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## **ASR Holdings Limited**

**瀚洋控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1803)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013**

The Board is pleased to announce the consolidated interim results of the Group for the six months ended 30 June 2013 (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 2013 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 26 August 2013.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

		<b>Six months ended 30 June</b>	
		<b>2013</b>	2012
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	5	<b>363,320</b>	312,339
Cost of sales		<u>(257,317)</u>	<u>(224,178)</u>
Gross profit		<b>106,003</b>	88,161
Other losses, net		<b>(1,902)</b>	(735)
Other income		—	147
Administrative expenses		<u>(47,718)</u>	<u>(35,786)</u>
Operating profit	5	<b>56,383</b>	51,787
Finance income		<b>227</b>	254
Finance costs		<u>(1)</u>	<u>(2)</u>
Finance income, net		<u><b>226</b></u>	<u>252</u>
Profit before income tax		<b>56,609</b>	52,039
Income tax expense	6	<u>(10,227)</u>	<u>(7,571)</u>
Profit for the period		<b>46,382</b>	44,468
<b>Other comprehensive income</b>			
Decrease in fair value of available-for-sale financial assets		—	(34)
Currency translation differences		<u><b>1,144</b></u>	<u>301</u>
Total comprehensive income for the period		<u><u><b>47,526</b></u></u>	<u><u>44,735</u></u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

		<b>Six months ended 30 June</b>	
		<b>2013</b>	2012
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to:			
- Equity holders of the Company		<b>46,232</b>	44,343
- Non-controlling interests		<u>150</u>	<u>125</u>
		<u><b>46,382</b></u>	<u>44,468</u>
Total comprehensive income attributable to:			
- Equity holders of the Company		<b>47,376</b>	44,610
- Non-controlling interests		<u>150</u>	<u>125</u>
		<u><b>47,526</b></u>	<u>44,735</u>
Earnings per share for profit attributable to:			
- Equity holders of the Company		<i>HK cents</i>	<i>HK cents</i> <i>(Restated)</i>
Basic and diluted	7	<u><b>5.78</b></u>	<u>5.66</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends	8	<u><b>36,400</b></u>	<u>13,200</u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET  
AS AT 30 JUNE 2013**

		<b>30 June 2013</b>	31 December 2012
		<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,927	8,108
Goodwill		557	557
Long-term deposits		1,049	352
Deferred income tax assets		<u>923</u>	<u>923</u>
		<b>10,456</b>	9,940
		-----	-----
<b>Current assets</b>			
Trade receivables	9	110,511	103,829
Prepayments, deposits and other receivables		10,017	10,295
Other current assets		393	2,910
Pledged deposits		27,714	24,885
Cash and cash equivalents		<u>232,121</u>	<u>192,935</u>
		<b>380,756</b>	334,854
		=====	=====
<b>Total assets</b>		<b><u>391,212</u></b>	<b><u>344,794</u></b>
<b>EQUITY</b>			
Share capital	11	4,000	4,000
Reserves		<u>269,722</u>	<u>235,640</u>
		<b>273,722</b>	239,640
Non-controlling interests		<u>1,791</u>	<u>1,641</u>
<b>Total equity</b>		<b><u>275,513</u></b>	<b><u>241,281</u></b>
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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2013**

		<b>30 June 2013</b>	31 December 2012
		<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liabilities		<b>3</b>	7
Deferred income tax liabilities		<u><b>1,362</b></u>	<u>1,362</u>
		<b>1,365</b>	1,369
		-----	-----
<b>Current liabilities</b>			
Trade payables	10	<b>55,190</b>	68,222
Other payables and accruals		<b>23,947</b>	20,065
Dividend payable		<b>14,000</b>	—
Finance lease liabilities		<b>7</b>	7
Current income tax liabilities		<u><b>21,190</b></u>	<u>13,850</u>
		<b>114,334</b>	102,144
		-----	-----
<b>Total liabilities</b>		<u><b>115,699</b></u>	<u>103,513</u>
		-----	-----
<b>Total equity and liabilities</b>		<u><b>391,212</b></u>	<u>344,794</u>
		-----	-----
<b>Net current assets</b>		<u><b>266,422</b></u>	<u>232,710</u>
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<b>Total assets less current liabilities</b>		<u><b>276,878</b></u>	<u>242,650</u>
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## 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 26 August 2013.

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 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

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

- (i) New Standards, amendments to existing Standards and interpretation effective in 2013 but have no significant impacts or are not relevant to the Group

The following revised standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013.

- HKAS 1 Amendment “Presentation of items of other comprehensive income”
- HKAS 19 (2011) “Employee benefits”
- HKAS 27 (2011) “Separate financial statements”
- HKAS 28 (2011) “Investments in associates and joint ventures”
- HKFRS 1 Amendment “Government loans”
- HKFRS 7 Amendment “ Disclosures — Offsetting financial assets and financial liabilities”
- HKFRS 10 “Consolidated financial statements”
- HKFRS 11 “Joint arrangements”
- HKFRS 12 “Disclosure of interests in other entities”

- HKFRS 10, HKFRS 11 and HKFRS 12 Amendment “Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance”
  - HKFRS 13 “Fair value measurement”
  - HK(IFRIC)-Int 20 “Stripping costs in the production phase of a surface mine”
  - Annual Improvements Project “Annual Improvements 2009-2011 Cycle”
- (ii) New Standards and amendments to existing Standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group

		<b>Effective for annual periods beginning on or after</b>
HKAS 32 Amendment	Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities	1 January 2014

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

#### 4 **Estimates**

The preparation of 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 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

#### 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 2013 is as follows:

	<b>Europe</b>	<b>America</b>	<b>Asia- Pacific</b>	<b>Africa</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales to external customers	56,963	36,027	230,259	40,071	363,320
Cost of sales	(51,630)	(34,175)	(136,626)	(34,886)	(257,317)
Segment results	3,142	1,091	55,165	3,054	62,452
Unallocated expenses, net					(4,820)
Depreciation					<u>(1,249)</u>
Operating profit					56,383
Finance income, net					<u>226</u>
Profit before income tax					56,609
Income tax expense					<u>(10,227)</u>
Profit for the period					<u><u>46,382</u></u>

Revenue of approximately HK\$362,677,000 and HK\$643,000 were derived from air freight and sea freight respectively.

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2012 is as follows:

	<b>Europe</b>	<b>America</b>	<b>Asia- Pacific</b>	<b>Africa</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales to external customers	79,355	32,157	163,755	37,072	312,339
Cost of sales	(73,300)	(30,436)	(88,622)	(31,820)	(224,178)
Segment results	3,855	1,095	47,830	3,344	56,124
Unallocated expenses, net					(3,287)
Depreciation					<u>(1,050)</u>
Operating profit					51,787
Finance income, net					<u>252</u>
Profit before income tax					52,039
Income tax expense					<u>(7,571)</u>
Profit for the period					<u><u>44,468</u></u>



Revenue of approximately HK\$312,166,000 and HK\$173,000 were derived from air freight and sea freight 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% (2012: 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 periods ended 30 June 2013 and 2012, a special complementary tax incentive was provided to effect that tax free income threshold was increased from MOP32,000 to MOP200,000 (equivalent to approximately HK\$31,000 to HK\$194,000) with the next MOP100,000 (equivalent to approximately HK\$97,000) of profit being taxed at a fixed rate of 9% and thereafter 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 income statement represent:

	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
Hong Kong profits tax	1,978	948
Taxation outside Hong Kong		
Macau	6,699	5,849
Mainland China	1,439	577
Taiwan	111	183
	8,249	6,609
(Over)/under-provision in prior year		
Hong Kong profits tax	—	(72)
Taxation outside Hong Kong	—	77
	—	5
Deferred income tax	—	9
	<u>10,227</u>	<u>7,571</u>

## 7 Earnings per share

### (a) Basic

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

The weighted average number of ordinary shares in issue during the six months ended 30 June 2013 used to calculate the basic earnings per share has accounted for the share subdivision which was effective from 24 May 2013. Each share of the Company of HK\$0.01 per share was subdivided into 2 shares of HK\$0.005 per share with effective from 24 May 2013. The corresponding weighted average number of ordinary shares of 2012 has been retrospectively adjusted to reflect the said share subdivision.

Therefore, after accounting for the effect of share subdivision, the weighted average number of ordinary shares in issue during the six months ended 30 June 2013 and 2012 includes 20,000,000 ordinary shares with par value of HK\$0.005 in issue, 580,000,000 shares with par value of HK\$0.005 each issued pursuant to the capitalisation issue as if the shares had been in issue throughout the six months ended 30 June 2013 and 2012 and 200,000,000 ordinary shares with par value of HK\$0.005 each issued on 16 January 2012 in connection with the listing of the Company's ordinary shares on the Hong Kong Stock Exchange.

	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
		<i>(Restated)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>46,232</b>	44,343
Weighted average number of ordinary shares in issue (in thousand shares)	<b>800,000</b>	783,516
Basic and diluted earnings per share (HK cents per share)	<b><u>5.78</u></b>	<u>5.66</u>

### (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.

Diluted earnings per share for the six months ended 30 June 2013 and 2012 are the same as the basic earnings per share as there is no dilutive potential ordinary share for six months ended 30 June 2013 and 2012.

## 8 Dividends

	<b>For the six months ended 30 June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividends proposed for year 2012		
— HK1.75 cents per share (2012: Nil) (Note a)	<b>14,000</b>	—
Interim dividends declared for year 2013 (Note b)	<b>22,400</b>	—
Interim dividends declared and paid for year 2012		
— HK1.65 cents per share (Note a)	<u>—</u>	<u>13,200</u>
	<u><b>36,400</b></u>	<u>13,200</u>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

### *Notes:*

- (a) Adjustment has been made to the amount of dividend per share due to the share subdivision during the period. Each share of the Company of HK\$0.01 per share was subdivided into 2 shares of HK\$0.005 per share with effective from 24 May 2013.

For final dividends proposed for year 2012, amount of dividend per share adjusted from HK3.5 cents per share to HK1.75 cents per share.

For interim dividends declared and paid for year 2012, amount of dividend per share adjusted from HK3.3 cents per share to HK1.65 cents per share.

- (b) Interim dividend for the six months ended 30 June 2013 of HK2.8 cents per share amounting to HK\$22,400,000 was proposed by the board of directors on 26 August 2013.

## 9 Trade receivables

	<b>As at</b>	
	<b>30 June 2013</b>	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<u><b>110,511</b></u>	<u>103,829</u>

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 2013 and 31 December 2012, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 June 2013 <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
0 to 30 days	66,218	65,482
31 to 60 days	32,295	31,293
61 to 90 days	10,018	4,735
Over 90 days	<u>1,980</u>	<u>2,319</u>
	<u><b>110,511</b></u>	<u><b>103,829</b></u>

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 2013 <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
Trade payables	<u><b>55,190</b></u>	<u><b>68,222</b></u>

As at 30 June 2013 and 31 December 2012, the ageing analysis of trade payables based on invoice date was as follows:

	As at	
	30 June 2013 <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
0 to 30 days	41,513	45,688
31 to 60 days	10,628	13,377
61 to 90 days	2,260	3,181
91 to 120 days	98	1,889
Over 120 days	<u>691</u>	<u>4,087</u>
	<u><b>55,190</b></u>	<u><b>68,222</b></u>

As at 30 June 2013 and 31 December 2012, the carrying amounts of trade payables approximated their fair values.

## 11 Share capital and share premium

	Number of shares		Amount
	At HK\$0.01 each	At HK\$0.005 each	HK\$'000
<b>Ordinary shares</b>			
<b>Authorised:</b>			
At 1 January 2012	2,000,000,000	—	20,000
Movement	—	—	—
At 31 December 2012	<u>2,000,000,000</u>	<u>—</u>	<u>20,000</u>
At 1 January 2013	2,000,000,000	—	20,000
Effect of share subdivision to HK\$0.005 each	<u>(2,000,000,000)</u>	<u>4,000,000,000</u>	<u>—</u>
<b>At 30 June 2013</b>	<u>—</u>	<u><b>4,000,000,000</b></u>	<u><b>20,000</b></u>
<b>Issued and fully paid:</b>			
At 1 January 2012	10,000,000	—	100
Issue of new shares pursuant to the public offering (Note a)	100,000,000	—	1,000
Capitalisation of shares (Note b)	<u>290,000,000</u>	<u>—</u>	<u>2,900</u>
At 31 December 2012	<u>400,000,000</u>	<u>—</u>	<u>4,000</u>
At 1 January 2013	400,000,000	—	4,000
Effect of share subdivision to HK\$0.005 each	<u>(400,000,000)</u>	<u>800,000,000</u>	<u>—</u>
<b>At 30 June 2013</b>	<u>—</u>	<u><b>800,000,000</b></u>	<u><b>4,000</b></u>
<b>Share premium</b>			
At 31 December 2012/30 June 2013			<u>72,565</u>

### Note:

- (a) On 16 January 2012, the Company issued 100,000,000 ordinary shares of HK\$0.01 each at an offering price of HK\$0.93 each through the public offering for an aggregate consideration of approximately HK\$93,000,000. These shares rank pari passu in all respects with the existing shares.
- (b) On 16 January 2012, pursuant to a shareholder's resolution passed on 3 December 2011, as a result of the listing of the Company, a total of 290,000,000 shares of the Company were allotted and issued to the shareholders as at the date of the resolution on a pro rata basis. The amount was paid up in full by applying an amount of HK\$2,900,000 standing to the credit of the share premium account of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group has achieved encouraging results amidst a challenging environment during the first six months of 2013, reporting an increase of 4.3% in attributable profit to HK\$46.2 million (2012: HK\$44.3 million) as revenue for the period also rose by 16.3% to HK\$363.3 million (2012: HK\$312.3 million) and gross profit for the period increased by 20.2% to HK\$106.0 million (2012: HK\$88.2 million) with gross profit margin increased to 29.2% (2012: 28.2%). The cargo handled increased by 28.1% to 24,480 tons (2012: 19,103 tons) also demonstrated the Group's solid business foundation.

To reward its loyal shareholders, the Group has declared an interim dividend of HK2.8 cents per share (2012: HK1.65 cents restated from HK3.3 cents per share before share subdivision). The interim dividend amounting to HK\$22.4 million will be paid on 28 October 2013.

During the first half of 2013, global air cargo demand has remained weak but the overall sector performance was relatively stable when compared with the first half of 2012. IATA's air freight market analysis reported that key freight indicators in the first half of the year have shown no growth or flat growth across almost all markets. Airlines air freight load factors remain at weak levels while capacity substantially increased mostly through the deployment of more passenger aircraft with belly hold capacity which drove downward pressure on yields. China's export sector has slackening in growth with a slight increase of approximately 2.0% in freight tonnage compared with the same period last year. Hong Kong air cargo throughput mirroring this performance by also registering a slight increase of approximately 2.0% compared with same period last year.

The Group's favourable performance vis-a-vis the industry despite market difficulties is due to a number of factors. It has continued to maintain its strategic position in the wholesale market through its strong alliances forged with airlines and freight forwarders over the years as part of its efforts to expand its network. It has also boosted the number of its airlines appointments to more than 45 as at 30 June 2013 and the top 100 customers have accounted for approximately 70% of the total sales for the period which maintain a well-balanced income structure. The Group has also significantly bolstered its network coverage by establishing two new offices at Guangzhou Baiyun airport and Zhengzhou bring the total 18 offices in China, in addition to two new offices in Malaysia and Singapore, extending the network reach to 25 office locations across the region.

## **PROSPECT**

Looking ahead to the second half of 2013 and year of 2014, the Group remains optimistic about the prospects of the air cargo industry. In view of the improved air cargo demand driven by the relatively stable economic performance by the mainstream markets, it should gradually ease the overcapacity situation. The Trans-Pacific market has shown slow but steady growth, the Eurozone market has also realised demonstrable improvement across selected countries, emerging markets such as the Middle East and Latin America have maintained good growth momentum, along with Africa. All these painted a favourable background for the Group's business growth in the year ahead.

The Group has successfully strengthened its strategic position in the wholesale market by extending its network from China to other Asian countries with enormous growth potential, such as Singapore and is planning to set up additional offices in Vietnam, Indonesia and the Philippines. These efforts are set to continue as part of its strategy to develop and optimise an Asian network linking up the densely populated and higher growth niche markets to compliment its expanding network across Asia.

The management is confident that the Group will continue to grow as it develops an electronic booking platform targeting a new segment of forwarders, and at the same time, leverage its resources more effectively and efficiently to extend its network coverage by opening more branches.

## **FINANCIAL HIGHLIGHTS**

### **Revenue**

The Group's revenue amounted to approximately HK\$363.3 million for the six months ended 30 June 2013, representing an increase of approximately 16.3% when compared with the same period last year. This was due to an increase in air cargo handled by the Group, rising from 19,103 tons for the six months ended 30 June 2012 to 24,480 tons for the same period this year.

### **Gross Profit**

Overall gross profit of the Group increased by approximately 20.2% from approximately HK\$88.2 million for the six months ended 30 June 2012 to approximately HK\$106.0 million for the same period this year, and overall gross profit margin increased from approximately 28.2% to approximately 29.2% respectively. This was mainly due to the increase in revenue in all segments.

## **Administrative Expenses**

For the six months ended 30 June 2013, the Group's administrative expenses amounted to approximately HK\$47.7 million (2012: HK\$35.8 million), representing an increase of approximately 33.2% when compared with the same period last year, which accounted for approximately 13.1% of the Group's turnover (2012: 11.5%). The increase in administrative expenses was mainly due to the increase in number of employees, more sales and promotion activities and expansion of Group's network.

## **Contingent Liabilities and Guarantees**

The Group had an un-utilised bank facility of HK\$117.4 million as at 30 June 2013 and the facility was secured by the pledged deposits of approximately HK\$27.7 million of our Group. Certain airlines and integrated carriers would require their air cargo wholesalers to deliver a bank guarantee before their appointment. The aggregate guarantee amount provided was approximately HK\$67.9 million as at 30 June 2013 (31 December 2012: HK\$63.9 million). Saved as disclosed above, we had no material contingent liabilities and guarantees.

## **Contractual and Capital Commitments**

As at 30 June 2013, the Group had operating leases commitments of approximately HK\$7.8 million (31 December 2012: HK\$4.8 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 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 arise.

## **Human Resources**

As at 30 June 2013, the Group had 188 full-time employees (31 December 2012: 174 full-time employees). 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 amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred for the period were approximately HK\$28.0 million (2012: HK\$22.1 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 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 2013, 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 Directors, Dr. Tyen Kan Hee, Anthony was hospitalized and did not attend the annual general meeting of the Company held on 23 May 2013.

## **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, two regular meetings of the Audit Committee have been held.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK2.8 cents per ordinary share in respect of the Period, payable on 28 October 2013 to Shareholders whose names appear on the register of members of the Company as at the close of business on 4 October 2013.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 3 October 2013 to Friday, 4 October 2013 (both days inclusive) during which period no transfer of shares will be registered.

To ensure the entitlement to the interim dividend, 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m on Wednesday, 2 October 2013.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

The Company has not redeemed any of its shares during the period from 1 January 2013 to 30 June 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period from 1 January 2013 to 30 June 2013.

## 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 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 Holdings Limited**  
**Yu Ho Yuen, Sunny**  
*Chairman*

Hong Kong, 26 August 2013

*As at the date of this announcement, the executive Directors are Mr. Yu Ho Yuen, Sunny, Mr. Mak Chi Hung, Richard and Mr. Law Kai Lo, Niki, and the independent non-executive Directors are Mr. Wei Jin Cai, Dr. Zhang Xianlin and Dr. Tyen Kan Hee, Anthony.*