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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)**

**LIQUIDATION OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY  
AND  
APPOINTMENT OF LIQUIDATOR**

This announcement is made by the Asia Energy Logistics Group Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) and 13.25(1)(c) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

**LIQUIDATION OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY**

The board of directors of the Company (the “**Board**”) announces that on 21 August 2020, Ocean Path Limited (“**Ocean Path**”), an indirect wholly-owned subsidiary of the Company, in its capacity as the sole shareholder of Ocean Jade Investments Limited (“**Ocean Jade**”) resolved:

1. to approve the member-initiated insolvent liquidation of Ocean Jade; and
2. to appoint Mr. John Ayres of FTI Consulting (BVI) Limited, at 1st Floor, Sea Meadow House, Tobacco Wharf, Road Town, Tortola, VG1110, British Virgin Islands (the “**Liquidator**”) as the liquidator of Ocean Jade pursuant to the British Virgin Islands (“**BVI**”) Insolvency Act, 2003 (as amended).

## **APPOINTMENT OF LIQUIDATOR TO OCEAN JADE AND ITS IMPLICATIONS**

Following the passing of the written resolution by Ocean Path as disclosed in this announcement above, the Liquidator will file a notice of his appointment with the BVI Registrar of Companies. With the appointment of the Liquidator taking effect on the date of the passing of the written resolution, the Liquidator has custody and control of the assets of Ocean Jade and the directors of Ocean Jade have ceased to have any powers, functions or duties in relation to Ocean Jade. Accordingly, the Company and Ocean Path no longer have control of whatsoever nature over the affairs of Ocean Jade. As a result, the assets and liabilities and profits and losses of Ocean Jade 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\$169 million from the deconsolidation of Ocean Jade from the Group.

## **INFORMATION ON OCEAN JADE**

The Group, together with the JV Group (as defined below), are engaged in shipping and logistics businesses. Ocean Jade is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, Ocean Jade was an investment holding company. Other than its 50% shareholding in a joint venture, namely Ocean Pro Holdings Limited (the “**Joint Venture**”, which together with its subsidiary, the “**JV Group**”), which owned two Handysize vessels with carrying capacity of approximately 35,000 DWT each operating in the China domestic shipping market, Ocean Jade did not conduct any business activities.

As each of the total assets and revenue of Ocean Jade for the year ended 31 December 2019 represents no more than 5% of the respective consolidated total assets and consolidated revenue of the Group for the same year, Rule 13.25(2) of the Listing Rules does not apply.

## **REASONS FOR LIQUIDATION OF OCEAN JADE**

The Group started its shipping business in May 2010 through the investment in the Joint Venture by entering into a joint venture agreement on 1 December 2009 (as subsequently amended and supplemented and collectively, the “**Joint Venture Agreement**”) with the joint venture partner. The Group currently operates its own fleet of vessels and chartering business and the total carrying capacity of the Group’s own dry bulk fleet is approximately 92,000 DWT.

Under the Joint Venture Agreement, a total of four vessels are to be acquired and each of the Group and the joint venture partner is responsible for acquiring two vessels for contribution to the Joint Venture as capital. However, due to the continuing poor shipping market conditions in the past years, the JV Group had not acquired the remaining two vessels as planned. The Group and the joint venture partner reached a mutual understanding on withholding the enforcement of the Group's obligations under the Joint Venture Agreement to acquire the two remaining vessels until the Group's financial position is improved and the shipping market recovers to a level which justifies the acquisition of the two remaining vessels or otherwise discharge the Group's obligations to acquire the two remaining vessels.

For the year ended 31 December 2019, the Group recognised 50% share of loss of the Joint Venture in the amount of HK\$17,712,000, and as at 31 December 2019 and 2018, the Group's share of accumulated losses of the Joint Venture exceeded the Group's investment in the Joint Venture as the Group has legal obligations under the Joint Venture Agreement relating to the formation of the Joint Venture to make good such losses and to acquire two vessels to be operated by the Joint Venture. The excess amount is accounted for as liabilities due to the Joint Venture in the audited consolidated financial statements of the Company as at 31 December 2019. The amount mainly represented the excess of the Group's share of losses over its investment in the Joint Venture, which is unsecured, non-interest-bearing and has no fixed repayment terms.

With regard to the continuous recognition of 50% share of loss of the Joint Venture since its formation and in the foreseeable future, whilst the Group on its own has been operating its own fleet of vessels and continuing to engage in the shipping and logistics businesses, the investment in the Joint Venture and the business of the JV Group may no longer serve as a viable business opportunity with a profitable prospect for the Group. The Board is of the view that putting Ocean Jade into liquidation is in the best interests of the Company and its shareholders as a whole principally because this will enable the Company to reduce its losses in connection with the Joint Venture whereas the resources and management efforts can be placed on the shipping and logistic businesses operated by the Group itself. Since the Group has not provided any guarantees to indemnify the liabilities of Ocean Jade, the Board considers that the liquidation of Ocean Jade will not lead to any material adverse financial effect or impact on the operations of the Group.

Further announcement(s) will be made by the Company as and when appropriate if there is any material progress regarding the liquidation of Ocean Jade in accordance with the Listing Rules and Part XIVA of the SFO.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Asia Energy Logistics Group Limited**  
**Pang Yuet**  
*Chairman and Executive Director*

Hong Kong, 21 August 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Pang Yuet (Chairman), Ms. Jian Qing, Mr. Fu Yongyuan and Mr. Wu Jian; and the independent non-executive directors of the Company are Mr. Ng Kwun Wan, Mr. Wong Cheuk Bun and Mr. Chan Sing Fai.*