facility was secured by the pledged deposits of approximately HK$6.5 million of our Group and life insurance policies covering the three directors of certain subsidiaries of the Group. Certain airlines and integrated carriers would require their air cargo wholesalers such as our subsidiaries to deliver a bank guarantee before getting appointment. The aggregate guarantee amount provided was approximately HK$39.3 million as at 30 June 2015 (31 December 2014: HK$80.1 million). Saved as disclosed above, we had no material contingent liabilities and guarantees.

Contractual and Capital Commitments

As at 30 June 2015, the Group had operating leases commitments of approximately HK$8.8 million (31 December 2014: HK$13.7 million).

Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and United States dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. During the Period, the Group had not hedged its foreign exchange risk because the exposure, after netting off the gain and loss derived from foreign exchange difference, was not very significant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

Human Resources

As at 30 June 2015, the Group had 129 full-time employees (31 December 2014: 258). The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees. The staff costs incurred for the period were approximately HK$33.5 million (2014: HK$45.9 million).

CODE ON CORPORATE GOVERNANCE PRACTICES

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes three independent non-executive Directors out of a total of six Directors, is responsible for setting strategic, management and financial objectives and continuously observes the principles of good corporate governance and devotes considerable effort to identifying and formalising best practice to ensure the interests of Shareholders, including those of minority Shareholders, are protected.

ASR Logistics Holdings Limited is incorporated in the Cayman Islands and has its shares listing on the Hong Kong Stock Exchange on 16 January 2012 (the "**Listing Date**"). The corporate governance rules applicable to the Company is on Corporate Governance Code as set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code from the Listing Date until 31 March 2012 and with the revised Corporate Governance Code from 1 April 2012 until 30 June 2015 respectively, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the independent non-executive Director, Mr. Xin Luo Lin was engaged in other meeting and did not attend the annual general meeting of the Company held on 2 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules regarding securities transactions by directors and senior management. After specific enquiry, all Directors of the Company confirmed that they have complied with the required standard of dealings set out in the Model Code since the listing of the Shares on 16 January 2012.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Corporate Governance Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control. The Audit Committee comprises three independent non-executive Directors. The interim results for the Period are unaudited but have been reviewed by the Audit Committee. During the Period, one regular meeting of the Audit Committee has been held.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015. The declaration, payment, and amount of future dividends will be decided by the Board and will depend upon, among other things, the Group's result of operations, capital requirements, cash flows, general financial conditions, and such other factors as the Board may consider important.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the period from 1 January 2015 to 30 June 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period from 1 January 2015 to 30 June 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

"Board"	the board of Directors
"Company"	ASR Logistics Holdings Limited (formerly known as ASR Holdings Limited), an exempted company incorporated with limited liability under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange

"Corporate Governance Code"	code on corporate governance practices as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Main Board"	the stock market operated by the Hong Kong Stock Exchange, which excludes the Growth Enterprise Market and the options market
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"MOP"	Macau Patacas, the lawful currency of Macau
"PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Share(s)"	share(s) of HK$0.005 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company

By order of the Board
ASR Logistics Holdings Limited
Hu Yebi
Chairman

Hong Kong, 20 August 2015

As at the date of this announcement, the executive Directors are Mr. Hu Yebi, Mr. Niu Zhongjie and Ms. Leung Pui Man, and the independent non-executive Directors are Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui.