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**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)**

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
IN RELATION TO  
PROPOSED DISPOSAL OF TARGET GROUP ENGAGED  
IN RAILWAY BUSINESS**

**THE DISPOSAL AND THE AGREEMENT**

The Board is pleased to announce that on 29 August 2019 (after trading hours), among other parties, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (a connected person of the Company within the meaning of the Listing Rules) entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share, at the Consideration of RMB1.00 payable by the Purchaser to the Vendor on Completion in accordance with the terms and conditions of the Agreement.

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company and their respective assets and liabilities and profits and losses will no longer be consolidated into the financial statements of the Company.

**IMPLICATIONS UNDER THE LISTING RULES**

**Very substantial disposal**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Connected transaction**

The Purchaser is an indirect wholly-owned subsidiary of GCHL, which is in turn beneficially wholly-owned by Mr. Zhu. As at the date of this announcement, Mr. Zhu is a director of various subsidiaries (including the Target Company) of the Company and interested in approximately 4.59% of all the issued Shares of the Company. Accordingly, the Purchaser is an associate of Mr. Zhu and a connected person of the Company under the Listing Rules. The entering into of the Agreement and the Disposal contemplated thereunder thus constitute connected transactions of the Company and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Zhu and his associates are required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the General Meeting.

An Independent Board Committee, comprising all the independent non-executive Directors will be established to consider the terms of the Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **GENERAL**

The General Meeting will be convened for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the General Meeting; and (v) further information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 September 2019, which is more than 15 business days after the date of this announcement as additional time will be required to prepare the circular.

**Completion of the Disposal is subject to fulfillment of the conditions precedent as set out in the section headed "Conditions precedent" below of this announcement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

References are made to the announcements of the Company dated 30 January 2019 (the “**Possible Restructuring Announcement**”) and 11 June 2019 in relation to, among other matters, the possible restructuring of equity interest in the indirectly held subsidiaries of the Company engaged in the construction and operation of Zunxiao Railway, and the entering into of a non-legally binding memorandum of understanding between an indirect wholly-owned subsidiary of the Company and GCHL for a proposed disposal by the Company of a majority stake in the companies engaged in the railway business of Zunxiao Railway, which might constitute a very substantial disposal and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules.

## **THE DISPOSAL**

The Board is pleased to announce that on 29 August 2019 (after trading hours), among other parties, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (a connected person of the Company within the meaning of the Listing Rules) entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share, at the Consideration of RMB1.00 payable by the Purchaser to the Vendor on Completion in accordance with the terms and conditions of the Agreement.

## **THE AGREEMENT**

Set out below are the principal terms of the Agreement.

### **Date**

29 August 2019 (after trading hours)

### **Parties**

- (i) Vendor: Top Fast Holdings Limited, an indirect wholly-owned subsidiary of the Company
- (ii) Purchaser: Falcon Power Holdings Limited, an investment holding company and a wholly-owned subsidiary of GCHL, which is in turn wholly-owned by Mr. Zhu
- (iii) Guarantors: The Company as the guarantor to the Vendor; and GCHL as the guarantor to the Purchaser

### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share.

## Consideration

The Consideration for the Sale Share is RMB1.00, which was determined after arm's length negotiations between the Purchaser and the Vendor. The Consideration shall be payable in cash by the Purchaser to the Vendor at Completion.

### *Basis of Consideration*

The Company has taken into account of, among others, the following factors when determining the Consideration:

- (i) the unaudited consolidated net liabilities of the Target Group in the amount of approximately HK\$650.0 million as at 30 June 2019;
- (ii) the outstanding bank loans of the Target Group (the “**Bank Loans**”) in the principal amount of RMB808.0 million (equivalent to approximately HK\$896.9 million), which will become due and payable by 31 December 2019;
- (iii) the outstanding loan in the aggregate amount of approximately RMB668.2 million (equivalent to approximately HK\$741.7 million) (the “**GCHL Loans**”) due to GCHL by the Target Group as at 30 June 2019 which is repayable on demand and is subject to annual renewal by GCHL. The Group is required to negotiate with GCHL for the renewal of such loan the result of which is currently uncertain;
- (iv) the annual finance costs in respect of the Bank Loans and the GCHL Loans respectively;
- (v) the uncertainty as to the timetable for the resumption of the construction of the Zunxiao Railway and the determination of the amount of compensation which may be payable by the Company to the owner of the overlaid mines (collectively the “**Overlaid Mine**”) where the Tangshan section (phase two) (遵小鐵路唐山段二期) of Zunxiao Railway will pass through and be constructed, due to the fact that the negotiations with the owner of the overlaid mine has been fairly difficult, whereas the local government authorities have been urging for early resumption of construction of Zunxiao Railway; and
- (vi) based on an independent project engineering report (the “**Project Engineering Report**”) commissioned by the Company and issued in September 2018 in respect of the Zunxiao Railway as mentioned in the Company's Possible Restructuring Announcement, it is estimated that substantial contribution towards further capital commitment of about RMB417 million (equivalent to approximately HK\$462.9 million) will be required for the Target Group to achieve full completion of the construction of the Zunxiao Railway.

In view of the above, the Directors (excluding the independent non-executive Directors, whose view will be set out in the circular to be despatched to the Shareholders) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

The Completion shall be subject to the fulfilment of the following conditions:

- (i) the Company having obtained the Shareholders' (or Independent Shareholders') approval for the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ii) the approval from the Stock Exchange for the transactions contemplated under the Agreement; and
- (iii) (where necessary) the parties to the Agreement having obtained all approvals, authorisations, consents from and completed all registrations and filings with the competent governmental or regulatory authorities (including but not limited to the Stock Exchange and other such authorities in the PRC and Hong Kong) (if applicable).

In accordance with the terms of the Agreement, the Purchaser may at its discretion and upon giving a notice in writing to the Vendor waive condition precedent (iii). In other words, conditions precedent (i) and (ii) above cannot be waived by any party to the Agreement and must be satisfied for Completion to take place. If the conditions precedent set out above are not satisfied within 180 days from the date of the Agreement, the Agreement shall terminate and cease to have effect (save and except certain clauses as stated in the Agreement which shall continue to have full force and effect) and thereafter, none of the parties to the Agreement shall have any obligations or liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the date of this announcement, none of the above conditions precedent had been satisfied.

### **Completion**

The Completion shall take place on the seventh (7th) Business Day after the conditions precedent as mentioned above is/are fulfilled (or waived, as the case may be) (or such later date as may be agreed in writing between the Vendor and the Purchaser). Upon Completion, members of the Target Group will cease to be subsidiaries of the Company and their respective assets and liabilities and profits and losses will no longer be consolidated into the financial statements of the Company.

## INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, the Target Company held 62.5%, 62.5% and 51% of the equity interests in Zunxiao Company, Kuanping Company and Tangcheng Company, respectively. The Target Group is principally engaged in the construction of the Zunxiao Railway and it will operate the railway upon completion of the construction. The Zunxiao Railway is a single-track railway with a planned total length of approximately 121.7 kilometres and 12 stations connecting two major municipalities, namely Tangshan City (唐山市) and Chengde City (承德市), in the Hebei Province (河北省), the PRC. Zunxiao Railway comprises three sections namely:

- Pingquan section (平泉段), which was being constructed and operated by Kuanping Company;
- Kuancheng section (寬城段), which was being constructed and operated by Zunxiao Company; and
- Tangshan section (唐山段), which was being constructed and operated by Tangcheng Company,

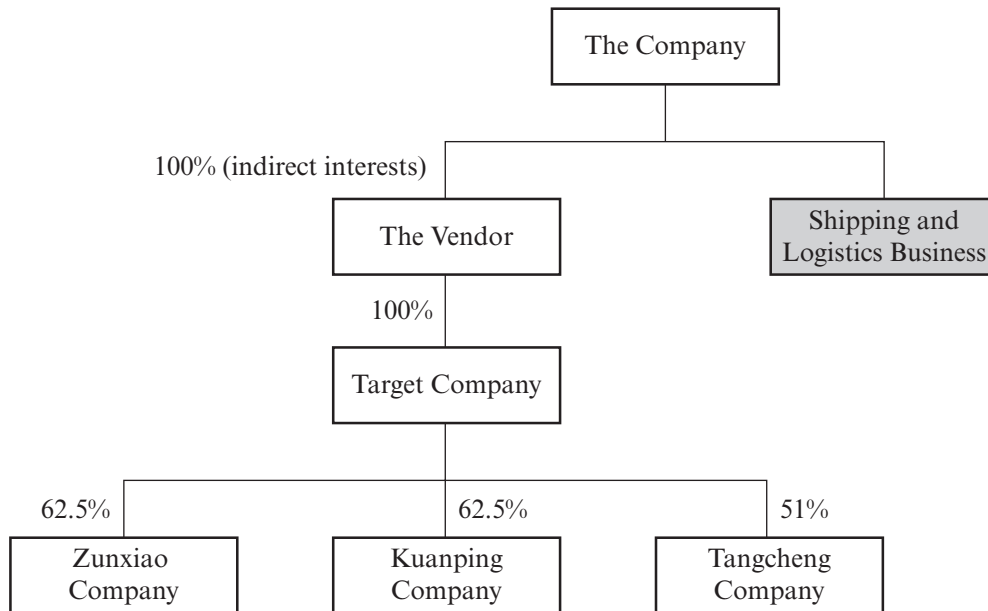
and each of Pingquan section, Kuancheng section and Tangshan section of the Zunxiao Railway is further divided into sub-sections with intervening stations.

As disclosed in the Possible Restructuring Announcement, on 29 January 2019, the Board received a report from the Target Company enclosing a copy of an urgent letter of request (the “**Letter of Request**”) jointly issued by the Railway Companies requesting the Target Company to pay in February 2019 the proportional contribution to the anticipated increase of the respective registered capital of the Railway Companies in an aggregate amount of RMB417 million.

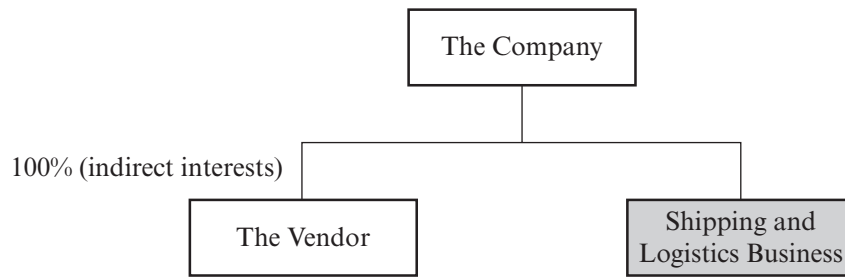
Since the acquisition of the Zunxiao Railway and up to the date of this announcement, no revenue has ever been generated from the Zunxiao Railway. It is uncertain as to whether and when the construction of the Zunxiao Railway will be completed and when the Zunxiao Railway can commence operation. There is no timetable as to when revenue will be generated from the Zunxiao Railway.

## Corporate structure of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the simplified shareholding structure of the Remaining Group immediately after the Completion:



## Financial information of the Target Group

Set out below is the summary of key consolidated financial information of the Target Company for each of the two years ended 31 December 2018 and the six months ended 30 June 2019:

	For the year ended 31 December		For the six months ended 30 June
	2017	2018	2019
	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	—	—	—
Loss before taxation	77,518	72,099	29,508
Net loss after taxation	77,518	72,099	29,508
Net liabilities	560,988	622,165	652,070

## INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of GCHL. GCHL, wholly-owned by Mr. Zhu, is an integrated energy group that specializes in clean and new energy. GCHL is China's largest non-state-owned green energy holdings company and the world's largest photovoltaic material manufacturer. As at the date of this announcement, save for (i) GCHL being a creditor of the Target Group; (ii) GCHL's provision of guarantee on the Target Group's bank loans; (iii) Mr. Zhu being the director of the Target Company; (iv) Mr. Zhu's shareholding interest in approximately 4.59% of all issued Shares as at the date of this announcement; (v) Mr. Zhu being the controlling shareholder (within the meaning of the Listing Rules) of GCHL; and (vi) Mr. Zhu being an executive director and a substantial shareholder of GCL-Poly Energy Holdings Limited, a public limited liability company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange (Stock Code: 3800), which indirectly wholly owns the issued share capital of the bondholder of the convertible bonds in the aggregate principal amount of HK\$100 million issued by the Company on 2 March 2018, Mr. Zhu has no other business relationship with the Group.

## INFORMATION ON THE GROUP AND THE REMAINING GROUP

The Company is an investment holding company and the Group is principally engaged in (i) shipping and logistics businesses including the provision of shipping services, logistics services and vessel chartering services, and (ii) the construction and operation of Zunxiao Railway.



Upon Completion, the Remaining Group will be principally engaged in the shipping and logistics business. In May 2010, the Group diversified its business into the dry bulk shipping industry through a jointly controlled entity (the “**JV Company**”) with Waibert Navigation Company Limited, a wholly-owned subsidiary of the Guangdong Province Navigation Holdings Company Limited, one of the key government owned enterprises in the provinces. The JV Company acquired two Handy size vessels of 35,000 deadweight tonnage (“**DWT**”) each in late 2010.

Apart from the JV Company, the Company acquired a Handysize bulk carrier with carrying capacity of approximately 28,000 DWT in November 2013, which currently named MV Asia Energy, and subsequently in early 2018, two additional Handysize bulk carriers, namely MV Clipper Selo and MV Clipper Panorama, were acquired to expand the Group’s fleet of vessels, which in turn expand the scope of the shipping and logistics business and increase the revenue stream of the Company by leveraging on the Group’s relevant experience and expertise.

According to the Company’s annual reports for 2017 and 2018, the shipping and logistics segment contributed revenue of approximately HK\$15.8 million and HK\$50.7 million for the years ended 31 December 2017 and 2018 respectively. The segment assets of the shipping and logistics business as at 31 December 2017 and 2018 were approximately HK\$43.9 million and HK\$224.0 million respectively.

### **Financial effect of the Disposal**

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company and their respective assets and liabilities and profits and losses will no longer be consolidated into the financial statements of the Company.

It is expected that the Group will record a gain of approximately HK\$40,772,714 from the Disposal assuming the Disposal had completed on 30 June 2019, the details of which are set out as follows:

	<i>HK\$</i>
Consideration (RMB1.00, equivalent to HK\$1.11)	1
Less:	
Estimated professional fees in relation to the Disposal	3,000,000
Shareholder loan due from the Target Group to be waived	<u>466,691,047</u>
	(469,691,046)
Add: Net liabilities of the Target Group attributable to equity shareholders of the Company as at 30 June 2019	<u>510,463,760</u>
Estimated gain on the Disposal as at 30 June 2019	<u><u>40,772,714</u></u>

The Company intends to use the proceeds from the Disposal for working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The construction of the Zunxiao Railway was originally scheduled to be completed by the end of 2010. However, the construction was suspended since 2013 due to the stagnant negotiations with the owner of the Overlaid Mine, who demanded an unfounded substantial amount of compensation. Despite the effort of the Company to negotiate with the owner of the Overlaid Mine, no consensus on the amount of the compensation has been reached between the Company and the owner of the Overlaid Mine as at the date of this announcement. As such, the construction of the Zunxiao Railway has been suspended and additional resources have been required to cover the additional costs attributable to the delay in construction which are currently financed by capital contributions from the shareholders of Zunxiao Company, Kuanping Company and Tangcheng Company, the GCHL Loans and the Bank Loans. As at 30 June 2019, the Target Group had outstanding Bank Loans with an aggregate principal amount of approximately RMB808.0 million (equivalent to approximately HK\$896.9 million) which is due by 31 December 2019 and the outstanding GCHL Loans with an aggregate principal amount of approximately RMB668.2 million (equivalent to approximately HK\$741.7 million) which is subject to annual renewal. As a result, the Target Group has been in imminent need of funding in order to repay the borrowings if their respective terms are not extended or renewed when the respective outstanding loans and interests incurred thereon become due.

As disclosed in the Possible Restructuring Announcement, the Board received a report from the Target Company enclosing a copy of the letter jointly issued by the Railway Companies on an urgent basis requesting the Target Company to contribute additional capital to the Railway Companies in an aggregate amount of RMB417 million (equivalent to approximately HK\$462.9 million) (the “**Additional Contribution**”) in February 2019. The Additional Contribution was calculated with reference to the investment estimate in the Project Engineering Report prepared by an independent professional engineering consulting firm in respect of Zunxiao Railway. According to the Project Engineering Report, the Additional Contribution was estimated with reference to the expected costs and expenses, including the construction of embankment and tracks, the repair and maintenance of constructed facilities, and other capital expenditures mainly related to construction costs including electrical and signalling system, station buildings, junctions construction and design and supervision fee (excluding the compensation sought by the owner of the Overlaid Mine). In addition, the relevant governmental bureaus at the city and county levels and the minority shareholders of the Railway Companies have been urging the Railway Companies to resume substantive construction of Zunxiao Railway to meet the expected transportation demand of the steel plants and mining enterprise along Zunxiao Railway. Accordingly, in order to resume substantive construction of Zunxiao Railway towards completion and to satisfy the costs and expenses incurred and required to be incurred in relation thereto including repayment of the construction loan obtained

for Zunxiao Railway, the Group is in urgent financial need in response to the requested contribution to their respective registered capital from the Target Company. The Group has not provided any undertaking, guarantee or otherwise in any form in connection with the Additional Contribution, and the Group will not have any outstanding obligation in relation to the Additional Contribution after the Completion.

In view of the Group's current funding level and financial position, the Group does not have sufficient internal resources to cope with the funding need for the resumption of construction of the Zunxiao Railway. Before entering into the Agreement with the Purchaser, the Company has had negotiations with independent prospective investors on the possible acquisition of a majority stake of the Railway Companies since September 2018. However, after several rounds of discussions on principal terms (including consideration and debt responsibility) among the parties, none of the prospective investors expressed their interests in acquiring the Target Group. In the end, the Company expressed its intention to divest the Target Group to GCHL which indicated its interest in the Target Group. Taking into account (i) the current financial position and tight liquidity of the Target Group; (ii) no prospective investors had made any offers; (iii) only GCHL is willing to take up the full responsibility of all financial liabilities on the books of the Target Group as well as other potential claims including the compensation sought by the owner of the Overlaid Mine; and (iv) the Disposal will involve a shorter negotiation process as Mr. Zhu, being one of the directors of the Target Company, has been involved in the management of the Target Group and has had knowledge on the status of the Zunxiao Railway, the Company is of the view that the Disposal is the most viable option for the Company in salvaging the Group from the financial pressure resulted from the Zunxiao Railway.

Upon Completion, (i) the Bank Loans; (ii) the GCHL Loans; and (iii) all costs, expenses, and liabilities of the Target Group will be fully shifted to the Purchaser. Accordingly, the Disposal, if completed, will significantly improve the financial position of the Company by reducing its liabilities, relieving substantial finance costs and improving gearing position and enabling the Remaining Group to place and focus its resources towards its shipping and logistics business which is expected to achieve and deliver better economic value to the Remaining Group. On such basis, the Directors (excluding the independent non-executive Directors, whose view will be set out in the circular to be despatched to the Shareholders) consider that the terms of the Disposal are fair and reasonable and the terms of the Agreement and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Very substantial disposal**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Connected transaction**

The Purchaser is an indirect wholly-owned subsidiary of GCHL, which is in turn beneficially wholly-owned by Mr. Zhu. As at the date of this announcement, Mr. Zhu is a director of various subsidiaries (including the Target Company) of the Company and interested in approximately 4.59% of all the issued Shares of the Company. Accordingly, the Purchaser is an associate of Mr. Zhu and a connected person of the Company under the Listing Rules. The entering into of the Agreement and the Disposal contemplated thereunder thus constitute connected transactions of the Company and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Zhu and his associates are required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the General Meeting.

An Independent Board Committee, comprising all the independent non-executive Directors will be established to consider the terms of the Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

The General Meeting will be convened for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the General Meeting; and (v) further information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 September 2019, which is more than 15 business days after the date of this announcement as additional time will be required to prepare the circular.

**Completion of the Disposal is subject to fulfillment of the conditions precedent as set out in the section headed “Conditions precedent” above of this announcement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Agreement”	the conditional sale and purchase agreement dated 29 August 2019 entered into between, among other parties, the Vendor and the Purchaser in relation to the transfer of the Sale Share
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturdays and Sundays) on which banks in Hong Kong are open for business
“Company”	Asia Energy Logistics Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the transfer of the Sale Share in accordance with the terms of the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of RMB1.00 payable by the Purchaser to the Vendor for the transfer of the Sale Share pursuant to the terms of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	transfer of the Sale Share by the Vendor to the Purchaser pursuant to the Agreement
“GCHL”	Golden Concord Holdings Limited, a company incorporated in Hong Kong with limited liability which is beneficially wholly-owned by Mr. Zhu

“General Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders, other than Mr. Zhu and its associates
“Independent Third Party”	third party(ies) not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them
“Kuanping Company”	承德寬平鐵路有限公司 (Chengde Kuanping Railway Limited*), a company established in the PRC with limited liability and 62.5% equity interest of which was owned by the Vendor as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Mr. Zhu Gongshan, a director of the Target Company and is interested in approximately in 4.59% of all the issued Shares of the Company as at the date of this announcement, and thus a connected person of the Company
“PRC”	The People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, the Macau Special Administration Region and Taiwan
“Purchaser”	Falcon Power Holdings Limited, an investment holding company and a wholly-owned subsidiary of GCHL
“Railway Companies”	the three PRC subsidiaries of the Target Company namely Kuanping Company, Zunxiao Company and Tangcheng Company
“Remaining Group”	the Group immediately after the Completion

“RMB”	Renminbi, the lawful currency in the PRC
“Sale Share”	the 100% equity interest in the Target Company to be transferred by the Vendor to the Purchaser pursuant to the Agreement
“Share(s)”	the issued share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Tangcheng Company”	唐山唐承鐵路運輸有限責任公司 (Tangshan Tangcheng Railway Transportation Company Limited*), a company established in the PRC with limited liability and 51% equity interest of which was owned by the Vendor as at the date of this announcement
“Target Company”	China Railway Logistic Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Top Fast Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Zunxiao Company”	承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*), a company established in the PRC with limited liability and 62.5% equity interest of which was owned by the Vendor as at the date of this announcement
“Zunxiao Railway”	a railway of approximately 121.7 kilometres being constructed by the Railway Companies connecting Tangshan City (唐山市) and Chengde City (承德市), Hebei Province (河北省), the PRC
“%”	per cent.

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

Hong Kong, 29 August 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Liang Jun, Mr. Fu Yongyuan and Mr. Wu Jian; the non-executive director of the Company is Mr. Yu Baodong (Chairman); and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Wong Cheuk Bun and Mr. Wong Yin Shun.*

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.11. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate or at all.*

*\* For identification purposes only.*