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亞洲能源物流
ASIAENERGY
Logistics

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: 0351)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

RESULTS

The board (the "Board") of directors (the "Directors") of Asia Energy Logistics Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the previous corresponding period, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Continuing operations			
Turnover	3	**—**	—
Other income, gains and losses		**12,147**	(66,523)
Depreciation and amortisation		**(8,216)**	(7,793)
Staff costs		**(30,824)**	(42,000)
Impairment loss on intangible assets		**(27,796)**	—
Change in fair value of contingent consideration payable		**41,912**	5,204
Share of results of jointly controlled entity		**(17,165)**	3,061
Share of loss of an associate		**—**	(85)
Other operating expenses		**(24,820)**	(34,792)
Loss before income tax	6	**(54,762)**	(142,928)
Income tax	7	**—**	—
Loss for the year from continuing operations		**(54,762)**	(142,928)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Discontinued operations			
Loss for the year from discontinued operations		**—**	(1,291)
Loss for the year		**(54,762)**	(144,219)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**(174)**	32,440
Reclassification adjustment upon disposal of subsidiaries		**—**	(22,072)
Other comprehensive income for the year		**(174)**	10,368
Total comprehensive income for the year		**(54,936)**	(133,851)
Loss for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(47,996)**	(136,406)
Loss for the year from discontinued operations		**—**	(1,291)
Loss for the year attributable to owners of the Company		**(47,996)**	(137,697)
Non-controlling interests			
Loss for the year from continuing operations		**(6,766)**	(6,522)
Loss for the year from discontinued operations		**—**	—
Loss for the year attributable to non-controlling interests		**(6,766)**	(6,522)
		(54,762)	(144,219)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(47,974)**	(139,030)
Non-controlling interests		**(6,962)**	5,179
		(54,936)	(133,851)
Loss per share from continuing and discontinued operations			
— basic and diluted (HK cents per share)	9(b)&(c)	**(0.37)**	(1.07)
Loss per share from continuing operations			
— basic and diluted (HK cents per share)	9(b)&(c)	**(0.37)**	(1.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**11,202**	14,239
Intangible assets		**88,683**	121,555
Construction in progress		**1,818,354**	1,538,481
Interest in a jointly controlled entity		**—**	3,214
Railway construction prepayment		**89,234**	45,118
		2,007,473	1,722,607
Current assets			
Other receivables and prepayments	10	**21,622**	7,229
Trading securities	11	**55,723**	44,815
Loan to an associate		**18,150**	23,417
Cash and cash equivalents		**113,279**	211,157
		208,774	286,618
Current liabilities			
Other payables	12	**48,852**	33,199
Bank loans		**61,676**	—
Amount due to a jointly controlled entity		**13,826**	—
Amount due to a shareholder		**—**	238
Amounts due to minority equity owners of subsidiaries		**9,021**	6,185
		133,375	39,622
Net current assets		**75,399**	246,996
Total assets less current liabilities		**2,082,872**	1,969,603
Non-current liabilities			
Bank loans		**1,212,292**	1,009,792
Contingent consideration payable		**10,980**	52,892
		1,223,272	1,062,684
NET ASSETS		**859,600**	906,919
Capital and reserves attributable to owners of the Company			
Share capital		**128,570**	128,570
Reserves		**496,912**	537,269
Equity attributable to owners of the Company		**625,482**	665,839
Non-controlling interests		**234,118**	241,080
TOTAL EQUITY		**859,600**	906,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

Asia Energy Logistics Group Limited (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 and its principal place of business is located at Unit 1708, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Group, comprising the Company and its subsidiaries and jointly controlled entity, is engaged in (i) railway construction and operations and (ii) shipping and logistics. The waste incineration power generation business was discontinued on 13 July 2011.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Application of New and Revised HKFRSs

HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company, but do not have significant impact on these financial statements.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and the directors are not yet in a position to quantify the effects on the Group's financial statements.

Basis of measurement and going concern assumption

These consolidated 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.

As at 31 December 2012, the Group had financial liabilities comprising principally bank loans and related interest for the construction of the railway that are expected to be repaid within the twelve months from the end of the reporting period in the amount of HK$233,509,000 which is in excess of its current assets of HK$208,774,000. Further, there is capital expenditure in respect of the capital commitment for the construction of the railway which is expected to be incurred during the year ending 31 December 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern as the Group might not have sufficient financial resources to meet its financial obligation payable within the twelve months from the end of the reporting period, and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is currently negotiating with its existing bank which provided bank loans to the Group for the construction of the railway to provide additional banking facilities and up to the date of approval of these financial statements, the Group has been verbally informed by the existing bank that there will be no obstacle in obtaining the additional banking facilities if sufficient additional equity capital of each of 承德寬平鐵路有限公司 (Chengde Kuanping Railway Limited*) ("Kuanping Company"), 承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*) ("Zunxiao Company") and 唐山唐承鐵路運輸有限責任公司 (Tangshan Tangcheng Railway Transportation Company Limited*) ("Tangcheng Company") is contributed by their respective shareholders. Based on the progress of the negotiation and given that the obligations for contribution by the shareholders of each of Kuanping Company, Zunxiao Company and Tangcheng Company are specifically set out in the articles of association of the respective companies, the directors are confident that the shareholders of each of Kuanping Company, Zunxiao Company and Tangcheng Company will comply with their obligations under the articles of association of the respective companies as and when required and the existing bank will provide additional banking facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

The directors have carried out a detailed review of the cash flow forecast of the Group for the eighteen months ending 30 June 2014 taking into account the additional banking facilities to be obtained as referred to above and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2012. Accordingly, the directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

If the going concern basis is not appropriate, adjustments would have to be made to write down the values of the assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. TURNOVER

Turnover, which is also revenue, represents the amount received and receivable for waste incineration power generation and waste handling income which was discontinued on 13 July 2011:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations	—	—
Discontinued operations		
Waste incineration power generation income	—	35,266
Waste handling income	—	14,206
	—	49,472
	—	49,472

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

The Group has one reportable segment in 31 December 2012 (2011: two). 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:

— Railway construction and operations

— Waste incineration power generation business which was discontinued during the year ended 31 December 2011

* *For identification purposes only*

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

Year ended 31 December 2012	**Continuing Operations**			**Discontinued Operations**	**Total**
	Railway construction and operations	**Unallocated**	**Subtotal**	**Waste incineration power generation business**	
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue from external customers	—	—	—	—	—
Segment loss	**(13,908)**	**(36,511)**	**(50,419)**	—	**(50,419)**
Interest revenue	—	**1,828**	**1,828**	—	**1,828**
Depreciation of property, plant and equipment	**(1,966)**	**(1,174)**	**(3,140)**	—	**(3,140)**
Amortisation of intangible assets	—	**(5,076)**	**(5,076)**	—	**(5,076)**
Net gain on trading securities	—	**10,361**	**10,361**	—	**10,361**
Impairment loss on intangible assets	—	**(27,796)**	**(27,796)**	—	**(27,796)**
Impairment loss on loan to an associate	—	**(5,267)**	**(5,267)**	—	**(5,267)**
Change in fair value of contingent consideration payable	—	**41,912**	**41,912**	—	**41,912**
Share of results of jointly controlled entity	—	**(17,165)**	**(17,165)**	—	**(17,165)**
Loss before income tax	**(15,874)**	**(38,888)**	**(54,762)**	—	**(54,762)**

Year ended 31 December 2011	Continuing Operations			Discontinued Operations	Total
	Railway construction and operations	Unallocated	Subtotal	Waste incineration power generation business	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue from external customers	—	—	—	49,472	49,472
Segment (loss)/profit	(13,689)	(49,526)	(63,215)	7,877	(55,338)
Interest revenue	6	1,494	1,500	23	1,523
Interest expense	—	—	—	(8,362)	(8,362)
Amortisation of concession intangible assets	—	—	—	(8,384)	(8,384)
Depreciation of property, plant and equipment	(1,666)	(1,051)	(2,717)	(350)	(3,067)
Amortisation of intangible assets	—	(5,076)	(5,076)	—	(5,076)
Net loss on trading securities	—	(68,017)	(68,017)	—	(68,017)
Gain on disposal of subsidiaries	—	—	—	7,905	7,905
Share of loss of an associate	—	(85)	(85)	—	(85)
Impairment loss on loan to an associate	—	(13,583)	(13,583)	—	(13,583)
Change in fair value of contingent consideration payable	—	5,204	5,204	—	5,204
Share of results of jointly controlled entity	—	3,061	3,061	—	3,061
Loss before income tax	(15,349)	(127,579)	(142,928)	(1,291)	(144,219)

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Railway construction and operations	**1,957,848**	1,691,286
Intangible assets	**88,683**	121,555
Trading securities	**55,723**	44,815
Loan to an associate	**18,150**	23,417
Other unallocated corporate assets	**95,843**	128,152
Consolidated total assets	**2,216,247**	2,009,225
Segment liabilities		
Railway construction and operations	**1,327,617**	1,045,188
Contingent consideration payable	**10,980**	52,892
Other unallocated corporate liabilities	**18,050**	4,226
Consolidated total liabilities	**1,356,647**	1,102,306

Geographical information and major customers

The Group's entire operations, non-current assets and all its customers are located in the People's Republic of China ("PRC"). The Group did not generate any revenue for the year ended 31 December 2012. Revenue from the Group's largest customer of the waste incineration power generation business segment, which was discontinued on 13 July 2011, represents approximately 71% of the Group's total revenue in previous year. No other customer accounted for 10% or more of the total revenue for the year ended 31 December 2011.

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings:		
— wholly repayable after five years	**98,988**	67,114
Total borrowing costs	**98,988**	67,114
Less: amount capitalised in construction in progress on specific borrowings	**(98,988)**	(67,114)
	—	—

6. LOSS BEFORE INCOME TAX

(a) Loss before income tax is arrived at after charging/ (crediting):

Continuing operations

	2012	2011
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**3,140**	2,717
Amortisation of intangible assets	**5,076**	5,076
	8,216	7,793
Staff cost		
— Salaries, wages and other benefits	**22,947**	20,020
— Equity-settled share-based payments	**7,617**	21,754
— Contributions to defined contribution retirement scheme	**260**	226
	30,824	42,000
Auditor's remuneration	**900**	1,260
Impairment loss on intangible assets	**27,796**	—
Impairment loss on loan to an associate	**5,267**	13,583
Loss on disposal of property, plant and equipment	**50**	11
Operating lease rentals in respect of land and buildings	**4,432**	4,415
Net (gain)/loss on trading securities	**(10,361)**	68,017
Net exchange (gain)/loss	**(16)**	3

(b) Discontinued operations

On 13 May 2011, the Group entered into a conditional sale and purchase agreement with independent third parties, pursuant to which the Group disposed of the entire equity interest of China Green Power Holdings Limited and its subsidiaries ("China Green Power Group") for a consideration of HK$50,000,000. China Green Power Group ceased to be subsidiaries upon completion of the disposal on 13 July 2011. The revenue, results, cash flows and net assets of China Green Power Group were as follows:

	2011
	HK$'000
Turnover	49,472
Expenses	(58,668)
	(9,196)
Gain on disposal of subsidiaries	7,905
Loss for the year from discontinued operations	(1,291)
Operating cash flows	1,735
Investing cash flows	(2,194)
Financing cash flows	(891)
Effect of foreign exchange rate changes, net	198
Total cash flows	(1,152)

7. INCOME TAX

The income tax credit for the year can be reconciled to the accounting loss as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss before income tax (including continuing and discontinued operations)	**(54,762)**	(144,219)
Taxation calculated at PRC Enterprise Income Tax rate of 25% (2011: 25%)	**(13,690)**	(36,055)
Tax effect of differential tax rate	**3,214**	10,155
Tax effect of expenses not deductible for taxation purpose	**15,512**	40,989
Tax effect of non-taxable items	**(8,743)**	(23,955)
Tax effect of unrecognised tax losses and temporary differences	**3,707**	8,866
Income tax for the year	**—**	—

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%).

8. DIVIDENDS

No dividend was paid or declared by the Company during the year ended 31 December 2012 (2011: Nil).

The directors do not recommend the payment of any dividend for 2012 (2011: Nil).

9 LOSS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		
— Continuing operations	**(47,996)**	(136,406)
— Discontinued operations	**—**	(1,291)
	(47,996)	(137,697)

(b) Weighted average number of ordinary shares

The weighted average number of ordinary shares in issue during the year ended 31 December 2012 was 12,857,027,100 (2011: 12,857,027,100).

	2012	2011
Basic loss per share (HK cents)		
— Continuing operations	**(0.37)**	(1.06)
— Discontinued operations	**—**	(0.01)
— Continuing and discontinued operations	**(0.37)**	(1.07)

(c) Diluted loss per share is the same as basic loss per share for both years as the potential ordinary shares on exercise of share options and contingent consideration shares are anti-dilutive.

10. OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other receivables and prepayments	**57,522**	43,129	**41,534**	36,072
Less: Provision for impairment	**(35,900)**	(35,900)	**(35,900)**	(35,900)
Other receivables and prepayments, net	**21,622**	7,229	**5,634**	172

There is no movement in the provision for impairment on other receivables during the years.

11. TRADING SECURITIES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong listed equity securities at fair value	**55,723**	44,815

For investments which have been suspended from trading as at year end, the fair value was measured with reference to the quoted price of the last dealing date before suspension of trade and other available information consider appropriate by the directors. The carrying amounts of these investments are HK$6,405,000 (2011: HK$Nil).

12. OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Construction cost payables	**43,582**	27,935	**—**	—
Other payables	**5,270**	5,264	**2,050**	1,350
	48,852	33,199	**2,050**	1,350

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is the extract of the "opinion" paragraph in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2012.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 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.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 3(b) to the financial statements which indicates that as at 31 December 2012, the Group had financial liabilities comprising principally bank loans and related interest for the construction of the railway that are expected to be repaid within the twelve months from the end of the reporting period as detailed in Note 40(b) to the financial statements in the amount of HK$233,509,000 which is in excess of its current assets of HK$208,774,000. Further, there is capital expenditure in respect of the capital commitment for the construction of the railway as detailed in Note 35 to the financial statements which is expected to be incurred during the year ending 31 December 2013. 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.

BUSINESS REVIEW

Segment information

During the year under review, the Group was principally engaged in railway construction and operations and shipping and logistics businesses.

Railway Construction and Operations

The Group's investment in railway construction and operations started in July 2009 when the Group acquired a 70% equity interest in Gofar Holdings Limited ("Gofar"). In February 2010, the Group acquired the remaining 30% interest in Gofar. Gofar indirectly holds a 62.5% equity interest in each of 承德寬平鐵路有限公司 (Chengde Kuanping Railway Limited*) and 承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*) and a 51% equity interest in 唐山唐承鐵路運輸責任有限公司 (Tangshan Tangcheng Railway Transportation Company Limited*) (collectively called the "Gofar Group"). The business scope of the Gofar Group is the construction and operation of a 121.7 kilometre single-track railway (the "Zunxiao Railway") with 12 stations connecting Tangshan City (唐山市) and Chengde City (承德市), in the People's Republic of China.

The construction of the Zunxiao Railway was originally scheduled to be completed by the end of 2010. However, due to a delay in the processing of a major loan facility of RMB1.033 billion granted by 中國民生銀行股份有限公司 (China Minsheng Banking Corp., Limited) in November 2010, the completion of the construction was delayed to the end of 2012. Although continuous efforts were made with a view to speed up the construction process, the target completion date was not able to be achieved. Based on the latest assessment of the construction progress, it was estimated that the completion of the construction would be further delayed to the end of 2013.

Shipping and Logistics

Following the completion of the acquisition of the entire equity interest in Ocean Jade Investments Limited ("Ocean Jade") on 19 May 2010, the Group further diversified its business into the dry bulk shipping industry. Ocean Jade holds 50% interest in a joint venture company (the "JV Company" and together with its subsidiary the "JV Group"), which is engaged in the investment in ship assets

* *For identification purposes only*

and provision of coal shipment services and accounted for as a jointly controlled entity of the Group. The other shareholder of the JV Company is Waibert Navigation Company Limited ("Waibert") which is a wholly-owned subsidiary of Guangdong Province Navigation Holdings Company Limited (one of the key provincial government-owned enterprises) and is principally engaged in ship management, dry bulk carrier chartering and operation.

Under the shareholders' agreement among Ocean Jade, Waibert and the JV Company (collectively, the "Parties") dated 1 December 2009 (as amended by a supplemental agreement also dated 1 December 2009) (collectively, the "JV Agreement"), the JV Group intended to acquire two Handy-size Vessels and two Panamax or Supramax Vessels. The two Handy-size Vessels of about 35,000 metric tonnes deadweight each were acquired at the consideration of RMB175 million and RMB178.8 million on 30 April 2010 and 10 August 2010, respectively, which were subsequently delivered in August 2010 and January 2011, respectively.

Since the acquisition of the two Handy-size Vessels on 30 April 2010 and 10 August 2010, respectively, the JV Group has not made further acquisition of the remaining two vessels as planned due to the unfavourable market conditions. The latest deadline for the acquisition of the other two vessels was extended to 31 December 2012 pursuant to the third memorandum of mutual understanding dated 4 January 2012. The Parties considered that under the current market conditions, it was not a good time to make the move in acquiring the remaining two vessels. The Parties are in negotiation to extend the deadline for the acquisition of the other two vessels and further announcement will be made by the Company as and when appropriate.

On 31 December 2011, the Parties entered into the third supplemental agreement to the JV Agreement pursuant to which the Parties agreed to amend the JV Agreement such that the shareholders' loan contributed by the shareholders of the JV Company shall, instead of being non-interest bearing, become interest-bearing. Details of the third memorandum of mutual understanding and supplemental agreement were disclosed in the Company's announcement dated 4 January 2012.

The JV Group recorded a revenue of approximately HK$78.371 million (2011: approximately HK$115.602 million) for the year under review, the loss attributable to the Group from this business segment was approximately HK$17.165 million (2011: Profit of approximately HK$3.061 million). During the year under review, the two vessels made a total of 51 voyages with approximately 1.76 million tonnes of cargos being transported.

PROSPECTS

The Group continues to engage in railway construction and operations and the shipping and logistics businesses.

Railway Construction and Operations

The acquisition of the railway construction and operations business diversified and intensified the Company's involvement in the development of infrastructure projects in the PRC. Upon completion of the construction of the Zunxiao Railway and the obtaining of all necessary permits from the PRC government authorities, which is expected to be the end of 2013, the railway will commence commercial operation. Should there be heavy demand on the Zunxiao Railway, the Company may consider expanding the Zunxiao Railway from a single-track railway to a double-track railway to further increase its transportation capacity.

Shipping and Logistics

As the dry bulk shipping market remained flat without a clear sign of recovery, the directors of the JV Company consider that it is better to monitor the shipping market condition and wait until the market outlook improves before proceeding to acquire the remaining two vessels. It is contemplated that the JV Company will seek to acquire further vessels if market conditions are favourable to increase its transportation volume and expand its customer base to steel mills and traders, importers, exporters and/or end users of bulk cargo of any types.

The Board will actively seek other investment opportunities and to explore the feasibility of expanding into other business sectors to diversify the Group's business portfolio and to enhance the Group's profitability and its shareholders' value.

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 PRACTICES

It is a continuing commitment of the Board and the management of the Company to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The Company has adopted and applied the principles as set out in Appendix 14 to the Listing Rules.

Throughout the year ended 31 December 2012, the Company has complied with both the code on Corporate Governance Practices which was amended as the Corporate Governance Code and Corporate Governance Report with most of the amended provisions coming into effect on 1 April 2012, save for the deviations specified and explained below.

Code Provision A.2.1

The post of Chief Executive ("CE") (formerly known as Chief Executive Officer) of the Company has remained vacant since March 2000. The duties of CE have been performed by other Executive Directors of the Company. As there is a clear division of responsibilities of each Director, the vacancy of the post of CE did not have any material impact on the operations of the Group. However, the Board will review the current Board structure from time to time and if a candidate with suitable knowledge, skill and experience is identified, the Board will make an appointment to fill the post of CE as appropriate.

Code Provision E.1.2

Mr. Yu Baodong, the chairman of the Board, did not attend the annual general meeting of the Company (the "AGM") held on 17 May 2012 due to pre-arranged business commitments. In his absence, Mr. Liang Jun, an executive director of the Company, acted as the chairman of the AGM.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of comprehensive income and financial position and the related notes thereto for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on

Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the announcement.

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 primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Chan Chi Yuen (Chairman), Mr. Zhang Xi and Professor Sit Fung Shuen, Victor.

The audited financial results of the Group for the year ended 31 December 2012 have been reviewed by the Audit Committee.

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

Hong Kong, 21 March 2013

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 Professor Sit Fung Shuen, Victor.