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 2011

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 2011, together with the comparative figures for the previous corresponding period, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Continuing operations			
Turnover	3	—	—
Other income, gains and losses		**(66,523)**	(61,077)
Depreciation and amortisation		**(7,793)**	(3,926)
Staff costs		**(42,000)**	(18,957)
Change in fair value of contingent consideration payable		**5,204**	68,804
Change in fair value of the derivative component of convertible bonds		—	2,613
Share of results of jointly controlled entity		**3,061**	(242)
Share of (loss)/profit of an associate		**(85)**	85
Other operating expenses		**(34,792)**	(34,565)
Finance costs	5	—	(117)
Loss before income tax	6	**(142,928)**	(47,382)
Income tax	7	—	731
Loss for the year from continuing operations		**(142,928)**	(46,651)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Discontinued operations			
Loss for the year from discontinued operations		**(1,291)**	(60,180)
Loss for the year		**(144,219)**	(106,831)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**32,440**	22,685
Reclassification adjustment upon disposal of subsidiaries		**(22,072)**	2,636
Other comprehensive income for the year		**10,368**	25,321
Total comprehensive income for the year		**(133,851)**	(81,510)
Loss for the year attributable to:			
Owners of the Company		**(137,697)**	(102,025)
Non-controlling interests		**(6,522)**	(4,806)
		(144,219)	(106,831)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(139,030)**	(84,213)
Non-controlling interests		**5,179**	2,703
		(133,851)	(81,510)
Loss per share from continuing and discontinued operations — basic and diluted (HK cents per share)	9(b)	**(1.07)**	(0.81)
Loss per share from continuing operations — basic and diluted (HK cents per share)	9(b)	**(1.06)**	(0.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**14,239**	8,750
Concession intangible assets		—	330,876
Intangible assets		**121,555**	125,631
Construction in progress		**1,538,481**	1,062,977
Interest in a jointly controlled entity		**3,214**	15
Investment in associate		—	85
Railway construction prepayment		**45,118**	—
		1,722,607	1,528,334
Current assets			
Inventories		—	4,336
Trade and other receivables	10	**7,229**	41,315
Trading securities		**44,815**	125,785
Loan to an associate		**23,417**	37,000
Cash and cash equivalents		**211,157**	564,933
		286,618	773,369
Current liabilities			
Trade and other payables	11	**33,199**	94,896
Amount due to a shareholder		**238**	439
Amounts due to minority equity owners of subsidiaries		**6,185**	9,383
Tax payable		—	6,578
		39,622	111,296
Net current assets		**246,996**	662,073
Total assets less current liabilities		**1,969,603**	2,190,407
Non-current liabilities			
Bank loans		**1,009,792**	1,102,634
Contingent consideration payable		**52,892**	58,096
Provision for maintenance of concession intangible assets		—	11,717
		1,062,684	1,172,447
NET ASSETS		**906,919**	1,017,960
Capital and reserves attributable to owners of the Company			
Share capital		**128,570**	128,570
Reserves		**537,269**	653,489
Equity attributable to owners of the Company		**665,839**	782,059
Non-controlling interests		**241,080**	235,901
TOTAL EQUITY		**906,919**	1,017,960

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

Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs") and the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). They have been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments which have been measured at fair value.

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, HKAS 24 (Revised) "Related party disclosures" and the amendments in Improvements to HKFRSs (2010) are relevant 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 2011 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.

3. TURNOVER

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

	2011	2010
	HK$'000	*HK$'000*
Continuing operations	**—**	—
Discontinued operations		
Waste incineration power generation income	**35,266**	99,994
Waste handling income	**14,206**	30,107
	49,472	130,101
	49,472	130,101

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 two reportable segments in 31 December 2011 (2010: 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 (discontinued operations)

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

	Continuing Operations			Discontinued Operations	Total
Year ended 31 December 2011	**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)**

Year ended 31 December 2010	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	—	—	—	130,101	130,101
Segment (loss)/profit	(10,915)	(39,429)	(50,344)	25,584	(24,760)
Interest revenue	623	1,117	1,740	1,124	2,864
Interest expense	—	(117)	(117)	(15,218)	(15,335)
Amortisation of concession intangible assets	—	—	—	(19,295)	(19,295)
Depreciation of property, plant and equipment	(1,123)	(1,486)	(2,609)	(718)	(3,327)
Amortisation of intangible assets	—	(1,269)	(1,269)	—	(1,269)
Amortisation of land use rights	—	(48)	(48)	—	(48)
Net loss on trading securities	—	(59,904)	(59,904)	—	(59,904)
Loss on disposal of subsidiaries	—	(3,478)	(3,478)	—	(3,478)
Share of profit of an associate	—	85	85	—	85
Change in fair value of contingent consideration payables	—	68,804	68,804	—	68,804
Share of results of jointly controlled entity	—	(242)	(242)	—	(242)
Impairment loss on concession intangible assets	—	—	—	(24,107)	(24,107)
Impairment loss on goodwill	—	—	—	(27,550)	(27,550)
Loss before income tax	(11,415)	(35,967)	(47,382)	(60,180)	(107,562)

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Waste incineration power generation business	**—**	364,425
Railway construction and operations	**1,691,286**	1,569,655
Intangible assets	**121,555**	125,631
Trading securities	**44,815**	125,785
Loan to an associate	**23,417**	37,000
Unallocated corporate assets	**128,152**	79,207
Consolidated total assets	**2,009,225**	2,301,703
Segment liabilities		
Waste incineration power generation business	**—**	294,115
Railway construction and operations	**1,045,188**	918,173
Contingent consideration payable	**52,892**	58,096
Unallocated corporate liabilities	**4,226**	13,359
Consolidated total liabilities	**1,102,306**	1,283,743

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"). Revenue from the Group's largest customer of the waste incineration power generation business segment which had been disposed during the year represents approximately 71% (2010: 77%) of the Group's total revenue. No other customer accounted for 10% or more of the total revenue for the year ended 31 December 2011 and 2010.

5. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings:		
— wholly repayable within one year	**—**	10,350
— wholly repayable after five years	**67,114**	8,514
Imputed interest on convertible bonds	**—**	114
Bank overdraft interest	**—**	3
Total borrowing costs	**67,114**	18,981
Less: amount capitalised in construction in progress on specific borrowings	**(67,114)**	(18,864)
	—	117

6. LOSS BEFORE INCOME TAX

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

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,717**	2,609
Amortisation of land use rights	**—**	48
Amortisation of intangible assets	**5,076**	1,269
	7,793	3,926
Staff cost		
— Salaries, wages and other benefits	**20,020**	18,688
— Equity-settled share-based payments	**21,754**	—
— Contributions to defined contribution retirement scheme	**226**	269
	42,000	18,957
Net loss on trading securities	**68,017**	59,904
Auditor's remuneration	**898**	1,585
Impairment loss on loan to an associate	**13,583**	—
Loss on disposal of property, plant and equipment	**11**	3
Operating lease rentals in respect of land and buildings	**4,415**	4,454
Net exchange loss	**3**	106

(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 sales, results, cash flows and net assets of China Green Power Group were as follows:

	Period from 1 January 2011 to 13 July 2011	12 months to 31 December 2010
	HK$'000	*HK$'000*
Turnover	**49,472**	130,101
Expenses	**(58,668)**	(190,281)
	(9,196)	(60,180)
Gain on disposal of subsidiaries	**7,905**	—
Loss for the year from discontinued operations	**(1,291)**	(60,180)
Operating cash flows	**1,735**	(2,108)
Investing cash flows	**(2,194)**	(350)
Financing cash flows	**(891)**	3,827
Effect of foreign exchange rate changes, net	**198**	274
Total cash flows	**(1,152)**	1,643

7. INCOME TAX

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

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax	**(144,219)**	(107,562)
Taxation calculated at PRC Enterprise Income Tax rate of 25% (2010: 25%)	**(36,055)**	(26,891)
Tax effect of differential tax rate	**10,155**	3,717
Tax effect of expenses not deductible for taxation purpose	**40,989**	22,322
Tax effect of non-taxable items	**(23,955)**	(12,749)
Tax effect of unrecognised tax losses and temporary differences	**8,866**	13,601
Over provision in prior years	**—**	(731)
Income tax credit for the year	**—**	(731)

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2010: 25%).

8. DIVIDENDS

No dividend was paid or declared by the Company during the year ended 31 December 2011 (2010: Nil).

The directors do not recommend the payment of any dividend for 2011 (2010: 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:

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		
— Continuing operations	**(136,406)**	(41,845)
— Discontinued operations	**(1,291)**	(60,180)
	(137,697)	(102,025)

(b) Weighted average number of ordinary shares

The weighted average number of ordinary shares in issue during the year ended 31 December 2011 was 12,857,027,100 (2010: 12,624,150,388).

	2011	2010
Basic loss per share (HK cents)		
—Continuing operations	**(1.06)**	(0.33)
—Discontinued operations	**(0.01)**	(0.48)

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

10. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**—**	14,585	**—**	—
Other receivables	**43,129**	62,630	**36,072**	36,082
Less: Provision for impairment	**(35,900)**	(35,900)	**(35,900)**	(35,900)
Other receivables, net	**7,229**	26,730	**172**	182
	7,229	41,315	**172**	182

i) 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	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables		
— 0 to 30 days	**—**	14,585
— Over 30 days	**—**	—
	—	14,585

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	—	14,585
	—	14,585

11. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables as at the end of reporting period is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables				
— current and up to 30 days	—	13,049	—	—
Construction cost payables	**27,935**	56,393	—	—
Other payables	**5,264**	25,454	**1,350**	2,697
	33,199	94,896	**1,350**	2,697

12. DISPOSAL OF SUBSIDIARIES

As referred to in note 6(b), on 13 July 2011, China Green Power Group ceased to be subsidiaries upon completion of the disposal. The net assets of China Green Power Group at the date of disposal were as follows:

	China Green Power Group
	2011
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**1,053**
Concession intangible assets	**332,272**
Trade and other receivables	**15,617**
Inventories	**2,732**
Cash and cash equivalents	**8,033**
Other payables	**(28,949)**
Bank loans	**(255,783)**
Provision for maintenance of concession intangible assets	**(11,990)**
	62,985
Translation reserve reclassified upon disposal	**(22,072)**
	40,913
Gain on disposal	**7,905**
Total consideration	**48,818**

BUSINESS REVIEW

During the year under review, the Group was principally engaged in (i) railway construction and operations; (ii) shipping and logistics; and (iii) waste incineration power generation business which was discontinued and disposed of in July 2011.

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*) ("Kuanping Company") and 承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*) ("Zunxiao Company"), and a 51% equity interest in 唐山唐承鐵路運輸有限責任公司 (Tangshan Tangcheng Railway Transportation Company Limited*) ("Tangcheng Company") (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 two major municipalities in the Hebei Province, namely Tangshan City (唐山市) and Chengde City (承德市), in the People's Republic of China ("PRC").

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, completion of the construction has been delayed to 2012.

Relevant approvals for the construction of the Zunxiao Railway were obtained in 2008 and construction work for the first 25 kilometres of the Zunxiao Railway has been completed. Tangcheng Company obtained the "Temporary Operation License of the Hebei Railway Administration Bureau"* ("河北省鐵路臨時運輸營業許可證") for the first 25 kilometres of the Zunxiao Railway, which is valid for one year, on 29 June 2011. The operating range covers Zunhua South Station (遵化南站), which is also the transfer station of the national railway, to Santunying Station (三屯營站).

In a bid to test the train traction capacity of the first 25 kilometres to ensure a high standard and efficient operation of the Zunxiao Railway when put into operation, the Zunxiao Railway, in cooperation with the Beijing Railway Bureau, launched a three-day trial test of train traction (from 30 June 2011 to 2 July 2011). The test involved three train journeys pulling 13,410 tonnes in total, with the largest train pulling up to 4,976 tonnes, to Santunying Station. The above trial was carried out on the condition that the trains were subject to multiple s-shaped bends and gradients of up to 1.5% (15 in 1,000).

The Group was satisfied with the fact that the three-day trial test was able to meet the safety standard of the Beijing Railway Bureau and was completed smoothly. This signified a major milestone for the Group, bringing it a step closer to the commercial operation of the Zunxiao Railway.

On 13 January 2011, Gofar Group entered into a non-legally binding memorandum of understanding (the "Memorandum") with China Railway Leasing Corporation Limited ("CRLC"), an independent third party, in relation to, among other things, the establishment of a business cooperation partnership between the parties in four major areas of strategic cooperation (the "Cooperation Project") with respect to (i) the purchasing, financing and leasing services for various facilities, equipment and accessories for railway construction and operations in the PRC; (ii) the further cooperation on the project development and operation of the self-owned rail wagon chartering services; (iii) the cooperation in respect of rail-transport logistics, storage and trading in the PRC; and (iv) introduction of prospective rail transport business partners by CRLC to Gofar Group.

The Memorandum is non-legally binding and may or may not lead to the entering into any formal agreement with respect to the Cooperation Project. The Cooperation Project, if materialised, would provide Gofar Group with, among others, a stable supply of railway facilities and equipment, reliable services in leasing and project financing, secured supply of railway facilities and rail-transport, and possible new railway related business, all of which are vital for the further development of the Group's business in the railway construction and operations in the PRC.

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 subsidiaries, the "JV Group") which is engaged in the investment in ship assets 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 (the "First Vessel" and the "Second Vessel", respectively) 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.

Due to the prevailing marketing conditions, the Parties agreed to further extend the deadline for the acquisition of the other two vessels (either Panamax or Supramax type) to 31 December 2012.

Further to the above, 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 have been disclosed in the Company's announcement dated 4 January 2012.

On 30 March 2010, a contract of affreightment (運輸合同) (the "Contract of Affreightment") was entered into between the JV Company and a power plant in the Jiangsu Province, the PRC, for the provision of coal shipment services by the JV Company to the said power plant. Under the Contract of Affreightment, the power plant in the Jiangsu Province shall provide full employment with its own coal cargo throughout the life span of the First Vessel and the Second Vessel.

The JV Group recorded a revenue of approximately HK$115.60 million (2010: HK$17.74 million) for the year under review, the contribution from this business segment was approximately HK$3.061 million (2010: loss of approximately HK$0.242 million).

* *For identification purposes only*

Waste Incineration Power Generation (discontinued business)

During the year under review, the turnover of the waste incineration power plant in the PRC then owned by the Group was approximately HK$49.47 million (2010: approximately HK$130.10 million), representing a decrease of approximately 62% as compared to that of the previous corresponding year. This was mainly due to the fact that the subsidiaries operating the said business were discontinued and disposed by the Group in July 2011 because of the continuing disappointing performance. As disclosed in the Company's circular dated 10 June 2011, Palace View International Limited, a direct wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Wise Track Group Limited for the disposal of the entire equity interest in China Green Power Holdings Limited and its subsidiaries (collectively referred to as the "China Green Power Group") and the shareholder's loan due from the China Green Power Group to the Group. The disposal constituted a very substantial disposal for the Company under the Listing Rules and was completed on 13 July 2011.

PROSPECTS

Following the disposal of the waste incineration power generation business, the Group continues to engage in railway construction and operations and the shipping and logistics businesses.

Railway Construction and Operations

The acquisition of Gofar 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 extended to the end of 2012, 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.

The major revenue of the Zunxiao Railway will arise from the carriage of natural resources (coal, iron ore powder, etc.). The other revenue of the Zunxiao Railway will include charges for cargo loading and/or unloading services, charges for storage services of goods.

Shipping and Logistics

As the dry bulk shipping market has begun its major correction due to excessive supply of new ships ordered at the peak of the market a few years ago, the directors of the JV Company consider that it is better to monitor the situation and wait until the market condition 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 PRACTICE

It is one of the continuing commitments of the Board and of 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 shareholders' value.

Throughout the year ended 31 December 2011, the Company has complied with the CG Code, save for the exception specified and explained below:

Code Provision A.2.1

The post of Chief Executive Officer ("CEO") has remained vacant since March 2009. The duties of CEO have been performed by other Executive Directors of the Company. As there exists a clear division of responsibilities of each Director in the Group, 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 an appointment to fill the post of CEO as appropriate.

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 2011 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 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 2011.

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

Hong Kong, 26 March 2012

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.