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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS		**2015**	2014
Revenue	*HK$ million*	**510.8**	907.5
Gross profit	*HK$ million*	**68.9**	163.7
Gross profit margin	*%*	**13.5**	18.0
(Loss)/profit for the year	*HK$ million*	**(38.8)**	12.9
(Loss)/profit attributable to equity holders	*HK$ million*	**(40.6)**	13.1

ANNUAL RESULTS

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Revenue	*2*	**510,793**	907,473
Cost of sales		**(441,897)**	(743,821)
Gross profit		**68,896**	163,652
Other losses, net		**(16,138)**	(5,266)
Other income		**1,034**	2,829
Administrative expenses		**(88,891)**	(137,938)
Operating (loss)/profit		**(35,099)**	23,277
Finance (expenses)/income, net		**(1,032)**	221
Share of profit/(loss) of an associated company		**529**	(664)
(Loss)/profit before income tax		**(35,602)**	22,834
Income tax expense	*5*	**(3,232)**	(9,951)
(Loss)/profit for the year		**(38,834)**	12,883
Other comprehensive (loss)/income			
Items that have been reclassified or may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		**(2,048)**	(762)
Currency translation differences		**(1,255)**	310
Total comprehensive (loss)/income for the year		**(42,137)**	12,431
(Loss)/profit attributable to:			
– Equity holders of the Company		**(40,612)**	13,117
– Non-controlling interests		**1,778**	(234)
		(38,834)	12,883

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(43,703)**	12,409
– Non-controlling interests		**1,566**	22
		(42,137)	12,431
		HK cents	*HK cents*
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
– Basic	*7*	**(5.00)**	1.64
– Diluted		**(5.00)**	1.63
		HK$'000	*HK$'000*
Dividends	*8*	**–**	126,629

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,637**	9,202
Intangible assets		**–**	2,506
Investment properties		**87,000**	–
Available-for-sale financial assets		**13,605**	15,653
Investment in an associated company		**–**	–
Loan to an associated company		**–**	3,071
Long-term prepayment, deposit and other receivables		**331**	582
Deferred income tax assets		**–**	1,506
		107,573	32,520
Current assets			
Trade receivables	*3*	**71,491**	145,591
Prepayments, deposits and other receivables		**10,251**	12,105
Other current assets		**–**	3,096
Current income tax recoverable		**391**	–
Pledged deposits		**6,388**	6,967
Cash and cash equivalents		**51,029**	228,808
		139,550	396,567
Total assets		**247,123**	429,087
EQUITY			
Share capital	*6*	**4,689**	4,034
Reserves		**104,558**	53,286
		109,247	57,320
Non-controlling interests		**2,111**	2,225
Total equity		**111,358**	59,545

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**65**	170
Deferred income tax liabilities		**53**	822
		118	992
Current liabilities			
Trade payables	*4*	**66,063**	167,473
Finance lease liabilities		**64**	73
Dividend payable		**–**	121,029
Other payables and accruals		**22,096**	38,858
Amount due to non-controlling interests		**284**	–
Loans from a shareholder		**20,043**	–
Borrowings		**25,148**	33,610
Current income tax payable		**1,949**	7,507
		135,647	368,550
Total liabilities		**135,765**	369,542
Total equity and liabilities		**247,123**	429,087

NOTES

1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

(a) Going Concern Basis

During the year ended 31 December 2015, the Group incurred a net loss of HK$38,834,000 and had net operating cash outflows of HK$65,213,000. As at the same date, the Group's cash and cash equivalents reduced from HK$228,808,000 at 31 December 2014 to HK$51,029,000.

As at 31 December 2015, the Group had total banking facilities of approximately HK$136,588,000, of which approximately HK$25,148,000 bank borrowings were drawn down and approximately HK$31,665,000 bank guarantees were utilised as at the same date. Bank guarantees are required by airlines and integrated carriers to allow the Group to secure cargo space and to operate under the terms and conditions as agreed with airlines and integrated carriers. The Group's bank loans and bank guarantees are pledged by bank deposits of HK$6,388,000 and key man insurance policies which are classified as available-for-sale financial assets with a total carrying value of HK$13,605,000 as at 31 December 2015.

As at 31 December 2015, the Group failed to comply with certain restrictive financial covenant requirements of the banking facilities offered by a bank. The total banking facilities from the relevant bank were approximately HK$120,200,000, of which approximately HK$16,893,000 bank borrowings and approximately HK$25,696,000 bank guarantees had been drawn down and utilised as at 31 December 2015. In March 2016, the relevant bank has renewed the banking facilities granted to the Group and reduced the total facilities to HK$47,000,000 until 31 May 2016 and further reduced to HK$26,000,000 from 1 June 2016 onwards. In addition, the invoice finance facility from this bank will be terminated on 31 May 2016 such that the bank borrowings of HK$16,893,000 will be due for repayment then. Certain restrictive financial covenant requirements were also revised. As at the date of approval of the consolidated financial statements, the Group is in compliance with the restrictive financial covenant requirements under the renewed banking facilities. These banking facilities are subject to renewal by 15 June 2016.

On 9 March 2016, the Group entered into a memorandum of understanding with a third party for a non legal binding proposed acquisition of certain equity interests in a target company at a preliminary consideration of RMB22 million. Additional funding will be needed should the Group proceed with this proposed acquisition.

In view of these circumstances, the directors of the Company have given due and careful consideration to the liquidity of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to fulfill its financial obligations and continue as a going concern. A number of measures have been put in place by the directors to improve the financial position and alleviate the liquidity pressure, including:

(i) In February 2016, the Company completed the issuance of 30,370,000 ordinary shares to a third party and raised net proceeds of approximately HK$19,700,000.

(ii) Hollyview International Limited ("Hollyview"), a shareholder of the Company, granted to the Group a facility amount of HK$30,000,000 (the "Hollyview Facility"). As at 31 December 2015, the amount utilized and payable to Hollyview by the Group was HK$15,000,000. In addition, Hollyview also granted a loan (the "Hollyview Loan") in the amount of HK$5,000,000 to the Group which has been drawn down as at 31 December 2015. In March 2016, a further sum of HK$15,000,000 was drawn down by the Group under the Hollyview Facility to provide additional working capital to the Group. In addition, Hollyview has also agreed with the Group in March 2016 that it will not demand repayment before 24 November 2017, the facility termination date, of any amount drawn under the Hollyview Facility and not to demand repayment of the Hollyview Loan before 10 November 2017, the loan maturity date.

(iii) In order to strengthen the equity base of the Group, the Group acquired certain investment properties through acquiring the entire equity interest in Nobletree Limited ("Nobletree") by the allotment and issuance of 131,000,000 ordinary shares of the Company on 18 December 2015. The fair value of the investment properties amounted to HK$87,000,000 as at 31 December 2015.

(iv) Apart from the banking facilities that were breached as at year end, the Group has also breached certain covenant requirements of another banking facilities of HK$10,000,000 during the year. As a result of management's effort in mitigating the default and its continuous discussion with the relevant bank, management has successfully negotiated with the relevant bank for revised bank facilities in December 2015. Such bank facilities are subject to renewal. The management maintains continuous communication with the relevant bank and the directors are of the opinion that such banking facilities will be renewed when they expire in October 2016 such that they will continue to be available to the Group for the next 12 months from the date of the balance sheet.

(v) In relation to the banking facilities of HK$120,200,000 for which certain covenant requirements have been breached, the Group has successfully renewed the banking facilities at revised terms in March 2016. As at the date of approval of the consolidated financial statements, the Group is in compliance with the restrictive financial covenant requirements under the renewed banking facilities.

(vi) In view of the challenging market conditions for the air cargo industry, management is implementing further cost control measures such as reducing headcounts and operating overheads, as well as minimizing non-revenue driven expenditures in order to reduce operating cash outflows.

(vii) The directors of the Company have assessed the available sources of financing and funding for the Group and considered that the Group's investment properties and available-for-sale financial assets amounted to HK$87,000,000 and HK$13,605,000, respectively as at 31 December 2015 could be pledged or realised to provide additional financial resources for the Group when needed.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of twelve months from 31 December 2015. The directors are of the opinion that, taking into account the Group's operating performance, existing financial resources, available banking facilities and the additional financing to be obtained as and when needed, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2015. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Amendments to existing standards effective in 2015 but have no significant impact or are not relevant to the Group

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010 – 2012 Cycle
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011 – 2013 Cycle

In addition, the disclosure requirements of the revised Listing Rules of the SEHK came into effect during the financial year. Amongst these, the Listing Rules require financial statements to comply with Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) and its supporting Regulations that came into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) ***New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group***

HKAS 1 (Amendment)	Disclosure Initiative[(1)]
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation[(1)]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[(1)]
HKFRS 9	Financial Instruments[(2)]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture[(3)]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception[(1)]
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation[(1)]
HKFRS 14	Regulatory Deferral Accounts[(1)]
HKFRS 15	Revenue from Contracts with Customers[(2)]
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012 – 2014 Cycle[(1)]

The Group is assessing the impact of these new standards and amendments to existing standards. The Group will apply these new standards and amendments to existing standards when they are effective in the respective annual periods.

2. Sales and segment information

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

The chief operating decision-maker has 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 services.

The segment information provided to the executive Directors for the reportable segments for the year ended 31 December 2015 is as follows:

	Europe	**America**	**Asia-Pacific**	**Africa**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	83,650	93,592	282,488	51,063	510,793
Cost of sales	(80,904)	(92,900)	(222,370)	(45,723)	(441,897)
Segment results	(324)	(82)	(7,089)	(630)	(8,125)
Unallocated expenses, net					(23,399)
Depreciation					(3,128)
Amortisation					(447)
Operating loss					(35,099)
Finance expense, net					(1,032)
Share of profit of an associated company					529
Loss before income tax					(35,602)
Income tax expense					(3,232)
Loss for the year					(38,834)

Revenue of approximately HK$507,384,000 and HK$3,409,000 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 year ended 31 December 2014 is as follows:

	Europe	America	Asia-Pacific	Africa	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	109,892	77,962	619,653	99,966	907,473
Cost of sales	(99,952)	(74,025)	(484,245)	(85,599)	(743,821)
Segment results	2,216	877	30,186	3,204	36,483
Unallocated expense, net					(9,486)
Depreciation					(3,361)
Amortisation					(359)
Operating profit					23,277
Finance income, net					221
Share of losses of an associated company					(664)
Profit before income tax					22,834
Income tax expense					(9,951)
Profit for the year					12,883

Revenue of approximately HK$903,600,000 and HK$3,873,000 were derived from air freight service and sea freight service, respectively.

3 Trade receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**71,491**	145,591

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

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

	2015	2014
	HK$'000	*HK$'000*
– 0 to 30 days	**39,735**	96,296
– 31 to 60 days	**21,678**	30,326
– 61 to 90 days	**7,540**	10,854
– Over 90 days	**2,538**	8,115
	71,491	145,591

The maximum exposure to credit risk as at the balance sheet date is the fair values of the trade receivables. The Group did not hold any collateral as security.

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

4 Trade payables

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**66,063**	167,473

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

	2015	2014
	HK$'000	*HK$'000*
– 0 to 30 days	**30,379**	67,092
– 31 to 60 days	**7,442**	27,779
– 61 to 90 days	**2,572**	12,650
– 91 to 120 days	**448**	10,311
– Over 120 days	**25,222**	49,641
	66,063	167,473

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

5. 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 during the year.

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 year ended 31 December 2015 and 2014, a special complementary tax incentive was provided to the effect that tax free income threshold was increased from MOP32,000 to MOP600,000 (equivalent to approximately HK$31,000 to HK$581,250).

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 by the PRC incorporated subsidiaries commencing from 1 January 2008 when distributed to the holding companies incorporated in Hong Kong.

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

	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**927**	2,638
Tax outside Hong Kong		
Macau	**134**	3,358
Mainland China	**–**	1,835
Others	**1,432**	2,310
	1,566	7,503
Under/(over)-provision in prior years		
Hong Kong profits tax	**2**	(64)
Tax outside Hong Kong	**–**	1,487
	2	1,423
Deferred income tax	**737**	(1,613)
	3,232	9,951

6. Share capital and share premium

	Number of shares	Amount
	At HK$0.005 each (in thousands)	*HK$'000*
Ordinary shares		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	4,000,000	20,000
Ordinary shares, issued and fully paid:		
At 1 January 2014	800,000	4,000
Exercise of share options	6,860	34
At 31 December 2014	806,860	4,034
Issuance of shares	131,000	655
At 31 December 2015	**937,860**	**4,689**
Share premium		
At 31 December 2014		51,561
At 31 December 2015		**146,536**

7. Earnings per share

(a) Basic

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

	2015	2014
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(40,612)**	13,117
Weighted average number of ordinary shares in issue *(in thousand shares)*	**811,885**	800,469
Basic (loss)/earnings per share *(HK cents per share)*	**(5.00)**	1.64

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares due to share options. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(40,612)**	13,117
Weighted average number of ordinary shares in issue *(in thousand shares)*	**811,885**	800,469
Adjustment for share options	**–**	1,925
Weighted average number of ordinary shares for diluted earnings per share (in thousands shares)	**811,885**	802,394
Diluted (loss)/earnings per share (HK cents per share)	**(5.00)**	1.63

Diluted earnings per share for the year ended 31 December 2015 is the same as the basic earnings per share as there were no potential ordinary shares due to cancellation of all share options but the potential ordinary shares due to share options are dilutive for the year ended 31 December 2014.

8. Dividends

	2015	2014
	HK$'000	*HK$'000*
Interim dividends declared and paid by the Company		
– Nil per share (2014: HK0.7 cents per share) *(Note (a))*	**–**	5,600
Special dividends declared by the Company		
– Nil (2014: HK15 cents per share) *(Note (b))*	**–**	121,029
	–	126,629

Notes:

(a) Interim dividend for the year ended 31 December 2014 of HK0.7 cents per share amounting to HK$5,600,000 was proposed by the board of Directors on 25 August 2014.

(b) Special dividend for the year ended 31 December 2014 of HK15 cents per share amounting to HK$121,029,000 was proposed by the board of Directors on 27 November 2014. The payment of this special dividend is out of the retained earnings and share premium account pursuant to Articles 136 and 137 of the Article of Association and in accordance with the Cayman Companies Law.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group has reported a loss attributable to equity holders of the Company of HK$40.6 million for the year ended 31 December 2015 (2014: profit HK$13.1 million). In 2015, volume of cargo handled decreased to 22,739 tons (2014: 69,184 tons), revenue fall by 44% to HK$510.8 million (2014: HK$907.5 million) and gross profit was HK$68.9 million (2014: HK$163.7 million) with gross profit margin at 14% (2014: 18%).

The Board does not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

During the year ended 31 December 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 105 as at 31 December 2015. Number of offices was consolidated from 37 in total as at 31 December 2014 to 12 in total as at 31 December 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 attributable to the equity holders of the Company of approximately HK$13,117,000 for the year ended 31 December 2014 to a loss attributable to the equity holders of the Company of approximately HK$40,612,000 in the same period of 2015.

During the year, notwithstanding the failure to comply with the restrictive financial covenant requirements of certain banking facilities as mentioned in notes 1(a) of this annual results, the Group has not received any notice from the banks that they will cancel, terminate, reduced or not renewed the existing banking facilities. Further, the Group has not received any request from the banks for immediate repayment of the outstanding borrowings. The Group has renewed the facilities agreement with two banks in December 2015 and March 2016 respectively. As at the date of approving this results, the Group is in compliance with the restrictive financial covenant requirements under the renewed banking facilities.

In the opinion of the Director, the Group will have sufficient financial resources to finance its operations and to fulfill its bank guarantee requirements and financial obligations as and when they fall due in the coming twelve months from the date of the balance sheet.

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 ("Hollyview"), 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 then entire issued share capital of the Company. Accordingly, Changjiang Corporate Finance (HK) Limited, on behalf of the Joint Offerors, made an unconditional mandatory cash offer (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 it. The composite document on the Offers was despatched to the Shareholders on 16 March 2015. The Offers were closed on 8 April 2015.

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

THE MEMORANDUM OF UNDERSTANDING

As disclosed in the Company's announcement dated 12 May 2015, on 5 May 2015, the Company and 首都醫療健康產業有限公司 (Capital Healthcare Group*) (the "Proposed Subscriber") entered into a non-legally binding memorandum of understanding (the "Memorandum of Understanding") setting out the preliminary proposed terms and conditions in relation to the possible subscription for the 900,000,000 new shares of the Company issued to the Proposed Subscriber and the convertible bonds in the principal amount of HK$180,000,000 convertible into 300,000,000 new shares of the Company, which may be allotted and issued by the Company upon exercise of the conversion rights attaching to the bonds, by the Proposed Subscriber (the "Possible Subscription"). Reference should be made to the Company's announcement dated 12 May 2015 for the details of the Possible Subscription.

As disclosed in the Company's announcement dated 10 September 2015, the parties to the Memorandum of Understanding entered into a deed of termination on 10 September 2015 to terminate the Memorandum of Understanding by mutual consent with effect from the date of the deed of termination and would not proceed with the Possible Subscription and the transactions contemplated under the Memorandum of Understanding.

* *For identification purpose only*

The Board considered that the termination of the Memorandum of Understanding has no material adverse impact on the existing business operation and financial position of the Group.

ACQUISITION OF VISION FINANCE ASSET MANAGEMENT LIMITED

On 23 September 2015, the Company and Vision Finance Group Limited and Mr. Zhang Chengliang (the "Vendors") entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell 5,000,000 shares in Vision Finance Asset Management Limited (the "Target Company"), representing the entire issued share capital of the Target Company (the "Sale Shares") at a total cash consideration of HK$7,000,000. The Directors were of the view that the acquisition could diversify the business of the Group with the objective of broadening its sources of income.

Vision Finance Group Limited, as one of the Vendors, was indirectly owned as to 36.75% by Ms. Li Ling Xiu ("Ms. Li") who was the spouse of Mr. Hu Yebi ("Mr. Hu"). Mr. Hu was an executive Director and indirectly held approximately 18.32% of the issued share capital of the Company. By virtue of relationship between Mr. Hu and Ms. Li, Vision Finance Group Limited was considered as a connected person of the Company under the Listing Rules. As a result, the transaction under the Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Reference should be made to the announcement of the Company dated 23 September 2015 for the details of the acquisition.

On 7 January 2016, after careful consideration of all the circumstances such as the volatility of the capital market, the Company and the Vendors entered into a termination agreement to terminate the Agreement. The Board considered that the termination of the Agreement would not have any material adverse impact on the financial position and operation of the Group.

MAJOR TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE

On 8 November 2015, Lucky Outset Investments Limited ("Lucky Outset", the purchaser and a wholly-owned subsidiary of the Company), the Company (the guarantor of Lucky Outset), United Win International Corporation ("United Win", the vendor and a direct wholly-owned subsidiary of BEMH) and Beijing Enterprises Medical and Health Industry Group Limited ("BEMH", the guarantor of United Win), entered into the sale and purchase agreement (the "Sale and Purchase Agreement") in relation to the acquisition of the entire issued share capital of Nobletree Limited (the "Nobletree Sale Share"), and the total amount of shareholders' loan owing by Nobletree Limited to United Win on the date of completion of this acquisition (the "Sale Loan") for the consideration of HK$85,150,000 (the "Consideration"), which was satisfied by the Company by allotting and issuing of a total of 131,000,000 shares of the Company (the "Consideration Shares") at the issue price of HK$0.65 per Consideration Share to United Win (or its nominees) upon completion pursuant to the general mandate granted at the annual general meeting of the Company dated 2 June 2015 (the "Acquisition of Nobletree").

Nobletree Limited is an investment holding company and is holding the property which consists of two units of office premises located at Room 1110-11, 11st Floor, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong with the gross floor area of approximately 3,952 square feet (the "Property").

The Consideration was determined after arm's length negotiations between the parties by reference to (i) the net asset value of Nobletree Limited as at 31 October 2015; (ii) the preliminary valuation of the Property of approximately HK$87,000,000 as at 31 October 2015; and (iii) the Sale Loan.

The Directors considered that the Acquisition of Nobletree would strengthen the asset and/or income base of the Group.

As one of the relevant percentage ratios, exceeds 25% but less than 100%, the Acquisition of Nobletree constituted a major transaction for the Company under Chapter 14 of the Listing Rules. As the Company obtained the written shareholders' approval of the majority of shareholders of the Company in lieu of holding a general meeting for the approval of the Acquisition of Nobletree pursuant to Rule 14.44 of the Listing Rules, therefore no general meeting of the Company was convened to approve the Acquisition of Nobletree.

The Acquisition of Nobletree was completed on 18 December 2015. A total of 131,000,000 Consideration Shares were allotted and issued on 18 December 2015. Upon completion, Nobletree Limited became an indirect wholly-owned subsidiary of the Company and the financial results of it was consolidated into the Group's consolidated financial statements.

Reference should be made to the announcement of the Company dated 8 November 2015 and the circular of the Company dated 9 December 2015 for the details of the Acquisition of Nobletree.

SHAREHOLDER'S LOAN

In order to strengthen the liquidity of the Group, the Company (the "Borrower") entered into two shareholder's loan agreements with Hollyview International Limited (the "Lender"), a substantial shareholder of the Company, on 10 November 2015 (the "Hollyview Loan Agreement") and 24 November 2015 (the "Hollyview Facility Agreement") (together the "Shareholder's Loan Agreements").

Pursuant to the Hollyview Loan Agreement, the Lender agreed to lend HK$5,000,000 to the Borrower at the interest rate of 2.5% per annum which was determined after arm's length negotiations between the parties by reference to the then prevailing bank lending interest rate. The loan under the Shareholder's Loan Agreement 1 was due on the second anniversary of the Hollyview Loan Agreement if not paid earlier. The Lender could request the Borrower to pay the loan amount and accrued interest on demand. Subsequent the Lender agreed not to demand repayment before November 2017.

Pursuant to the Hollyview Facility Agreement, the Lender agreed to lend to the Borrower from time to time such amount or amounts, not to exceed an aggregate outstanding principal amount of HK$30,000,000 at any time, as it may have required to meet its day-to-day operational expenses and working capital needs at the interest rate of 2.5% per annum which was determined after arm's length negotiations between the parties by reference to the then prevailing bank lending interest rate. The loan under the Hollyview Facility Agreement was due on the second anniversary of the Hollyview Facility Agreement if not paid earlier. The Lender could request the Borrower to pay the loan amount and accrued interest on demand.

The Lender intends not to demand repayment of any amount drawn under the Shareholder's Loan Agreements before the respective termination date of these agreements.

As the Borrower was the substantial shareholder of the Company, the loans under the Shareholder's Loan Agreements constituted connected transactions in the form of financial assistance in favour of the Group. However, as the loans under the Shareholder's Loan Agreements were not secured by any assets of the Group, and were provided on normal commercial terms, the loans were fully-exempted from shareholders' approval, annual review and all disclosure requirements under the Chapter 14A of the Listing Rules pursuant to Rule 14A.90.

PROSPECT

Looking ahead to 2016, the overall air cargo business environment will remain challenging. Over-capacity will continue to be a major issue.

In view of the rising operating costs, the Group will implement further cost control measures such as consolidating our offices and reducing headcounts, reducing marketing, promotional and all non-revenue direct driven expenditures 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.

The Group will explore further business opportunities by entering sport-related industry in the PRC. The Company believes that the current supporting policies of the Chinese government in relation to the sports industry and the hosting of 2022 Winter Olympic by Beijing shall provide favorable business environment and plenty of investment opportunities for the development of the new business of the Group.

FINANCIAL HIGHLIGHTS

Revenue

The Group's revenue amounted to approximately HK$510.8 million for the year ended 31 December 2015, representing a decrease of approximately 44% when compared with last year. This was due to a decrease in air cargo handled by the Group, decrease from 69,184 tons for the year ended 31 December 2014 to 22,739 tons for this year.

Gross Profit

Overall gross profit of the Group decreased by approximately 57.9% from approximately HK$163.7 million for the year ended 31 December 2014 to approximately HK$68.9 million for this year, and overall gross profit margin decreased from approximately 18.0% to approximately 13.5% respectively. The contractions were due to excess capacity available on the market.

Administrative Expenses

For the year ended 31 December 2015, the Group's administrative expenses amounted to approximately HK$88.9 million (2014: approximately HK$137.9 million), representing an decrease of approximately 35.5% when compared with last year, which accounted for approximately 17.4% of the Group's turnover (2014: approximately 15.2%). The decrease in administrative expenses was mainly due to the decrease in number of employees and offices.

Contingent Liabilities and Guarantees

The Group had an un-utilised bank facility of approximately HK$79.5 million as at 31 December 2015 and the facility was mainly secured by the pledged deposits of approximately HK$6.4 million of our Group and keyman insurance policies. In March 2016, the total banking facilities decreased from HK$136.6 million to HK$63.4 million due to the renewed banking facilities granted to the Group. Certain airlines and integrated carriers would require their air cargo wholesalers to deliver bank guarantees before their appointment. The aggregate guarantee amount provided was approximately HK$31.7 million as at 31 December 2015 (2014: approximately HK$80.1 million). Saved as disclosed above, we had no material contingent liabilities and guarantees.

Contractual and Capital Commitments

As at 31 December 2015, the Group had operating lease commitments of approximately HK$8.2 million (2014: approximately 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 year 2015, the Group had not hedged its foreign exchange risk because the exposure, after netting off the assets and liabilities subject to foreign exchange risk, is not very significant. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Human Resources

As at 31 December 2015, the Group had 105 full-time employees (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 amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred for the year ended 31 December 2015 were approximately HK$48.5 million (2014: approximately HK$84.9 million).

Subsequent event

On 5 February 2016, the Company and a third party (the "Subscriber") entered into a subscription agreement (the "Subscription Agreement") pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe, for 30,370,000 ordinary shares of the Company for HK$0.65 per share (the "Subscription"). On 26 February, 2016, the Subscription was completed and a net proceeds of approximately HK$19,700,000 was received by the Company on the same date.

On 9 March 2016, Beijing Sports Industry Group Limited ("Beijing Sports"), an indirect wholly owned subsidiary of the Company, entered into a memorandum of understanding (the "MOU") with two independent third parties, (collectively, the "Vendors"), to acquire 55% of equity interests of Beijing Si Bo You Sports Technology Company Limited (the "Target Company"). The preliminary consideration for the intended acquisition is RMB22 million and is expected to be settled by Beijing Sports in cash. The MOU is not legally binding and will expire in six months.

Loans payable to Hollyview International Limited ("Hollyview") in the amount of HK$20,000,000 were due on demand. In March 2016, an additional amount of HK$15,000,000 was drawn down under the Hollyview Facility. In March 2016, Hollyview has agreed not to demand repayment before 24 November 2017, of any amount drawn under the Hollyview Facility and not to demand repayment of the Hollyview Loan before 10 November 2017.

The Group breached the covenant requirements of certain banking facilities offered by a bank as at 31 December 2015. In March 2016, the relevant bank has renewed the banking facilities granted to the Group, but reduced the total facilities to HK$47,000,000 until 31 May 2016 which will further reduced to HK$26,000,000 from 1 June 2016 onwards. Certain restrictive financial covenant requirements were also revised. In addition, the invoice finance facility will be terminated on 31 May 2016 such that the bank borrowings of HK$16,893,000 will be due for repayment then. As at the date of approval of the consolidated financial statements, the Group is in compliance with the restrictive financial covenant requirements under the renewed banking facilities. These banking facilities are subject to renewal by 15 June 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is incorporated in the Cayman Islands and has its shares listing on the Hong Kong Stock Exchange on 16 January 2012. 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 31 December 2015 respectively, except for the deviation from code provisions A.6.7 and D1.4 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.

Code Provision D.1.4

Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not sign formal letters of appointment with Mr. Hu Yebi, Mr. Niu Zhongjie, Ms Leung Pui Man, Mr. Lok Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui. However, the said Directors are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. In addition, the said Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company.

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. During the year ended 31 December 2015, the audit committee has held two meetings to discuss the auditing, internal controls and financial reporting matters of the Company.

The audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2015.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 June 2016 to 15 June 2016 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 7 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares for the year ended 31 December 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on 15 June 2016. Notice of the annual general meeting will be issued and disseminated to Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.asr.com.hk). The annual report for the year ended 31 December 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and available on the same websites in due course.

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, 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$ and HK cents"	Hong Kong dollars and cents respectively, 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, 29 March 2016

As at the date of this announcement, the executive Directors are Mr. Hu Yebi, Mr. Niu Zhongjie, Mr. Zhu Shixing, Mr. Liu Xue Heng, Mr. Lam Ka Tak, Mr. Zhang Tingzhe and Ms. Leung Pui Man and the independent non-executive Directors are Mr. Tse, Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui.