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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

RESULTS

The board (the "Board") of directors (the "Directors") of Asia Energy Logistics Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with the comparative figures for the previous corresponding period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Turnover	3	**23,334**	—
Cost of sales		**(22,635)**	—
Gross profit		**699**	—
Other income, gains and losses	4	**(8,226)**	(1,532)
Depreciation and amortisation		**(2,978)**	(3,430)
Staff costs		**(9,765)**	(11,577)
Change in fair value of contingent consideration payable		**(808)**	4,482
Share of results of jointly controlled entity		**(4,748)**	(7,023)
Other operating expenses		**(9,494)**	(12,506)
Finance costs	6	**(54,068)**	—
Loss before income tax	7	**(89,388)**	(31,586)
Income tax credit	8	**6,578**	—
Loss for the period		**(82,810)**	(31,586)

	Notes	For the six months ended 30 June **2014** *HK$'000* **(Unaudited)**	2013 *HK$'000* (Unaudited)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations which may be reclassified subsequently to profit or loss		**(6,910)**	11,307
Total comprehensive income for the period		**(89,720)**	(20,279)
Loss for the period attributable to:			
Owners of the Company		**(56,840)**	(28,975)
Non-controlling interests		**(25,970)**	(2,611)
		(82,810)	(31,586)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(61,301)**	(21,767)
Non-controlling interests		**(28,419)**	1,488
		(89,720)	(20,279)
Loss per share			
— basic and diluted (HK cent per share)	9	**(0.42)**	(0.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**76,419**	73,763
Intangible assets		**76,802**	78,585
Construction in progress		**1,928,054**	1,946,519
Railway construction prepayment		**88,121**	88,962
Interest in a jointly controlled entity		**—**	—
		2,169,396	2,187,829
Current assets			
Other receivables and prepayments		**69,313**	48,639
Trading securities		**22,189**	36,234
Loan to an associate		**—**	17,025
Cash and cash equivalents		**5,628**	13,152
		97,130	115,050
Total assets		**2,266,526**	2,302,879
Current liabilities			
Trade and other payables	11	**60,663**	53,948
Bank loans and other borrowings		**320,452**	268,618
Amount due to a jointly controlled entity		**32,776**	28,039
Amounts due to minority equity owners of subsidiaries		**9,215**	9,303
		423,106	359,908
Net current liabilities		**(325,976)**	(244,858)
Total assets less current liabilities		**1,843,420**	1,942,971
Non-current liabilities			
Bank loans		**1,112,428**	1,123,067
Contingent consideration payable		**29,477**	28,669
		1,141,905	1,151,736
Net assets		**701,515**	791,235
Capital and reserves attributable to owners of the Company			
Share capital	12	**1,435,649**	134,100
Reserves		**(919,282)**	443,568
Equity attributable to owners of the Company		**516,367**	577,668
Non-controlling interests		**185,148**	213,567
TOTAL EQUITY		**701,515**	791,235

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

During the period, the Group incurred a loss of approximately HK$82,810,000. As at 30 June 2014, the Group had net current liabilities of approximately HK$325,976,000 and 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 which is in excess of its current assets of approximately HK$97,130,000. Further, there is capital expenditure in respect of the capital commitment for the construction of the railway as disclosed in Note 13 which is expected to be incurred during the year ending 31 December 2014 or in a foreseeable future. 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 and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The majority of current liabilities due within the next twelve months from the end of the reporting period were arisen from the Company's non-wholly owned subsidiaries, 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") (collectively, "Railway Companies"). As mentioned in the Company's announcements dated 28 February 2014, 21 March 2014, 25 April 2014, 30 May 2014, 27 June 2014 and 31 July 2014 in relation to the very substantial disposal and connected transactions of the Company, the Group through its wholly-owned subsidiary entered into three disposal agreements for the disposal of its majority equity interests in Kuanping Company and Zunxiao Company and entire equity interest in Tangcheng Company. Upon completion of the disposal of the relevant equity interests in the Railway Companies, the Group's obligations and liabilities in relation to construction of the railway will be significantly reduced with significant net cash proceeds to be received.

The directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 30 June 2015 and taken into account the above proposed disposal, 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 30 June 2014. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim 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.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA (hereinafter collectively referred to as the "HKFRSs") and the requirements of predecessor Hong Kong Companies Ordinance (Cap.32) and the Listing Rules.

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

The accounting policies and methods of computation adopted in the 2013 annual financial statements have been applied consistently to these unaudited condensed consolidated interim financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements.

In the current period, the Group has adopted all the new/revised HKFRSs and amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2014. The adoption of these new/revised HKFRSs and amendments to HKFRSs did not result in significant changes to the Group's financial statements for the current period and prior periods.

* *for identification purposes only*

The Group has not applied the new/revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these pronouncements but is not yet in a position to state whether these pronouncements would have a material impact on its results of operations and financial position.

3. TURNOVER

Turnover, which is also revenue, represents the amount received and receivable for time charters:

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Charter-hire income	**23,334**	—

4. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss on trading securities		
— Change in fair value of trading securities	**(743)**	(2,176)
— Loss on disposal of trading securities	**(8,696)**	—
	(9,439)	(2,176)
Loan interest income	**274**	551
Bank interest income	**—**	93
Gain on disposal of a subsidiary	**939**	—
	(8,226)	(1,532)

5. SEGMENT INFORMATION

The Group considers it has two reportable segments since September 2013 when it commenced earning charter-hire income. Accordingly, the operating segment "shipping and logistics" undertaken by the jointly controlled entity classified as "unallocated" for the six months ended 30 June 2013 were reclassified as a reportable operating segment to conform with the current period's classification. 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

— Shipping and logistics

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

Unaudited **Six months ended 30 June 2014**	**Railway construction and operations** ***HK'000***	**Shipping and logistics** ***HK'000***	**Total** ***HK'000***
Segment revenue from external customers	**—**	**23,334**	**23,334**
Segment loss	**(62,568)**	**(6,060)**	**(68,628)**
Other segment information:			
Interest expenses	**(54,068)**	**—**	**(54,068)**
Depreciation of property, plant, and equipment	**(734)**	**(2,158)**	**(2,892)**
Amortisation of intangible assets	**—**	**(1,784)**	**(1,784)**
Operating lease payments	**(291)**	**(9,860)**	**(10,151)**
Share of results of jointly controlled entity	**—**	**(4,748)**	**(4,748)**
Additions to non-current segment assets during the period	**3**	**5,797**	**5,800**

Unaudited **Six months ended 30 June 2013**	Railway construction and operations *HK'000*	Shipping and logistics *HK'000*	Total *HK'000*
Segment revenue from external customers	—	—	—
Segment loss	(6,073)	(9,208)	(15,281)
Depreciation of property, plant, and equipment	(769)	—	(769)
Amortisation of intangible assets	—	(2,178)	(2,178)
Operating lease payments	(360)	—	(360)
Share of results of jointly controlled entity	—	(7,023)	(7,023)
Additions to non-current segment assets during the period	257	—	257

The following tables present the reconciliations of segment profit or loss, assets and liabilities:

	For the six months ended 30 June	
	2014 ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited)
Loss		
Segment loss	**(68,628)**	(15,281)
Other income	**274**	644
Net loss on trading securities	**(9,439)**	(2,176)
Impairment loss on loan to an associate	**—**	(2,241)
Change in fair value of contingent consideration payable	**(808)**	4,482
Other unallocated corporate expenses	**(10,787)**	(17,014)
Condensed consolidated loss before income tax	**(89,388)**	(31,586)

	As at 30 June 2014 *HK$'000* (Unaudited)	As at 31 December 2013 *HK$'000* (Audited)
Assets		
Railway construction and operations	**2,050,328**	2,070,099
Shipping and logistics	**148,399**	157,821
Segment assets	**2,198,727**	2,227,920
Intangible assets	**1,000**	1,000
Trading securities	**22,189**	36,234
Loan to an associate	**—**	17,025
Other unallocated corporate assets	**44,610**	20,700
Condensed consolidated total assets	**2,266,526**	2,302,879
Liabilities		
Railway construction and operations	**1,487,993**	1,448,385
Shipping and logistics	**35,629**	30,748
Segment liabilities	**1,523,622**	1,479,133
Contingent consideration payable	**29,477**	28,669
Other unallocated corporate liabilities	**11,912**	3,842
Condensed consolidated total liabilities	**1,565,011**	1,511,644

Geographical information

The Group's non-current assets are principally located in the People's Republic of China ("PRC").

Geographical segment information of the Group's revenue is not presented as the directors consider that the nature of the provision of shipping services, which are carried out internationally, preclude a meaningful allocation of operating profit to specific geographical segments.

Major customers

Revenue from the Group's major customers of shipping and logistics segment, represents 10% or more of the Group's revenues are listed as below:

	For the six months ended 30 June 2014 *HK$'000* (Unaudited)	2013 *HK$'000* (Unaudited)
Customer A	**9,909**	—
Customer B	**7,428**	—
Customer C	**3,777**	—
	21,114	—

6. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings:		
wholly repayable within five years	**4,716**	—
wholly repayable after five years	**49,352**	50,897
Total borrowing costs	**54,068**	50,897
Less: amount capitalised in construction in progress on specific borrowings	**—**	(50,897)
	54,068	—

7. LOSS BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
— Recognised in cost of sales	**2,157**	—
— Recognised in administrative expenses	**1,194**	1,252
Amortisation of intangible assets	**1,784**	2,178
	5,135	3,430
Staff cost		
— Salaries, wages and other benefits	**9,627**	9,860
— Equity-settled share-based payments	**—**	1,584
— Contributions to defined contribution retirement scheme	**138**	133
	9,765	11,577
Auditor's remuneration	**110**	108
Impairment loss on loan to an associate	**—**	2,241
Operating lease rentals in respect of		
— Land and buildings	**1,916**	2,407
— Vessels	**9,860**	—
Change in fair value of contingent consideration payable	**808**	(4,482)
Net exchange loss	**37**	114

8. INCOME TAX

The amount of taxation in the condensed consolidated interim statement of comprehensive income represents:

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong profits tax		
— over-provision in respect of prior years	**(6,578)**	—

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial statements as the Group's operations in Hong Kong had no assessable profit for the six months ended 30 June 2014 and 2013.

No provision for the PRC enterprise income tax has been made in the condensed consolidated interim financial statements as the Group's operations in the PRC had no assessable profit for the six months ended 30 June 2014 and 2013.

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$56,840,000 (six months ended 30 June 2013: approximately HK$28,975,000) and 13,410,027,100 ordinary shares (six months ended 30 June 2013: 12,857,027,100 ordinary shares) in issue during the six months ended 30 June 2014.

Diluted loss per share was not presented for the six months ended 30 June 2014 and 2013 as the potential ordinary shares to be issued on exercise of share options and by way of contingent consideration shares are anti-dilutive.

10. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2014 and 2013.

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2014 and 2013.

11. TRADE AND OTHER PAYABLES

	At 30 June 2014 *HK$'000* **(Unaudited)**	At 31 December 2013 *HK$'000* (Audited)
Trade payables		
— current and up to 30 days	**1,724**	553
Construction cost payables	**43,199**	43,524
Other payables	**15,740**	9,871
	60,663	53,948

12. SHARE CAPITAL

	At 30 June 2014		At 31 December 2013	
	Number of ordinary shares (Unaudited)	**HK$'000 (Unaudited)**	Number of ordinary shares (Audited)	HK$'000 (Audited)
Authorised:				
At 1 January	**120,000,000,000**	**1,200,000**	120,000,000,000	1,200,000
The concept of authorised share capital is abolished on 3 March 2014 *(Note)*	**(120,000,000,000)**	**(1,200,000)**	—	—
At 30 June/31 December	—	—	120,000,000,000	1,200,000
Issued and fully paid:				
At 1 January	**13,410,027,100**	**134,100**	12,857,027,100	128,570
Shares issued under placing shares scheme	—	—	553,000,000	5,530
Transfer from share premium account on 3 March 2014 *(Note)*	—	**1,301,549**	—	—
At 30 June/31 December	**13,410,027,100**	**1,435,649**	13,410,027,100	134,100

Note: The Hong Kong Companies Ordinance, Cap. 622 (the "Ordinance") came into effect on 3 March 2014. Under section 135 of the Ordinance, shares in a company do not have nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional provisions in the Ordinance, share premium account at the beginning of 3 March 2014 became part of the Company's share capital.

After the Ordinance came into effect on 3 March 2014, the concept of authorised preference shares is also abolished. As at 30 June 2014, there is no preference shares of class A and class B authorised for issue (as at 31 December 2013: 10,000,000,000 preference shares of class A and 10,000,000,000 preference shares of class B authorised for issue). No preference shares have been issued as at 30 June 2014 and 31 December 2013.

13. CAPITAL COMMITMENTS

	At 30 June 2014 *HK$'000* **(Unaudited)**	At 31 December 2013 *HK$'000* (Audited)
Authorised and contracted for in respect of construction of railway:		
— Zunxiao Company	**156,788**	158,288
— Kuanping Company	**473**	478
— Tangcheng Company	**182,393**	184,138
	339,654	342,904

These commitments were entered into by the three PRC non-wholly owned subsidiaries. The Group's effective interest in Zunxiao Company, Kuanping Company, and Tangcheng Company is 62.50%, 62.50% and 51.00% respectively as at 30 June 2014 and 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group was mainly engaged in (i) railway construction and operations, and (ii) shipping and logistics.

Railway Construction and Operations

The Group commenced to investing in railway construction and operations in July 2009 by acquiring 100% equity interest in Gofar Holdings limited ("Gofar") which indirectly holds a 62.5% equity interest in each of 承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*) ("Zunxiao Company") and 承德寬平鐵路有限公司 (Chengde Kuanping Railway Limited*) ("Kuanping 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 referred to the "Gofar Group"). The business scope of the Gofar Group is the construction and operation of 121.7 kilometers 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 (the "PRC").

The construction of the Zunxiao Railway was originally scheduled to be completed by the end of 2010. However, due to the deferral 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) and other contingent obstacles encountered during the construction, such as land resumption and demolition etc. , the construction process was obstructed significantly. Although continuous efforts were made with a view to expediting the construction process, the original scheduled completion date of the Zunxiao Railway could not be met. As such, no revenue is generated before the completion of the railway construction and additional resources are required to cover the additional costs attributable to the delay in the railway construction.

The Company has been assessing the potential adverse impacts that this further delay in the railway construction brought about on its overall financial and cash flow positions and has been considering various options such as reorganisation or dispose part of its investment holdings in the Zunxiao Railway in order to reallocate such resources to existing or new business with better prospects.

As announced on 14 February 2014, the Company's indirectly wholly-owned subsidiary, China Railway Logistic Holdings Limited ("China Railway"), and 河北建設交通投資有限責任公司 (Hebei Construction, Transportation and Investment Co., Ltd.*) ("Hebei Company") entered into three disposal agreements (collectively the "Disposal Agreements") for the transfer of the relevant interests in the Gofar Group (the "Disposal"). Pursuant to the Disposal Agreements, Hebei Company has conditionally agreed to purchase the relevant interests at the aggregate consideration of RMB433,270,000. The completion of the Disposal is subject to the fulfilment of the conditions precedent as set out in the Disposal Agreements and is expected to take place by the end of 2014.

Notwithstanding the disposal of the relevant interests, the Group takes an optimistic view of the business of the Zunxiao Railway and believes that with the involvement of Hebei Company following the completion of the Disposal, the Zunxiao Railway will gain easier access to the loan facilities granted by the local banks. As such, the Company intends to retain the remaining interests in Zunxiao Company and Kuanping Company as long-term investments so as to benefit from the business potential of the Zunxiao Railway.

* *for identification proposes only*

Shipping and Logistics

The Group has also diversified its business into the dry bulk shipping industry by acquiring the entire interest in Ocean Jade Investments Limited ("Ocean Jade") in May 2010. Ocean Jade holds a 50% interest in a company which is a jointly controlled entity (the "JV Company", and together with its subsidiaries the "JV Group") with Waibert Navigation Company Limited ("Waibert"), a wholly-owned subsidiary of the Guangdong Province Navigation Holdings Company Limited, one of the key provincial government owned enterprise. The JV Company is principally engaged in the investments in ship assets and provision of coal shipment services.

Under the shareholders' agreement dated 1 December 2009 (as amended by a supplemental agreement also dated 1 December 2009) (collectively, the "JV Agreement") entered into between Ocean Jade, Waibert and the JV Company (collectively referred to as the "Parties"), the JV Group is mandated to acquire two Handysize Vessels and two Panamax or Supramax Vessels. The two Handysize Vessels of about 35,000 deadweight tonnage ("DWT") each were then 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 Handysize 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. By entering into a sixth memorandum of mutual understanding on 7 May 2014, the Parties to the JV Group agreed to extend the time for the acquisition of the third vessel by the JV Group to 31 December 2014 and the time for the acquisition of the forth vessel by the JV Group to 31 December 2015.

With a view to reconstruct and expand the Group's current business portfolio, the Group started its vessel chartering business through a hired vessel with carrying capacity of approximately 55,000 DWT, MV Jin Yuan , in September 2013. In addition, the Company subsequently acquired a bulk carrier with carrying capacity of approximately 28,000 DWT, MV Tremonia, in November 2013, which was then renamed as MV Asia Energy in May 2014.

During the period under review, the contribution of this segment was the main source of income of the Group.

Prospects

As mentioned in the paragraph headed "Railway Construction and Operations" above, the Company is in the process of disposing a majority part of its interests in the Zunxiao Railway so to concentrate on the development and expansion of its shipping business. The Disposal constitutes a very substantial disposal and a connected transaction for the Company for which a circular is required to be despatched and the independent shareholders' approval is required under the Listing Rules. As additional time is required for the Company to finalise the financial and other information of the Group for disclosure in the circular, the despatch of the circular will be delayed to 31 August 2014. Details of the Disposal and the delay in despatch of the circular are set out in the announcements (the "VSD Announcements") of the Company dated 28 February 2014, 21 March 2014, 25 April 2014, 30 May 2014, 27 June 2014 and 31 July 2014, respectively.

Should the completion of the Disposal be materialised, the net proceeds from the Disposal will be applied towards the acquisition of vessels which consists of a secondhand Handysize vessel by the Group and two Panamax vessels by the JV Group and also for general working capital of the Group. Details of the use of proceeds from the Disposal are set out in the VSD Announcements.

The Company will continue to explore the market of ocean-going transportation business and hence expanding its shipping business scope on top of the current dry-bulk shipment business with its relevant experience and management expertise via its vessels and the joint-venture arrangement.

The Company will also identify opportunities in the capital markets and if possible, conduct fundraising activities to support the further growth of its shipping business and capture other profitable investment opportunities which may arise in the future.

CORPORATE GOVERNANCE PRACTICES

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 Corporate Governance Code and Corporate Governance Report (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 shareholder value.

Throughout the period of six months ended 30 June 2014, the Company has complied with the CG Code save as specified and explained below:

Code Provision A.2.1

The post of chief executive (the "Chief Executive") of the Company has remained vacant since March 2000. The duties of Chief Executive 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 Chief Executive 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 Chief Executive as appropriate.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") 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 unaudited consolidated results of the Group for the six months ended 30 June 2014 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the period under review.

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

Hong Kong, 15 August 2014

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), Mr. Tse On Kin and Ms. Sun Wei; and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Zhang Xi and Prof. Sit Fung Shuen, Victor