

30 September 2014

**Alpha Returns Group Plc**  
**("Alpha Returns" or "the Company")**

**Unaudited Interim Results for the Six Months Ended 30 June 2014**

Alpha Returns Group Plc today announces its unaudited interim results for the six months ended 30 June 2014.

**Chairman's Statement**

**Review of the Six Months Period ended 30 June 2014**

Alpha Returns is an investment company which operates in the Asia Pacific region and is based in Hong Kong. It aims to create shareholder value by placing its funds into dynamic, growth based companies: the Company currently has four positions as described below. The Company's Investing Policy is set out in full at the end of this statement and on the Company's website at [alpharet.com/rule26](http://alpharet.com/rule26).

**Financial Review**

The unaudited results for the six months period ended 30 June 2014 show a loss of (£122,860) (2013: (£86,769)). The loss per share was (£0.02p) (2013: £0.26p)).

Total income was £85,198 (2013: £3).

During the period the Company raised a further £1,385,000 in cash through the issue of 97,019,230 new ordinary shares. An additional 38,756,580 new ordinary shares were issued in part consideration for new investments. Net assets were, at the end of the period under review, £2,562,145 (31 December 2013 £865,246 and 30 June 2013: £61,928).

**Review of Operations**

On 2 January 2014, the Company announced that it had entered into a joint-venture agreement to co-fund a BVI incorporated investment vehicle, Riche Bright Group Limited ("Riche Bright"), for the sole purpose of acquiring MY Securities Limited, a member firm of the Stock Exchange of Hong Kong Limited. MY Securities provides a wide range of brokerage services including margin trading and IPO subscription services on HKSE traded stocks principally to retail investors in Hong Kong via an internet trading platform. Subsequently, on 15 January 2014, the Company made its capital contribution of HK\$9,000,000 to Riche Bright.

On 28 February 2014, the Group through its wholly owned subsidiary, Shidu International Limited, acquired a further 15% shareholding in Telistar Solutions Pte. Ltd., an unquoted Singapore incorporated IT service solutions provider, for a total consideration of S\$330,000. The investment brought the then shareholding in Telistar to 33.75% with a further 18.75% acquired after the end of the period.

On 29 March 2014, the Group through its wholly owned subsidiary, Shidu International Limited, entered into a Sale and Purchase Agreement for the conditional acquisition of 30 per cent of the

issued share capital of Oriental Ventures Limited, for consideration of US\$1,500,000. Oriental Ventures is a BVI registered special purpose vehicle which has been formed to acquire Shenzhen MaxLife Catering Management Co., Ltd. ("MaxLife"), a start-up coffee chain business operating in mainland China. Oriental Ventures continues to progress its acquisition of MaxLife and completion is expected to occur around the end of this year.

### **Post Period End Events**

After the end of the period, Riche Bright completed its acquisition of MY Securities, and the Company has part exercised an option thereby purchasing an additional 30 per cent interest in Riche Bright and increasing its indirect interest in MY Securities to 60 per cent.

The Directors are confident in the future prospects of MY Securities with the introduction of the Mutual Market Access (MMA) between HK and Shanghai and the implementation of strategies for business expansion.

The final tranche consideration for the initial contracted investment in Telistar Solutions Pte. Ltd. has also been paid and consequently, the Company's wholly owned subsidiary, Shidu International Limited, has been transferred a further 18.75 per cent shareholding in Telistar, taking its total shareholding to 52.5 per cent.

Telistar continues to perform to the Board's expectations and in the year ended 31 December 2013, made an audited pre-tax profit of S\$215,000 (2012: S\$128,000) on turnover of S\$4,578,000 (2012: S\$3,035,000) and had net assets at that date of S\$574,000. The business is expanding into mainland China this year.

Details on post balance sheet events are provided in note 5 to this interim results announcement.

### **Board changes**

There were no Board changes during the period under review. On 31 July 2014 I was appointed your Chairman in succession to Chan Cheong Yee ("Quattro") who remains a director of the Company. On the same day Gregory Collier resigned as a director but remains a consultant to the Company. On 1 September 2014 Tsang Fung Chu ("Ellen") was appointed a director of the Company.

### **Corporate Governance**

The Company runs Audit, AIM Compliance, Nominations and Remuneration committees. The roles and composition of these committees are kept under regular review.

### **Risk Assessment**

The Directors consider that the main risk is a loss of some or all value at one or more of its investee companies. The Executive Directors maintain a close liaison with the management of each company to limit, as far as possible, this exposure to risk.

### **Outlook**

The Company has a strong cash position and maintains a strict control over its overheads. The Directors are pleased with the progress of the Company's investments but continue to maintain a

close monitoring of all its positions. Your directors are committed to the creating of shareholder value by a rigorous and active investment regime.

**Tony Drury**  
Chairman

**30 September 2014**

A copy of this interim report will shortly be available on the Company's website at [alpharet.com/rule26](http://alpharet.com/rule26)

For further information please call:

**Alpha Returns Group Plc** 0203 286 6388  
Christopher Neo, Executive Director

**ZAI Corporate Finance** 0207 060 2220  
Peter Trevelyan-Clark / Ivy Wang

**Peterhouse Corporate Finance (Broker)** 020 7220 9797  
Duncan Vasey/Lucy Williams

**Statement of comprehensive Income  
for the 6 months ended 30 June 2014**

	UNAUDITED 6 months to 30 June 2014 £'	UNAUDITED 6 months to 30 June 2013 £'	AUDITED 12 months to 31 December 2013 £'
	Note		
Continuing operations:			
Interest income	13	3	17
Other income	85,185	-	16,768
<b>Total income</b>	<b>85,198</b>	<b>3</b>	<b>16,785</b>
Operating expenses	(207,442)	(85,345)	(343,665)
Other expenses	-	(799)	-
<b>Operating profit/(loss)</b>	<b>(122,245)</b>	<b>(86,141)</b>	<b>(326,880)</b>
Finance cost	(616)	(628)	(1,269)
<b>Loss before taxation</b>	<b>(122,860)</b>	<b>(86,769)</b>	<b>(328,149)</b>
Taxation expense	-	-	-
<b>Loss for the period attributable to owners of the Company</b>	<b>(122,860)</b>	<b>(86,769)</b>	<b>(328,149)</b>
<b>Loss per share attributable to owners of the Company during the period</b>			
	3	pence	Pence
Basic:	(0.02)	(0.26)	(0.19)
Diluted:	(0.02)	(0.26)	(0.19)

**Statement of Financial Position**  
**as at 30 June 2014**

	UNAUDITED 30 June 2014 £'	UNAUDITED 30 June 2013 £'	AUDITED 31 December 2013 £'
<b>NON-CURRENT ASSETS</b>			
Investments	1,768,680	-	397,399
<b>CURRENT ASSETS</b>			
Trade and other receivables	36,246	42,757	22,348
Cash and cash equivalents	1,295,313	65,515	572,295
	<u>1,331,558</u>	<u>108,272</u>	<u>594,643</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	128,257	46,344	76,796
Short term borrowings	409,836	-	50,000
	<u>538,093</u>	<u>46,344</u>	<u>126,796</u>
<b>NET CURRENT ASSETS</b>	<b>793,465</b>	<b>61,928</b>	<b>467,847</b>
<b>NET ASSETS</b>	<b>2,562,145</b>	<b>61,928</b>	<b>865,246</b>
<b>EQUITY</b>			
Share capital	1,346,421	1,290,305	1,332,843
Share premium	6,061,328	3,052,836	4,255,147
Shares to be issued	-	200,836	-
Retained earnings	(4,845,604)	(4,481,363)	(4,722,744)
<b>Shareholders' equity</b>	<b>2,562,145</b>	<b>61,928</b>	<b>865,246</b>

**Statement of Changes in equity  
for the 6 months ended 30 June 2014**

	Share capital £'	Share premium £'	Shares to be issued £'	Loan note equity reserve £'	Profit and loss £'	Total equity £'
At 1 January 2013	1,285,679	2,748,904	200,836	137,176	(4,394,595)	(22,000)
Shares issued in the year	47,164	1,506,242	(200,836)	(137,176)	-	1,215,395
Loss for the period	-	-	-	-	(328,149)	(328,149)
At 31 December 2013	1,322,843	4,255,147	-	-	(4,722,744)	865,246
Shares issued in the period	13,578	1,806,182	-	-	-	1,819,760
Loss for the 6 months to 30 June 2014	-	-	-	-	(122,860)	(122,860)
At 30 June 2014	1,346,421	6,061,329	-	-	(4,845,604)	2,562,145

**Statement of Cash flow**  
**for the 6 months ended 30 June 2014**

	UNAUDITED 6 months to 30 June 2014 £'	UNAUDITED 6 months to 30 June 2013 £'	AUDITED 12 months to 31 December 2013 £'
<b>OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation	(122,860)	(86,769)	(328,149)
Adjustments for:			
Finance costs	-	(628)	-
(Increase)/decrease in trade and other receivables	(13,898)	(4,093)	16,322
Increase/(decrease) in trade and other payables	51,461	(27,521)	2,924
Net cash outflow from operating activities	(85,297)	(118,383)	(308,903)
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets	(1,371,281)	-	(397,399)
Net cash inflow/(outflow) from investing activities	(1,371,281)	-	(397,399)
<b>FINANCING ACTIVITIES</b>			
Proceeds from share issues	1,819,759	170,696	1,352,571
Proceeds from issuance of convertible loan notes	-	-	(303,963)
Repayment of loan	-	(166,787)	-
Proceeds from borrowings	359,836	-	50,000
Net cash outflow from financing activities	2,179,595	3,909	1,098,608
Net (decrease)/increase in cash and cash equivalents	723,018	(114,474)	392,306
Cash and cash equivalents at start of period	572,295	179,989	179,989
Cash and cash equivalents at end of period	1,295,313	65,515	572,295

## Notes to the unaudited interim statement for the 6 months ended 30 June 2014

### 1. General information

The financial information set out in this condensed interim report for the six months ended 30 June 2014 and the comparative figures for the six months ended 30 June 2013 are unaudited. The financial information for the six months ended 30 June 2014 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2013, prepared under International Financial Reporting Standards (IFRS), received an unmodified audit report, did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

### 2. Basis of preparation

These June 2014 condensed consolidated interim financial statements of Alpha Returns Group Plc are for the six months ended 30 June 2014. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group prepared under IFRS for the year ended 31 December 2013.

The comparative figures for the six months ended 30 June 2013 have been extracted from the accounting records of the Group and were prepared on a consistent basis with the results presented for the six months to 30 June 2014. The comparative figures for the six months ended 30 June 2013 have been neither reviewed nor audited by the Group's auditors.

The accounting policies applied are consistent with those of the financial statements for the year ended 31 December 2013, as described in those financial statements

### 3. Earnings per share

The calculation of basic loss per share is based on a loss before tax expense from continuing operations for the period of £ (128,860) (30 June 2013: Loss £(86,768), 31 December 2013: Loss £(328,149)), and on 524,491,055 shares (June 2013: 34,096,257, December 2013: 168,324,866) being the weighted average number of ordinary shares in issue during the period.

The (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted (loss)/earnings per share are identical to those used for the basic (loss)/earnings per share.

### 4. Investments held at fair value through profit or loss

	UNAUDITED 6 months to 30 June 2014 £'	UNAUDITED 6 months to 30 June 2013 £'	AUDITED 12 months to 31 December 2013 £'
At Start of Period - fair value	397,399	-	-
Acquisitions	1,371,281	-	397,399
Net gain on disposal of investments	-	-	-
Movement in fair value of investments	-	-	-
At End of Period - fair value	1,768,680	-	397,399
Categorised as:			
Level 1 - quoted investments	49,460	-	49,460
Level 3 - unquoted investments	1,719,220	-	347,939

The table of investments sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

## 5. Post period end events

On 7 August 2014, the Company's 30 per cent owned joint-venture investment vehicle, Riche Bright Group Limited, completed the acquisition of MY Securities Limited. The Company has the option to purchase up to an additional 40 per cent interest in Riche Bright at approximately £230,000 per tranche of 10 per cent. The option is exercisable at any time up to and including 30 June 2016.

On 8 August 2014, the Company has exercised its option to purchase additional shares in Riche Bright in respect of a further 30 per cent interest for consideration of £1,037,000 comprising shares of 2.88 per cent of the Company's enlarged issued ordinary share capital valued at yesterday's closing price of 3.825p per share.

On 23 September 2014, the Company made payment for the final tranche in investment Telistar Solutions Pte. Ltd for consideration of S\$412,500 with S\$165,000 paid in cash, S\$247,500 settled in the issue of 3,520,900 new ordinary shares of 0.01p each in the capital of the Company at a price of 3.429p per share. At the Company's closing price of 3.8p per share on 22 September 2014, the final tranche consideration is valued at approximately £213,000. The Company has in consequence been transferred, via its wholly owned subsidiary Shidu International Limited with a further 18.75 per cent shareholding in Telistar, bringing its total shareholding to 52.5 per cent.

## 6. Investing Policy

With its Asia-centric focus, Alpha Returns Group Plc will actively seek to acquire and consolidate holdings in companies operating in high-growth Asian economies, with the intention to create and sustain long-term value. The Company may invest in any business sector within its targeted geographic focus.

The Directors see Asia-Pacific as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this region. The Directors will focus on early stage investments and the opportunities would generally have some or all of the following characteristics, namely:

- a majority of their revenue derived from the Asia-Pacific, and strongly positioned to benefit from the region's growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issuance of new Ordinary Shares or other securities in the Company. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

It is anticipated that the main driver of success for the Company will be its focus, during the investment screening process, on the management involved in the potential investee companies and the potential value creation that the team of people is capable of realising. The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist in the due diligence process.

The Company intends to be an active investor, and the Directors will seek representation on the board of the investee company where they feel that an investee company would benefit from their skills and expertise.

Investments may be made in all types of assets falling within the remit of the Investing Policy and there will be no sector-driven investment restrictions. Investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out. There will be no limit on the number of projects into which the Company may invest and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends.

The Directors believe that their broad collective business and investing experience in the areas of investment and trading natural resources will assist them in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives.