ASIA ENERGY LOGISTICS GROUP LIMITED
亞洲能源物流集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 351)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

RESULTS

The board (the "Board") of directors (the "Directors") of Asia Energy Logistics Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Turnover	*5*	**111,687**	108,130
Other income and gains		**14,377**	54,660
Fuel costs		**(50,342)**	(88,940)
Depreciation and amortisation		**(20,928)**	(20,235)
Staff costs		**(22,072)**	(18,574)
Impairment loss on construction in progress		**—**	(3,459)
Change in fair value of trading securities		**41,015**	—
Change in fair value of the derivative component of convertible bonds		**(13,660)**	(6,943)
Concession intangible assets maintenance provision		**(5,970)**	(5,419)
Share of loss of an associate		**(2)**	—
Other operating expenses		**(34,960)**	(34,745)
Finance costs	*7*	**(17,914)**	(25,194)
Profit/(loss) before income tax		**1,231**	(40,719)
Income tax (expense)/credit	*9*	**(7,309)**	3
Loss for the year	*8*	**(6,078)**	(40,716)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**477**	4,696
		477	4,696
Total comprehensive income for the year		**(5,601)**	(36,020)
Loss for the year attributable to:			
Owners of the Company		**(3,925)**	(37,865)
Non-controlling interests		**(2,153)**	(2,851)
		(6,078)	(40,716)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(3,448)**	(33,169)
Non-controlling interests		**(2,153)**	(2,851)
		(5,601)	(36,020)
Loss per share — basic and diluted (HK cents per share)	*11*	**(0.04)**	(1.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**10,058**	5,055
Concession intangible assets		**363,204**	381,661
Land use rights		**4,572**	4,646
Construction in progress		**816,116**	—
Goodwill		**27,312**	27,261
Pledged bank deposits		**17,070**	17,038
		1,238,332	435,661
Current assets			
Inventories		**1,618**	12,312
Trade and other receivables	*12*	**32,515**	51,245
Trading securities		**130,994**	—
Loan to an associate		**37,000**	—
Cash and cash equivalents		**62,691**	254,092
		264,818	317,649
Current liabilities			
Trade and other payables	*13*	**154,449**	74,889
Bank loans		**34,140**	—
Amount due to related companies		**80**	—
Amount due to a shareholder		**441**	441
Amount due to minority equity owners of subsidiaries		**259,230**	—
Tax payable		**7,309**	—
		455,649	75,330
Net current (liabilities)/assets		**(190,831)**	242,319
Non-current liabilities			
Bank loans		**256,050**	258,986
Provision for maintenance of concession intangible assets		**3,436**	5,419
Convertible bonds		**19,572**	57,296
		279,058	321,701
NET ASSETS		**768,443**	356,279
Capital and reserves attributable to owners of the Company			
Share capital		**102,570**	81,570
Reserves		**436,056**	271,687
Equity attributable to owners of the Company		**538,626**	353,257
Non-controlling interests		**229,817**	3,022
TOTAL EQUITY		**768,443**	356,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Rooms 1208-1210, Dah Sing Financial Centre, 108 Gloucester Road, Wan Chai, Hong Kong.

The Company acts as an investment holding company. Its principal subsidiaries are engaged in waste incineration power generation business and railway construction and operations.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 related to the amendment paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8 (Amendments)	Operating Segments
HK(IFRIC) — Interpretation 9 & HKAS 39 (Amendments)	Embedded Derivatives

The adoption of the above new/revised HKFRSs had no material effect on the financial statements of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised). All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The balance sheet as at 31 December 2007 has not been presented as there were no changes to the originally published financial statements.

HKFRS 8 supersedes HKAS 14 "Segment Reporting", and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8.

The amendments to HKFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Potential impact arising on HKFRSs not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, but potentially relevant to the Group:

		Effective date
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs	(i)
HKFRSs (Amendments)	Improvements to HKFRSs 2009	(ii)
Amendments to HKAS 39	Eligible Hedged Items	(i)
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions	(iii)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	(i)
HKFRS 3 (Revised)	Business Combinations	(i)
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners	(i)
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	(iv)
HKAS 24 (Revised)	Related Party Disclosures	(v)
HKFRS 9	Financial Instruments	(vi)

Effective date:

(i) Annual periods beginning on or after 1 July 2009
(ii) Annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
(iii) Annual periods beginning on or after 1 January 2010
(iv) Annual periods beginning on or after 1 July 2010
(v) Annual periods beginning on or after 1 January 2011
(vi) Annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs and the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments which have been measured at fair value.

At 31 December 2009, the Group incurred a net loss of approximately HK$6,078,000 during the year ended 31 December 2009 and the Group's current liabilities exceeded its current assets by approximately HK$190,831,000. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the financial and current liquidity position of the Group, the Company had successfully completed a top-up placing and raised approximately HK$230 million in January 2010. Taking into consideration of this top-up placing and future fund raising activities and bank borrowings when circumstances required, the directors of the Company are satisfied that the liquidity of the Group can be maintained and have sufficient financial resources to meets its financial obligations as they fall due in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group fail to continue as a going concern.

4. HIGHLIGHTS OF THE INDEPENDENT AUDITOR'S REPORT

The Independent Auditor of the Company opined that the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Without qualifying its opinion, the Independent Auditor draws attention to Note 3(b) to the financial statements which indicates that the Group incurred a net loss of approximately HK$6,078,000 during the year ended 31 December 2009 and the Group's current liabilities exceeded its current assets by approximately HK$190,831,000 as at 31 December 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As further explained in Note 3(b) to the financial statements, the directors of the Company have been taking measures to improve the financial and current liquidity position of the Group and the Company had successfully completed a top-up placing and raised approximately HK$230 million in January 2010.

5. TURNOVER

Turnover, which is also revenue, represents the amount received and receivable for waste incineration power generation and waste handling fees:

	2009	2008
	HK$'000	
Waste incineration power generation income	**87,382**	102,410
Waste handling fees	**24,305**	5,720
	111,687	108,130

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segment". HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. It replaces the requirements under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on nature of business.

The Group has two reportable segments in 31 December 2009 (2008: one). The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Waste incineration power generation business
- Railway construction and operations

The Group principally has one reportable segment in 2008, which is waste incineration power generation in the PRC.

The following tables present information regarding revenue, profit or loss, assets and liabilities for each reportable segment:

6. SEGMENT INFORMATION *(Continued)*

	2009	2008
	HK$'000	*HK$'000*
Segment revenue from external customers		
Waste incineration power generation business	**111,687**	108,130
Railway construction and operations	**—**	—
	111,687	108,130
Segment profit/(loss)		
Waste incineration power generation business	**3,184**	(7,903)
Railway construction and operations	**(1,812)**	—
	1,372	(7,903)
Share of losses of an associate	**(2)**	—
Finance costs	**(17,914)**	(25,194)
Unallocated corporate income and expenses (net)	**17,775**	(7,622)
Profit/(loss) before income tax	**1,231**	(40,719)
Segment assets		
Waste incineration power generation business	**358,426**	461,830
Railway construction and operations	**869,185**	—
Unallocated corporate assets	**275,539**	291,480
	1,503,150	753,310
Segment liabilities		
Waste incineration power generation business	**325,029**	334,032
Railway construction and operations	**394,118**	—
Unallocated corporate liabilities	**15,560**	62,999
	734,707	397,031

7. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable after two years but within five years	**20,218**	20,657
Imputed interest on convertible bonds	**1,633**	675
Bank overdraft interest	**215**	—
Other finance cost	**128**	—
Imputed interest on convertible preference shares	**—**	3,182
Interest on loan from a director	**—**	234
Interest on amount due to a shareholder	**—**	446
Total borrowing cost	**22,194**	25,194
Less: Amount capitalised in construction in progress	**(4,280)**	—
	17,914	25,194

8. LOSS FOR THE YEAR

	2009	2008
	HK$'000	*HK$'000*
The Group's loss for the year is arrived at after charging/(crediting):		
Amortisation of concession intangible assets	**19,129**	19,056
Depreciation of property, plant and equipment	**1,717**	1,097
Amortisation of land use rights	**82**	82
	20,928	20,235
Staff costs, including directors' remuneration		
— Salaries, wages and other benefits	**21,310**	17,796
— Equity-settled share-based payment expenses	**4**	13
— Contributions to defined contribution retirement scheme	**758**	765
	22,072	18,574
Auditor's remuneration	**1,132**	2,790
Loss on disposal of property, plant and equipment	**176**	139
Impairment loss on construction in progress	**—**	3,459
Change in fair value of the derivative component of convertible bonds	**13,660**	6,943
Change in fair value of trading securities	**(41,015)**	—
Concession intangible assets maintenance provision	**5,970**	5,419
Operating lease rentals in respect of land and buildings	**2,834**	1,836

9. INCOME TAX

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the year.

No provision for PRC enterprise income tax ("EIT") has been made in the financial statements as the companies operating in the PRC had no assessable profit for the year (2008: Nil).

On 16 March 2008, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. Further, on 6 December 2008, the State Council released the Implementation Rules to the Corporate Income Tax Law.

According to the New Tax Law, the standard EIT rate for enterprises in the PRC was reduced from 33% to 25% with effect from 1 January 2008.

10. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2009 (2008: Nil).

The directors do not recommend the payment of any dividend for the year (2008: Nil).

11. LOSS PER SHARE

(a) The calculation of basic loss per share attributable to owners of the Company is based on the following data:—

	2009	2008
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(3,925)**	(37,865)

(b) Weighted average number of ordinary shares

The weighted average number of ordinary shares in issue during the year ended 31 December 2009 was 8,879,218,881 (2008: 2,791,492,853).

	2009	2008
Basic loss per share (HK cents)	**(0.04)**	(1.36)

(c) Diluted loss per share was not presented for both years as the potential ordinary shares are anti-dilutive.

(d) The consolidated loss attributable to equity owners of the Company includes a loss of HK$23,902,000 (2008: loss of HK$2,271,000) which has been dealt with in the financial statements of the Company.

12. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**16,853**	11,165	**—**	—
Other receivables	**93,406**	117,747	**35,922**	36,628
Less: Allowance for doubtful debts	**(77,744)**	(77,667)	**(35,900)**	(35,900)
Other receivables, net	**15,662**	40,080	**22**	728
	32,515	51,245	**22**	728

12. TRADE AND OTHER RECEIVABLES *(Continued)*

i) The movement in the allowance for doubtful debts for trade receivables during the year, including both specific and collective loss components, is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of the year	**—**	3,008
Provision attributable to liquidated and disposed subsidiaries	**—**	(3,008)
At end of the year	**—**	—

The allowance for doubtful debts has been made for the estimated irrecoverable amounts from the sale of goods. This allowance has been determined by the directors with reference to past default experience.

ii) The movement in the allowance for doubtful debts for other receivables during the year, including both specific and collective loss components, is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000		***HK$'000***	*HK$'000*
At beginning of the year	**77,667**	151,069	**35,900**	35,900
Reversal of provision	**—**	(13,405)	**—**	—
Provision attributable to liquidated and disposed subsidiaries	**—**	(63,259)	**—**	—
Exchange adjustments	**77**	3,262	**—**	—
At end of the year	**77,744**	77,667	**35,990**	35,900

iii) The Group normally allows an average credit period of 30 days to its trade customers. The ageing analysis of trade receivables as at the reporting date is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables		
— 0 to 30 days	**16,853**	10,281
— Over 30 days	**—**	884
	16,853	11,165

12. TRADE AND OTHER RECEIVABLES *(Continued)*

iv) The directors consider the carrying amounts of trade and other receivables approximate their fair values.

v) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**16,853**	10,281
Less than 1 month past due	**—**	884
	16,853	11,165

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired last year relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

The analysis of trade payables (all aged within 30 days) and other payables as at the reporting date is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**21,517**	32,469	**—**	—
Construction cost payables	**97,287**	32,756	**—**	—
Other payables	**35,645**	9,664	**3,968**	4,296
	154,449	74,889	**3,968**	4,296

BUSINESS REVIEW

In the wake of the global financial crisis, the People's Republic of China (the "PRC") has been the driving force behind the worldwide economic recovery for most of the time in 2009. As the first country to emerge from the global economic downturn, the gross domestic product (GDP) of the PRC rose 8.7 percent in 2009 from a year earlier, achieving the 8-percent target that the PRC government had set at the beginning of last year. Taking advantage of the economic growth in the PRC, the Group has diversified its business to include railway construction and operation as well as development of infrastructure and resources projects in the PRC while continuing its improvement in the Group's existing business of waste incineration power generation.

Waste Incineration Power Generation

On 13 February 2009, 上海保利協鑫電力運行管理有限公司 (Shanghai GCL-Poly Electricity Operating Management Co. Ltd.*) ("Shanghai GCL"), a subsidiary of GCL-Poly Energy Holdings Limited (Stock Code: 3800), was engaged to provide consultation services to the operation and management of the Group's waste incineration power generation plant in Dongguan, Guangdong Province, the PRC (the "Plant").

With the professional knowledge and expertise of Shanghai GCL together with the extensive experience of the senior management, the overall performance of the Plant has shown satisfactory improvements. In 2009, the Plant, with the capacity of processing up to 1,200 tonnes of municipal solid waste per day, generated electricity of approximately 187 million kWh (approximately 156 million kWh on-grid) during the year. The total turnover of the Plant was approximately HK$111.7 million in 2009, representing an increase of approximately 3.3% as compared with approximately HK$108.1 million in 2008. The results had turned around from the segment loss of approximately HK$7.9 million in 2008 to a segment profit of approximately HK$3.2 million in 2009, reflecting the contribution made by Shanghai GCL for the management of the Plant.

Railway Construction and Operations

After the acquisition of Gofar Holdings Limited ("Gofar") during the year under review, the Group has diversified its business to include railway construction and operation in the PRC. The subsidiaries of Gofar in the PRC have been approved by the PRC governmental authorities to construct a railway of approximately 121 kilometers connecting Tangshan City and Chengde City in the Hebei Province of the PRC ("Zunxiao Railway"). The Zunxiao Railway is the first railway in the PRC that is majority owned by a foreign direct investment freight railway operator.

Total investment involved in constructing the Zunxiao Railway is estimated to be approximately RMB1.6 billion. It is a single-track railway with 12 planned stations and diesel traction trains. Zunxiao Railway is close to several mineral production facilities. Each mineral production facility has a capacity of over 1 million tonnes per year and thus may generate a lot of business to the Group as the mineral products can be transported to other places in the PRC via the Zunxiao Railway.

As at 31 December 2009, Zunxiao Railway was still in the construction stage. It is expected that 25 kilometers of the Zunxiao Railway is scheduled to commence operation in the second quarter of 2010 and the whole Zunxiao Railway will commence operation by the end of 2010. After Zunxiao Railway starts its full operation, the railway distance between Tangshan South and Xiaosigou will be shortened from approximately 530 kilometers to approximately 215 kilometers, thus making the railway an efficient connecting route.

Investment in Subsidiaries

On 17 March 2009, Sharprise Holdings Limited ("Sharprise"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Fast Sky Holdings Limited ("Fast Sky") as vendor and Mr. Zhu Gongshan ("Mr. Zhu"), being a director of Gofar, as guarantor for the acquisition of 70% equity interest in Gofar. This acquisition was completed on 31 July 2009. Subsequently, Sharprise entered into a second conditional sale and purchase agreement with Fast Sky and Mr. Zhu on 24 August 2009 to further acquire the remaining 30% equity interest in Gofar. This acquisition was completed on 11 February 2010, whereupon Gofar became a wholly-owned subsidiary of the Company.

On 17 March 2009, Sharprise entered into a subscription agreement (as amended by three supplemental agreements dated 30 April 2009, 16 June 2009 and 24 August 2009) with Fast Sky, Mr. Zhu, Top Fast Holdings Limited ("Top Fast") and China Railway Logistics Holdings Limited ("CRL") in relation to the subscription of convertible bonds issued by CRL in an aggregate principal amount of HK$402,500,000, of which HK$80,750,000 had been subscribed by Fast Sky and HK$321,750,000 by Sharprise.

On 13 August 2009, China Green Power Holdings Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Liu Jianhui for the acquisition of 100% equity interest in Anabell Hong Kong Limited, which in turn held 10% equity interest in 東莞中科環保電力有限公司 (Dongguan China Sciences Conservational Power Limited*) ("DG CSCP"). DG CSCP is principally engaged in waste incineration power generation business in the PRC. This acquisition was completed on 13 August 2009, whereupon DG CSCP became a wholly-owned subsidiary of the Company.

On 18 December 2009, Ocean Path Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Golden Concord Group Limited for the acquisition of 100% equity interest in Ocean Jade Investments Limited which has entered into an agreement with Waibert Navigation Company Limited, the holding company of which is Guangdong Province Navigation Holdings Co. Ltd., a state-owned enterprise, to establish a joint-venture company for carrying out shipment business. This acquisition has not been completed as at the date of this announcement.

PROSPECT

To enhance the business operation of Zunxiao Railway, on 24 November 2009, the Company entered into a co-operation framework agreement with China Oriental Group Limited ("China Oriental") (Stock Code: 581) in relation to the proposed cooperation regarding (i) the Company and its subsidiaries to assist in the construction of a cargo site at Santunying Station of Zunxiao Railway by China Oriental; and (ii) Hebei Jinxi Iron and Steel Company Limited ("Jinxi"), a 97.6%-owned subsidiary of China Oriental, for the transportation of iron and steel products through Zunxiao Railway. The estimated annual transportation fee payable by Jinxi in relation to the Zunxiao Railway will range from approximately RMB120 million to RMB360 million.

Since late 2008, the PRC government has carried out a series of economic stimulus policies, driving a substantial increase in steel and coal consumption. According to the PRC custom statistics, the PRC imported approximately 297 million tonnes of iron ore and 48 million tonnes of coal in the first half of year 2009, representing an increase of approximately 29% and 124% respectively as compared to the same period in 2008. The demand for these two commodities will drive the dry bulk shipping industry in the near future. As the demand for steel is growing, iron ore is expected to be the highest growth among the dry bulk commodities. Further, coal is also likely to be a much in-demand commodity with new power plants being installed in the PRC. According to the 21st Century Business Herald, the PRC annual coal demand is expected to reach 2.5 billion tonnes by the end of 2010 and 2.9 billion tonnes by 2020. The coal consumption by power plants will reach 1.1 billion tonnes this year, 1.5 billion tonnes by 2010 and 1.9 billion tonnes by 2020. The dry bulk shipping industry is expected to benefit from the growing demand for iron ore and coal.

In view of the above, the Company intends to diversify its business to the dry bulk shipping industry by the acquisition of 100% equity interest in Ocean Jade Investments Limited which has cooperated with Waibert Navigation Company Limited to establish a joint venture company to operate businesses including, but not limited to vessel-ownership, transportation services for coal shipment, terminal investment, management and/or operation as well as logistic operations.

The Company is actively seeking new investment opportunities to enhance shareholders' value. Expansion and diversification would be in line with the Company's new corporate strategy as demonstrated with the recent acquisition of railway construction and operation business in the PRC and the proposed acquisition of vessel ownership and transportation projects.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICE

It is one of the continuing commitments of the Board and of the management of the Company to maintain high standards of corporate governance. The Company has adopted and applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company considers that effective corporate governance makes significant contribution to corporate success and enhancement of its shareholders' value.

Throughout the year in 2009, the Company has complied with the CG Code, except for the following:

Code Provision A.2.1

Following the resignation of Mr. Chan Wai Ming as the chief executive officer of the Company ("CEO") on 28 April 2009, the post of CEO has remained vacant since then. The duties of CEO were performed by other executive Directors of the Company as there exists a clear division of responsibilities of each Director in the Group. Therefore, the vacancy of the CEO position did not have any material impact on the operations of the Group. However, the Board will keep reviewing the current structure from time to time. If a candidate with suitable knowledge, skill and experience is identified, the Company will make appointment to fill the post of CEO as appropriate.

Code Provision A.4.1

All existing non-executive Directors of the Company do not have a specific term of appointment but is subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company (the "Articles"). According to the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established with written terms of reference in compliance with the Listing Rules. The main purpose of the audit committee is to review and provide supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors of the Company. The Audit Committee has reviewed and approved the financial statements for the year ended 31 December 2009.

By Order of the Board
Asia Energy Logistics Group Limited
Liang Jun
Executive Director

Hong Kong, 20 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Liang Jun, Mr. Fung Ka Keung, David and Ms. Yu Sau Lai; the non-executive directors of the Company are Mr. Yu Baodong (Chairman), Ms. Sun Wei and Mr. Tse On Kin; and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Tsang Kwok Wa.