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亞洲能源物流  
**ASIAENERGY**  
Logistics

**ASIA ENERGY LOGISTICS GROUP LIMITED**

**亞洲能源物流集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 351)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**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 2023, 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 2023

		For the six months ended	
		30 June	
	Note	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	3	<b>78,098</b>	34,949
Cost of services		<u>(49,755)</u>	<u>(38,035)</u>
<b>Gross profit (loss)</b>		<b>28,343</b>	(3,086)
Other income	4	<b>1,359</b>	2,573
Depreciation		<b>(2,869)</b>	(2,638)
Staff costs		<b>(14,950)</b>	(11,772)
Motor vehicle expenses		<b>(1,143)</b>	(1,002)
Legal and professional fee		<b>(2,636)</b>	(2,143)
Change in fair value of financial assets at FVPL		<b>1,950</b>	(5,318)
Other administrative and operating expenses		<b>(7,547)</b>	(5,668)
Finance costs	6	<u><b>(2,442)</b></u>	<u>(3,874)</u>
<b>Profit (Loss) before tax</b>	7	<b>65</b>	(32,928)
Income tax expense	8	<u>—</u>	<u>—</u>
<b>Profit (Loss) for the period</b>		<u><b>65</b></u>	<u>(32,928)</u>

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2023</b>	<b>2022</b>
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive loss</b>			
	Exchange difference arising on translation of financial statements of foreign operations which may be reclassified subsequently to profit or loss	<u>(473)</u>	<u>(1,115)</u>
	<b>Total comprehensive loss for the period</b>	<b><u>(408)</u></b>	<b><u>(34,043)</u></b>
<b>Profit (Loss) for the period attributable to:</b>			
	– Owners of the Company	151	(32,037)
	– Non-controlling interests	<u>(86)</u>	<u>(891)</u>
		<b><u>65</u></b>	<b><u>(32,928)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>			
	– Owners of the Company	(239)	(32,944)
	– Non-controlling interests	<u>(169)</u>	<u>(1,099)</u>
		<b><u>(408)</u></b>	<b><u>(34,043)</u></b>
<b>Earnings (Loss) per share attributable to owners of the Company</b>			
	Basic and diluted ( <i>HK cents</i> )	9 <b><u>0.01</u></b>	<b><u>(1.89)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

		At 30 June 2023 <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 December 2022 <i>HK\$'000</i> <b>(Audited)</b>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>138,033</b>	142,546
Goodwill	<i>11</i>	<b>1,026</b>	1,026
Intangible asset		<b>1,000</b>	1,000
Right-of-use assets		<b>3,962</b>	6,847
		<hr/> <b>144,021</b>	<hr/> 151,419
<b>Current assets</b>			
Trade and other receivables	<i>12</i>	<b>27,666</b>	18,889
Financial assets at FVPL		<b>17,540</b>	19,301
Bank balances and cash		<b>19,190</b>	18,087
		<hr/> <b>64,396</b>	<hr/> 56,277
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>15,486</b>	21,085
Amount due to the substantial shareholder	<i>14</i>	<b>7,000</b>	–
2020 Convertible Bonds	<i>15</i>	–	41,798
Lease liabilities		<b>3,980</b>	5,390
		<hr/> <b>26,466</b>	<hr/> 68,273
<b>Net current assets (liabilities)</b>		<hr/> <b>37,930</b>	<hr/> (11,996)
<b>Total assets less current liabilities</b>		<hr/> <b>181,951</b>	<hr/> 139,423

		At <b>30 June</b> <b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 December 2022 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<u>251</u>	<u>1,850</u>
<b>NET ASSETS</b>		<b><u>181,700</u></b>	<b><u>137,573</u></b>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>1,981,158</b>	1,906,379
Reserves		<b><u>(1,802,058)</u></b>	<u>(1,771,575)</u>
<b>Equity attributable to owners of the Company</b>		<b>179,100</b>	134,804
<b>Non-controlling interests</b>		<b><u>2,600</u></b>	<u>2,769</u>
<b>TOTAL EQUITY</b>		<b><u>181,700</u></b>	<b><u>137,573</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2022.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing these condensed consolidated interim financial statements and their effect are the same as those applied to the consolidated financial statements of the Company for the year ended 31 December 2022.

The financial information relating to the year ended 31 December 2022 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company’s specified financial statements for that year as defined in section 436 of the Companies Ordinance but is derived therefrom.

The Company’s specified financial statements for the year ended 31 December 2022 had been delivered to the Registrar of Companies in Hong Kong. An auditor’s report has been prepared on the specified financial statements for that year. The auditor’s report:

- was not qualified or otherwise modified;
- referred to a matter to which the auditor drew attention by way of emphasis without qualifying the report; and
- did not contain a statement under section 406(2) or 407(2) or (3) of the Companies Ordinance.

## 2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2022 have been applied consistently to these condensed consolidated interim financial statements, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are effective from 1 January 2023.

The Group has adopted, for the first time, the following new/revised HKFRSs that are relevant to the Group.

Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The adoption of these amendments to HKFRSs does not have any significant impact on the condensed consolidated interim financial statements of the Group.

## 3. REVENUE

	For the six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Operating lease income</i>		
Charter-hire income	48,969	23,820
<i>Revenue from contract with customers within HKFRS 15</i>		
Telecommunications service income	29,129	11,129
	<u>78,098</u>	<u>34,949</u>

The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised over time.

#### 4. OTHER INCOME

	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	15	40
Subsidy income under Employment Support Scheme	–	128
Other subsidy income	566	–
Recharge of expenses to charter parties	356	158
Claims from insurance company	169	1,996
Sundry income	253	251
	<u>1,359</u>	<u>2,573</u>

#### 5. SEGMENT INFORMATION

The chief operating decision makers evaluate the performance of and allocate resources to operating segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

- (a) Shipping and logistics
- (b) Telecommunications related business

Segment results represent the result from each reportable segment without allocation of corporate income and expenses.

Six months ended 30 June 2023 (Unaudited)	Telecommunications related business <i>HK\$'000</i>	Shipping and logistics <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	<u>29,129</u>	<u>48,969</u>	<u>78,098</u>
Segment profit	<u>6,586</u>	<u>1,661</u>	8,247
Unallocated income			112
Change in fair value of financial assets at FVPL			1,950
Other unallocated corporate expenses			<u>(10,244)</u>
Profit for the period			<u>65</u>
<b>Other segment information:</b>			
Depreciation of property, plant and equipment	(18)	(4,482)	(4,500)
Depreciation of right-of-use assets	(939)	(1,040)	(1,979)
Finance costs	(53)	(65)	(118)
Additions of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>
	Telecommunications	Shipping and	
	related business	logistics	Total
Six months ended 30 June 2022 (Unaudited)	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue from external customers	<u>11,129</u>	<u>23,820</u>	<u>34,949</u>
Segment loss	<u>(5,651)</u>	<u>(10,592)</u>	(16,243)
Unallocated income			56
Change in fair value of financial assets at FVPL			(5,318)
Other unallocated corporate expenses			<u>(11,423)</u>
Loss for the period			<u>(32,928)</u>
<b>Other segment information:</b>			
Depreciation of property, plant and equipment	(7)	(6,369)	(6,376)
Depreciation of right-of-use assets	(1,003)	(571)	(1,574)
Finance costs	(101)	(50)	(151)
Additions of property, plant and equipment	<u>55</u>	<u>–</u>	<u>55</u>

	At <b>30 June</b> <b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 December 2022 <i>HK\$'000</i> <b>(Audited)</b>
<b>Assets</b>		
Shipping and logistics	<b>161,223</b>	156,702
Telecommunications related business	<b>21,023</b>	21,750
	<hr/>	<hr/>
Segment assets	<b>182,246</b>	178,452
Unallocated corporate assets	<b>26,171</b>	29,244
	<hr/>	<hr/>
<b>Consolidated total assets</b>	<b>208,417</b>	<b>207,696</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Shipping and logistics	<b>8,452</b>	10,623
Telecommunications related business	<b>5,695</b>	6,609
	<hr/>	<hr/>
Segment liabilities	<b>14,147</b>	17,232
2020 Convertible Bonds	–	41,798
Other unallocated corporate liabilities	<b>12,570</b>	11,093
	<hr/>	<hr/>
<b>Consolidated total liabilities</b>	<b>26,717</b>	<b>70,123</b>
	<hr/> <hr/>	<hr/> <hr/>

### **Geographical information**

As at 30 June 2023, apart from the vessels and goodwill, approximately HK\$3,612,000 and HK\$1,447,000 (31 December 2022: HK\$5,524,000 and HK\$2,450,000) of the Group's non-current assets are located in Hong Kong and the PRC respectively.

Geographical segment information of the Group's revenue arising from provision of shipping and logistics service is not presented as the directors consider that the relevant services are carried out internationally, preclude a meaningful allocation of operating results to specific geographical segments.

## Major customers

Revenue information for the telecommunications related business based on locations of customers is as follows:

	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The PRC	<u>29,129</u>	<u>11,129</u>

Revenue from customers from shipping and logistics segment and telecommunications related business segment individually accounting for 10% or more of the revenue of the Group are as follows:

	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A (Shipping and logistics segment)	48,969	23,820
Customer B (Telecommunications related business)	10,784	N/A
Customer C (Telecommunications related business)	7,899	N/A
Customer D (Telecommunications related business)	<u>N/A</u>	<u>7,391</u>

The revenue from Customer B and Customer C was less than 10% of the Group's revenue for the six months ended 30 June 2022.

The revenue from Customer D was less than 10% of the Group's revenue for the six months ended 30 June 2023.

## 6. FINANCE COSTS

	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on other borrowings	368	120
Interest on the 2019 Convertible Bonds	–	43
Interest on the 2020 Convertible Bonds	1,908	3,395
Interest on lease liabilities	<u>166</u>	<u>316</u>
	<u>2,442</u>	<u>3,874</u>

## 7. PROFIT (LOSS) BEFORE TAX

This is stated after charging:

	For the six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment:		
Recognised in cost of services	4,482	6,183
Recognised in other administrative and operating expenses	18	193
	<u>4,500</u>	<u>6,376</u>
Depreciation of right-of-use assets, recognised in other administrative and operating expenses	<u>2,851</u>	<u>2,445</u>
Staff costs (including directors' remuneration):		
Employee benefits expenses	13,946	11,035
Contributions to defined contribution retirement schemes	1,004	737
	<u>14,950</u>	<u>11,772</u>

## 8. INCOME TAX

Hong Kong Profits Tax, if any, is calculated at 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits for the six months ended 30 June 2023. The PRC enterprise income tax, if any, is provided at the rate of 25% (six months ended 30 June 2022: 25%) on the estimated assessable profits of subsidiaries operating in the PRC.

No provision for income tax has been made as the Group entities either had no estimated assessable profits or incurred tax losses for the six months ended 30 June 2023 and 2022.

## 9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share of the Company is based on the following data:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (Loss) attributable to owners of the Company	<u>151</u>	<u>(32,037)</u>
Weighted average number of ordinary shares for basic and diluted earnings (loss) per share	<u>1,852,433,808</u>	<u>1,694,975,244</u>
	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings (Loss) per share Basic and diluted ( <i>HK cents</i> )	<u>0.01</u>	<u>(1.89)</u>

Diluted earnings (loss) per share for the six months ended 30 June 2023 and 30 June 2022 are same as the basic earnings (loss) per share. The calculation of diluted earnings (loss) per share for the six months ended 30 June 2023 and 30 June 2022 does not assume the conversion of the Company's outstanding convertible instruments since the conversion would result in an anti-dilutive effect on the basic earnings (loss) per share.

## 10. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2023 and 2022.

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2023 and 2022.

## 11. GOODWILL

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
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### Reconciliation of carrying amount

At the beginning of the year and

at the end of the reporting period

<u>1,026</u>	<u>1,026</u>
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A goodwill of approximately HK\$1,026,000 arising from the acquisition of certain subsidiaries in telecommunications related business, representing the excess of the consideration transferred and the amount of non-controlling interest in the certain subsidiaries over the fair values of the identifiable assets acquired and the liabilities assumed.

For the six months ended 30 June 2023 and 2022, no impairment loss was made on the goodwill.

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Note</i>	
<b>Trade receivables</b>	<i>12(a)</i>	
– Lease income receivables	–	47
– Service income receivables	<u>8,850</u>	<u>9,729</u>
	<u>8,850</u>	<u>9,776</u>
<b>Other receivables</b>		
Other debtors	15,710	9,323
Deposits	5,149	2,174
Prepayments	<u>959</u>	<u>618</u>
	<u>21,818</u>	<u>12,115</u>
Less: Loss allowance on other receivables	<u>(3,002)</u>	<u>(3,002)</u>
	<u>18,816</u>	<u>9,113</u>
	<u>27,666</u>	<u>18,889</u>

## 12(a) Trade receivables

As at 30 June 2023, all trade receivables aged within 30 days (31 December 2022: 30 days), based on the invoice date.

## 13. TRADE AND OTHER PAYABLES

		At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
<b>Trade payables</b>	<i>13(a)</i>	<u>6,273</u>	<u>3,812</u>
<b>Other payables</b>			
Accruals and other payables		1,572	4,945
Receipts in advance		2,689	4,131
Other borrowings from a regulated securities broker	<i>13(b)</i>	<u>4,952</u>	<u>8,197</u>
		<u>9,213</u>	<u>17,273</u>
		<u><u>15,486</u></u>	<u><u>21,085</u></u>

### 13(a) Trade payables

The credit period of trade payables is normally within 90 days (31 December 2022: 90 days). As at 30 June 2023 and 31 December 2022, all trade payables was aged within 30 days, based on the invoice date.

### 13(b) Other borrowings from a regulated securities broker

As at 30 June 2023, the other borrowings from a regulated securities broker are secured by securities listed in Hong Kong of HK\$17,540,000 (31 December 2022: HK\$19,301,000) and repayable on demand, bear interest at rate of 10% per annum.

## 14. AMOUNT DUE TO THE SUBSTANTIAL SHAREHOLDER

The balance was unsecured, interest-free and repayable within one year.

## 15. 2020 CONVERTIBLE BONDS

On 8 March 2020, the Company entered into a subscription agreement with Oriental Solar Group Limited (“Oriental Solar”), pursuant to which Oriental Solar has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue the convertible bonds (“2020 Convertible Bonds”) in the principal amount of HK\$48,000,000 which may be converted into 300,000,000 conversion shares at the initial conversion price of HK\$0.16 (subject to adjustments). The 2020 Convertible Bonds are unsecured, interest-free and have a term of 3 years.

During the period, Oriental Solar exercised the conversion right attached to the 2020 Convertible Bonds. Accordingly, the Company issued and allotted 300,000,000 shares to Oriental Solar on 28 March 2023.

The movements of liability component of the 2020 Convertible Bonds are as follows:

	<b>Gross amount</b> <i>HK\$'000</i>	<b>Deferred day-one loss</b> <i>HK\$'000</i>	<b>Net amount</b> <i>HK\$'000</i>
At 31 December 2022 (Audited)	43,654	(1,856)	41,798
Imputed interest expenses	1,908	–	1,908
Amortisation of deferred day one loss	–	829	829
Conversion of the 2020 Convertible Bonds	<u>(45,562)</u>	<u>1,027</u>	<u>(44,535)</u>
At 30 June 2023 (Unaudited)	<u>–</u>	<u>–</u>	<u>–</u>

## 16. SHARE CAPITAL

	At 30 June 2023		At 31 December 2022	
	Number of shares (Unaudited)	<i>HK\$'000</i> (Unaudited)	Number of shares (Audited)	<i>HK\$'000</i> (Audited)
<b>Issued and fully paid:</b>				
At beginning of the period	1,694,975,244	1,906,379	1,694,975,244	1,906,379
Conversion of the 2020 Convertible Bonds	<u>300,000,000</u>	<u>74,779</u>	<u>–</u>	<u>–</u>
At end of the period	<u>1,994,975,244</u>	<u>1,981,158</u>	<u>1,694,975,244</u>	<u>1,906,379</u>

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following significant related party transactions during the six months ended 30 June 2023:

- (a) Compensation of key management personnel of the Group comprised the directors only whose remuneration is set out below.

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	2,490	2,490
Contributions to defined contribution retirement scheme	<u>18</u>	<u>18</u>
	<u><b>2,508</b></u>	<u><b>2,508</b></u>

- (b) Consultancy fee of HK\$360,000 (six months ended 30 June 2022: HK\$360,000) paid to Chatwin Financial PR Company Limited which is beneficially owned by Mr. Wu Jian, a director of certain subsidiaries of the Company.
- (c) Imputed interest expenses in relation to the 2020 Convertible Bonds of approximately HK\$1,908,000 (six months ended 30 June 2022: HK\$3,395,000) was charged by Oriental Solar, the substantial shareholder of the Company.
- (d) Amount due to Oriental Solar, the substantial shareholders of the Company, of HK\$7,000,000 (31 December 2022: HK\$nil).

The related party transactions disclosed in notes 17(b), 17(c) and 17(d) constituted connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the period under review, the Company and its subsidiaries (together, the “Group”), were principally engaged in the (i) shipping and logistics business and (ii) telecommunications related business in the PRC.

#### **Shipping and Logistics**

The Group currently operates a fleet of two dry bulk carriers trading worldwide. The total carrying capacity of the Group’s dry bulk fleet is about 64,000 DWT (30 June 2022: about 64,000 DWT).

All of the vessels of the Group were under full employment throughout the period under review.

The Group entered into new charter contracts with the charterer at a new charter rate which is significantly higher than the previous rate and the new charter contracts have become effective since August 2022.

For the period under review, the Group recorded a revenue of approximately HK\$48,969,000 (six months ended 30 June 2022: approximately HK\$23,820,000), representing an increase of approximately 106% as compared to the corresponding period of 2022. The gross profit was approximately HK\$22,289,000 (six months ended 30 June 2022: gross loss of approximately HK\$3,929,000), representing an increase of approximately 667% as compared to the same period of 2022. The increase in gross profit was mainly contributed by (i) the increase in charter rate of the vessels as aforementioned and (ii) the operating costs of the vessels have been resumed to normal level when the COVID-19 pandemic come under control.

#### **Telecommunications Related Business**

The telecommunications related business of the Group is mainly provision of SMS services and 5G communication network solution. For the period under review, the Group recorded a revenue of approximately HK\$29,129,000 (six months ended 30 June 2022: approximately HK\$11,129,000), representing an increase of approximately 162% as compared to the corresponding period of 2022. The increase in revenue was mainly benefited from the recovery of economy activities in the PRC and the new contribution from 5G communication network solution.

The gross profit was approximately HK\$6,054,000 (six months ended 30 June 2022: approximately HK\$843,000), representing an increase of approximately 618% as compared to the corresponding period of 2022. The increase in gross profit was mainly due to the growth in revenue and the higher gross profit margin contributed by 5G communication network solution.

## **PROSPECTS**

### **Shipping and Logistics**

The Group entered into new charter contracts with the charterer at new charter rates which are significantly higher than the previous rates. The management of the Company expects that the shipping and logistics business will generate positive contributions in the upcoming year.

The Company has been careful in considering the price of available dry bulk vessels, as well as the location of the potential target vessels in the market. Due to the increase in interest rates imposed by various central banks, material geo-political issues and slowdown of global economic growth, the price of vessels available for sale in the market has fluctuated as indicated by BDI which has dropped by 18%, of which the highest point has risen by over 400% since 2021.

It is expected the market will undergo profound and complex changes given the variables that affect the market are a combination of industry specific, economical, as well as geopolitically driven. The Company will be in close watch of the market conditions, including but not limited to the price of vessels and the financial position of the Company, the vessel acquisition will only materialize in the best interest of the Company should an acquisition opportunity arises.

### **Telecommunications Related Business**

In 2022, the Action Plan sets out the importance of the integration of telecommunications and virtual reality and its development direction, in particular the deep integration of new-generation information technologies, such as 5G telecommunications, artificial intelligence and digital twin.

On 5 May 2023, the Company entered into the sales and purchase agreement with 6 vendors, pursuant to which the Company conditionally agreed to purchase, and the 6 vendors conditionally agreed to sell the entire issued share capital of Tinytiger at the aggregate consideration of HK\$99,800,120 by issuing an aggregate of 494,060,000 consideration shares of the Company to 6 vendors (“Proposed Acquisition”). Tinytiger’s principal businesses include (i) the operation of the social networking online platform “HOO World (HOO 世界)”; (ii) the multichannel network based e-commerce business; and (iii) the provision of technology development service based on digital twin. As at the date of this announcement, the transaction has not yet completed.

The Company anticipates the Proposed Acquisition will enable the Group to strengthen its investment portfolio, achieve attractive capital appreciation over the long term, increase the revenue sources and customer base of the Group and bring synergy benefit to the existing telecommunications related business of the Group.

The directors will continuously look for suitable investments opportunities which will bring in synergy with and positive contributions to the existing businesses.

## **FINANCIAL REVIEW**

For the period under review, the unaudited revenue of the Group was approximately HK\$78,098,000 (six months ended 30 June 2022: approximately HK\$34,949,000), representing an increase of approximately 123% as compared to the corresponding period of 2022. The increase in revenue was mainly contributed by the renewal of charter contracts of the vessels at higher charter rates and growth in the revenue of the telecommunications related business.

The Group recorded a profit for the period under review of approximately HK\$65,000 (a loss for the six months ended 30 June 2022: approximately HK\$32,928,000) representing an increase of approximately 100% as compared to the corresponding period of 2022. The improvement was mainly attributable to (i) the increase in revenue as aforementioned; (ii) the operating costs of the vessels have been resumed to normal level when the COVID-19 pandemic come under control; and (iii) the change in the fair value of financial assets at fair value through profit or loss.

For the period under review, the basic and diluted earnings per Share was HK0.01 cents (30 June 2022: the basic and diluted loss per Share HK1.89 cents).

### **Financial Resources, Liquidity and Gearing Ratio**

As at 30 June 2023, the Group had:

1. Cash and bank balances of approximately HK\$19,190,000 (31 December 2022: approximately HK\$18,087,000);
2. Non-bank borrowings representing convertible bonds having an aggregate carrying amounts of approximately HK\$nil (31 December 2022: approximately HK\$41,798,000) and other borrowings from a regulated securities broker of approximately HK\$4,952,000 (31 December 2022: approximately HK\$8,197,000);
3. Total equity attributable to owners of the Company of approximately HK\$179,100,000 (31 December 2022: approximately HK\$134,804,000);

4. Net current assets of approximately HK\$37,930,000 (31 December 2022: net current liabilities of approximately HK\$11,996,000);
5. Current ratio (being current assets over current liabilities) of approximately 243% (31 December 2022: approximately 82%); and
6. Gearing ratio (being total debt divided by total equity) of approximately 15% (31 December 2022: approximately 51%).

### **Share Capital**

As at 30 June 2023, the total number of Shares in issue was 1,994,975,244.

### **Convertible Bonds**

As at the date of this announcement, there was no outstanding principal amount of the 2020 Convertible Bonds.

The 2020 Convertible Bonds were fully converted into 300,000,000 Shares on 28 March 2023.

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plan for Material Investments or Capital Assets**

As at 30 June 2023, the Group's held the following significant investment:

#### ***Financial assets at fair value through profit or loss***

As at 30 June 2023, financial assets at fair value through profit or loss included a portfolio of investment in listed shares with fair value of approximately HK\$17,540,000, which amounts to approximately 8% of the Group's total assets. Given the turbulence in the capital market, the Group will review its performance closely and take the most appropriate strategy for the benefits of the shareholders of the Company.

### **Acquisition of Tinytiger**

On 5 May 2023, the Company entered into the sales and purchase agreement with 6 vendors, pursuant to which the Company conditionally agreed to purchase, and the 6 vendors conditionally agreed to sell the entire issued share capital of Tinytiger at the aggregate consideration of HK\$99,800,120 by issuing an aggregate of 494,060,000 consideration shares of the Company to 6 vendors. As at the date of this announcement, the transaction has not yet completed.

Further details of the transaction are disclosed in the Company's announcements dated on 5 May 2023 and 25 May 2023.

Save for those disclosed above, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review.

As at the date of this announcement, save as disclosed herein, there was no plan authorized by the Board for any material investments or additions of capital assets.

### **Pledge of Assets and Contingent Liabilities**

As at 30 June 2023, the financial assets at fair value through profit or loss of HK\$17,540,000 (31 December 2022: HK\$19,301,000) was pledged as collateral for a margin facilities of HK\$4,952,000 (31 December 2022: HK\$8,197,000) granted by a regulated securities broker.

As at 30 June 2023, the Group did not have any contingent liabilities (31 December 2022: Nil).

### **Capital Commitments**

As at 30 June 2023, the Group had no capital commitment (31 December 2022: Nil).

### **Exposure to Fluctuation in Exchange Rates**

The Group's assets, liabilities and transactions are mainly denominated in the functional currency of the operations to which the transactions relate and did not have significant exposure to risk resulting from changes in foreign currency exchange rates, the Directors consider that the Group's currency exchange risk is minimal. Therefore, no hedging devices or other alternatives have been implemented.

### **EMPLOYEES**

As at 30 June 2023, the Group had 54 (31 December 2022: 54) full-time employees in Hong Kong and the PRC. Staff costs of the Group for the period under review, including Directors' remuneration, were approximately HK\$14,950,000 (30 June 2022: approximately HK\$11,772,000). The Group decides the remunerations payable to its staff based on their duties, working experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees. The Group also participates in a defined contribution mandatory provident fund scheme and the retirement benefit scheme for its Hong Kong and PRC employees respectively.

The Company had adopted the 2018 Option Scheme on 20 August 2018. As at 30 June 2023, there were no outstanding options granted under the 2018 Share Option Scheme entitling the holders thereof to subscribe for Shares.

## **CHANGE IN DIRECTORSHIP**

During the period under review, there were no changes in Directors of the Company.

## **CORPORATE GOVERNANCE**

### **Compliance with Corporate Governance Code**

The Company is committed in maintaining high standard of corporate governance and considers that effective corporate governance enhances corporate success and its shareholder value. The Company has adopted and applied the principles as set out in the CG Code. Throughout the six months ended 30 June 2023, the Company has complied with the CG Code save as specified and explained below:

#### **Code Provision C.2.1**

The post of chief executive of the Company has remained vacant since March 2009. 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 structure of the Board 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.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the Model Code throughout the period under review.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the knowledge of the directors, the Company has maintained sufficient public float during the six months ended 30 June 2023 and up to the date of this announcement.

## **REVIEW OF INTERIM RESULTS**

The unaudited consolidated interim results of the Group for the six months ended 30 June 2023 have been reviewed by the Audit Committee, which expressed no disagreement with the accounting treatments adopted in preparation of the condensed consolidated interim financial statements.

## **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.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the websites of HKEXnews (<http://www.hkexnews.hk>) and the Company (<https://www.aelg.com.hk>). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the shareholders of the Company and made available on the same websites in due course.

## **GLOSSARY**

2018 Share Option Scheme	The share option scheme adopted by the Company on 20 August 2018, the scheme mandate limit of which was refreshed on 27 May 2019 and 27 May 2022
2020 Convertible Bonds	The convertible bonds in the aggregate principal amount of HK\$48,000,000 issued by the Company on 13 July 2020

Action Plan	“Action Plan for the Integration and Development of Virtual Reality (2022-2026)” (《虛擬現實與行業應用融合發展行動計劃(2022-2026年)》), a circular jointly issued by The Ministry of Industry and Information Technology (工業和資訊化部), The Ministry of Education (教育部), The Ministry of Culture and Tourism (文化和旅遊部), The State Administration of Radio and Television (國家廣播電視總局) and The State General Administration of Sports (國家體育總局) in November 2022
Audit Committee	The audit committee of the Company
Board	The Board of Directors of the Company
CG Code	The Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Chairman	Chairman of the Company
Companies Ordinance	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	Asia Energy Logistics Group Limited
Condensed Consolidated Interim Financial Statements	The unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2023
Director(s)	Director(s) of the Company
Group	The Company together with its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants

Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Oriental Solar	Oriental Solar Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Pang Yuet
PRC	The People's Republic of China
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Holder(s) of the Share(s)
SMS	Short Message Service
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tinytiger	Tinytiger Internet Technology Company Limited, a company incorporated in the Cayman Islands with limited liability

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

Hong Kong, 4 August 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Pang Yuet, Mr. Sun Peng and Mr. Hui Wai; and the independent non-executive directors of the Company are Mr. Ng Kwun Wan, Mr. Wong Cheuk Bun and Mr. Hon Ming Sang.*