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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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 2024, 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 2024

		For the six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (re-presented)
Continuing operations			
Revenue	3	22,869	53,723
Cost of services		<u>(20,433)</u>	<u>(37,319)</u>
Gross profit		2,436	16,404
Other income	4	363	1,135
Staff costs		(14,530)	(14,950)
Depreciation		(3,561)	(2,869)
Legal and professional fee		(2,262)	(2,604)
Motor vehicle expenses		(937)	(1,143)
Other administrative and operating expenses		(6,230)	(7,540)
Change in fair value of financial assets at FVPL		(4,145)	1,950
Loss on disposal of financial assets at FVPL		(6,769)	–
Finance costs	6	<u>(263)</u>	<u>(2,442)</u>
Loss before tax from continuing operations	7	(35,898)	(12,059)
Income tax expense	8	<u>–</u>	<u>–</u>
Loss for the period from continuing operations		(35,898)	(12,059)
Discontinued operation			
Profit for the period from discontinued operation	9	<u>13,686</u>	<u>12,124</u>
(Loss) Profit for the period		(22,212)	65

	For the six months ended 30 June	
	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (re-presented)
Other comprehensive loss		
Exchange difference arising on translation of financial statements of foreign operations which may be reclassified subsequently to profit or loss	<u>(60)</u>	<u>(473)</u>
Total comprehensive loss for the period	<u><u>(22,272)</u></u>	<u><u>(408)</u></u>
(Loss) Profit for the period attributable to owners of the Company:		
– from continuing operations	(35,370)	(11,973)
– from discontinued operation	<u>13,686</u>	<u>12,124</u>
	<u><u>(21,684)</u></u>	<u><u>151</u></u>
Loss for the period attributable to non-controlling interests		
– from continuing operations	(528)	(86)
– from discontinued operation	<u>–</u>	<u>–</u>
	<u><u>(528)</u></u>	<u><u>(86)</u></u>
Total comprehensive loss for the period attributable to:		
– Owners of the Company	(21,738)	(239)
– Non-controlling interests	<u>(534)</u>	<u>(169)</u>
	<u><u>(22,272)</u></u>	<u><u>(408)</u></u>
(Loss) Earnings per share attributable to owners of the Company		
Basic and diluted		
– from continuing operations (HK cents)	(1.77)	(0.64)
– from discontinued operation (HK cents)	<u>0.69</u>	<u>0.65</u>
	<u><u>(1.08)</u></u>	<u><u>0.01</u></u>
	<i>10</i>	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		70,416	136,506
Intangible asset		1,000	1,000
Right-of-use assets		6,193	9,180
Goodwill		1,026	1,026
		<u>78,635</u>	<u>147,712</u>
Current assets			
Trade and other receivables	12	20,322	22,302
Financial assets at FVPL		24,504	35,418
Bank balances and cash		15,182	14,517
		<u>60,008</u>	<u>72,237</u>
Asset classified as held for sale		<u>65,605</u>	<u>–</u>
		<u>125,613</u>	<u>72,237</u>
Current liabilities			
Trade and other payables	13	15,666	9,739
Amount due to the ultimate holding company	14	10,800	7,000
Lease liabilities		3,519	5,018
		<u>29,985</u>	<u>21,757</u>
Net current assets		<u>95,628</u>	<u>50,480</u>
Total assets less current liabilities		<u>174,263</u>	<u>198,192</u>

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		<u>3,460</u>	<u>5,117</u>
NET ASSETS		<u>170,803</u>	<u>193,075</u>
Capital and reserves			
Share capital	15	1,981,158	1,981,158
Reserves		<u>(1,811,017)</u>	<u>(1,789,279)</u>
Equity attributable to owners of the Company		170,141	191,879
Non-controlling interests		<u>662</u>	<u>1,196</u>
TOTAL EQUITY		<u>170,803</u>	<u>193,075</u>

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 2023.

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 2023.

The financial information relating to the year ended 31 December 2023 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 2023 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;
- did not refer to any 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 2023 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 2024.

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

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (re-presented)
Continuing operations		
<i>Operating lease income</i>		
Charter-hire income	20,432	24,594
<i>Revenue from contract with customers within HKFRS 15</i>		
Telecommunications service income	2,437	29,129
	22,869	53,723

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (re-presented)
Continuing operations		
Bank interest income	56	15
Claims from insurance company	–	126
Exchange gain, net	61	–
Other subsidy income	–	566
Recharge of expenses to charter parties	74	184
Sundry income	172	244
	<u>363</u>	<u>1,135</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:

Continuing operations:

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

Discontinued operation:

- (a) Shipping and logistics (in relation to the Vessel as defined in note 9)

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

Six months ended 30 June 2024 (Unaudited)	Telecommunications related business HK\$'000	Shipping and logistics (Continuing operations) HK\$'000	Shipping and logistics (Discontinued operation) HK\$'000	Total HK\$'000
Segment revenue from external customers	<u>2,437</u>	<u>20,432</u>	<u>24,779</u>	<u>47,648</u>
Segment (loss) profit	<u>(2,277)</u>	<u>(14,221)</u>	<u>13,686</u>	(2,812)
Unallocated income				104
Change in fair value of financial assets at FVPL				(4,145)
Loss on disposal of financial assets at FVPL				(6,769)
Other unallocated corporate expenses				<u>(8,590)</u>
Loss for the period				<u>(22,212)</u>
Other segment information:				
Depreciation of property, plant and equipment	(32)	(1,881)	(2,235)	(4,148)
Depreciation of right-of-use assets	(457)	(1,040)	-	(1,497)
Finance costs	(6)	(16)	-	(22)
Additions of property, plant and equipment	<u>-</u>	<u>(3,802)</u>	<u>-</u>	<u>(3,802)</u>

Six months ended 30 June 2023 (Unaudited) (re-presented)	Telecommunications related business <i>HK\$'000</i>	Shipping and logistics (Continuing operations) <i>HK\$'000</i>	Shipping and logistics (Discontinued operation) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	29,129	24,594	24,375	78,098
Segment profit (loss)	1,661	(5,538)	12,124	8,247
Unallocated income				112
Change in fair value of financial assets at FVPL				1,950
Other unallocated corporate expenses				(10,244)
Profit for the period				65
Other segment information:				
Depreciation of property, plant and equipment	(18)	(2,191)	(2,291)	(4,500)
Depreciation of right-of-use assets	(939)	(1,040)	–	(1,979)
Finance costs	(53)	(65)	–	(118)
			At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited) (re-presented)
Assets				
Continuing operations				
Shipping and logistics		81,232		78,644
Telecommunications related business		15,066		13,236
Discontinued operation				
Shipping and logistics		72,029		77,040
Segment assets		168,327		168,920
Unallocated corporate assets		35,921		51,029
Consolidated total assets		204,248		219,949

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited) (re-presented)
Liabilities		
Continuing operations		
Shipping and logistics	6,100	4,173
Telecommunications related business	6,508	2,343
Discontinued operation		
Shipping and logistics	948	1,415
Segment liabilities	13,556	7,931
Other unallocated corporate liabilities	19,889	18,943
Consolidated total liabilities	33,445	26,874

Geographical information

As at 30 June 2024, apart from the vessels and goodwill, approximately HK\$9,481,000 and HK\$80,000 (31 December 2023: HK\$12,555,000 and HK\$569,000) 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
The PRC	2,437	29,129

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(re-presented)
Continuing operations		
Customer A (Shipping and logistics segment)	20,432	24,594
Customer B (Telecommunications related business)	N/A	10,784
Customer C (Telecommunications related business)	N/A	7,899
Discontinued operation		
Customer A (Shipping and logistics segment)	24,779	24,375

The revenue from Customer B and Customer C was less than 10% of the Group's revenue for the six months ended 30 June 2024.

6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on other borrowings	30	368
Interest on the 2020 Convertible Bonds	–	1,908
Interest on lease liabilities	233	166
	263	2,442

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

This is stated after charging:

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(re-presented)
Continuing operations		
Depreciation of property, plant and equipment:		
Recognised in cost of services	1,881	2,191
Recognised in other administrative and operating expenses	576	18
	2,457	2,209
Depreciation of right-of-use assets, recognised in other administrative and operating expenses	2,985	2,851
Staff costs (including directors' remuneration):		
Employee benefits expenses	14,129	13,946
Contributions to defined contribution retirement schemes	401	1,004
	14,530	14,950

8. INCOME TAX

Hong Kong Profits Tax, if any, is calculated at 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits for the six months ended 30 June 2024. The PRC enterprise income tax, if any, is provided at the rate of 25% (six months ended 30 June 2023: 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 2024 and 2023.

9. DISCONTINUED OPERATION

Disposal of a vessel

On 23 May 2024, Lotus Gold Shipping Limited, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of agreement with a buyer pursuant to which the Group has conditionally agreed to dispose of and the buyer conditionally agreed to acquire a vessel, M/V Clipper Panorama (the “Vessel”), with cash consideration of US\$9,500,000 (equivalent to approximately HK\$74,100,000).

The management, having considered that the Group has committed to sell the Vessel and located the potential buyer, has classified the Vessel as “asset classified as held for sale” under current assets. The Vessel is expected to be delivered to the buyer in August 2024.

The management considers that the disposal of the Vessel, which are previously grouped under shipping and logistics segment, constituted discontinued operation during the six months ended 30 June 2024. Accordingly, certain comparative figures in the condensed consolidated interim financial statements have been re-presented to separately reflect the results of the discontinued operation. The results and net cash flows of the discontinued operation for the six months ended 30 June 2024 and 2023 are summarised as follows:

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	24,779	24,375
Cost of services	(11,153)	(12,436)
Other income	187	224
Operating costs	(127)	(39)
	<hr/>	<hr/>
Profit before tax	13,686	12,124
Taxation	<hr/> – <hr/>	<hr/> – <hr/>
Profit after tax from discontinued operation and profit attributable to discontinued operation	<u>13,686</u>	<u>12,124</u>
	<hr/>	<hr/>
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash inflows		
Operating activities	<u>846</u>	<u>678</u>
	<hr/>	<hr/>

11. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2024 and 2023.

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables	<i>12(a)</i>		
Lease income receivables		12	–
Service income receivables		<u>1,264</u>	<u>2,921</u>
		<u>1,276</u>	<u>2,921</u>
Other receivables			
Other debtors	<i>12(b)</i>	6,700	6,928
Deposits		7,180	1,719
Deposit for vessel operation	<i>12(c)</i>	4,111	12,529
Prepayments		<u>1,055</u>	<u>1,207</u>
		19,046	22,383
Less: Loss allowance on other receivables		<u>–</u>	<u>(3,002)</u>
		<u>19,046</u>	<u>19,381</u>
		<u>20,322</u>	<u>22,302</u>

12(a) Trade receivables

As at 30 June 2024, all trade receivables aged within 30 to 90 days (31 December 2023: 30 to 90 days), based on the invoice date.

12(b) Other debtors

As at 30 June 2024, a balance of HK\$1,299,000 (31 December 2023: HK\$1,237,000) carries interest at interest rate of 10% per annum, is unsecured and repayable in October 2024 (31 December 2023: carries interest at interest rate of 10% per annum, is unsecured and repayable in April 2024) and the remaining balances are interest-free, unsecured and repayable on demand.

12(c) Deposit for vessel operation

The amount represents the monies deposited in designated bank accounts of a vessel management company for daily operating use. The Group is the beneficiaries of these designated bank accounts. The balance is unsecured, repayable on demand and bearing interest at floating daily bank deposit rates.

13. TRADE AND OTHER PAYABLES

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	<i>13(a)</i>	<u>5,884</u>	<u>2,409</u>
Other payables			
Accruals and other payables		7,441	3,774
Receipts in advance		2,341	1,624
Other borrowings from a regulated securities broker	<i>13(b)</i>	<u>–</u>	<u>1,932</u>
		<u>9,782</u>	<u>7,330</u>
		<u>15,666</u>	<u>9,739</u>

13(a) Trade payables

The credit period of trade payables is normally within 90 days (31 December 2023: 90 days). As at 30 June 2024 and 31 December 2023, all trade payables was aged within 30 days, based on the invoice date.

13(b) Other borrowings from a regulated securities broker

As at 31 December 2023, the other borrowings from a regulated securities broker were secured by securities listed in Hong Kong of HK\$35,418,000 and repayable on demand, bore interest at rate of 10% per annum.

14. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

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

15. SHARE CAPITAL

	At 30 June 2024		At 31 December 2023	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Issued and fully paid:				
At beginning of the period/year	1,994,975,244	1,981,158	1,694,975,244	1,906,379
Conversion of the 2020 Convertible Bonds	—	—	300,000,000	74,779
At end of the period/year	<u>1,994,975,244</u>	<u>1,981,158</u>	<u>1,994,975,244</u>	<u>1,981,158</u>

16. 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 2024:

- 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits	2,847	2,490
Contributions to defined contribution retirement scheme	<u>18</u>	<u>18</u>
	<u>2,865</u>	<u>2,508</u>

- b) Consultancy fee of HK\$300,000 (six months ended 30 June 2023: 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 Nil (six months ended 30 June 2023: HK\$1,908,000) was charged by Oriental Solar, the ultimate holding company of the Company.
- d) Amount due to Oriental Solar, the ultimate holding company of the Company, of HK\$10,800,000 (31 December 2023: HK\$7,000,000).

The related party transactions disclosed in notes 16(b), 16(c) and 16(d) to the condensed consolidated interim financial statements 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 (i) shipping and logistics business and (ii) telecommunications related business in the PRC.

Continuing Operations

Shipping and Logistics

The Group currently operates a fleet of two dry bulk carriers trading worldwide, one of which is classified as continuing operation and another one is classified as discontinued operation. The total carrying capacity of the Group’s dry bulk fleet is about 64,000 DWT (30 June 2023: about 64,000 DWT).

Expect for the drydock period, all of the vessels of the Group were under full employment throughout the period under review.

For the period under review, the Group recorded a revenue of approximately HK\$20,432,000 (six months ended 30 June 2023: approximately HK\$24,594,000), representing a decrease of approximately 17% as compared to the corresponding period of 2023. The gross profit was approximately HK\$2,488,000 (six months ended 30 June 2023: approximately HK\$10,350,000), representing a decrease of approximately 76% as compared to the same period of 2023. The decrease in revenue was resulted from the loss of charter-hire income during the drydock period. The decrease in gross profit was resulted from the loss of charter-hire income during the drydock period and the increase in repair and maintenance.

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\$2,437,000 (six months ended 30 June 2023: approximately HK\$29,129,000), representing a decrease of approximately 92% as compared to the corresponding period of 2023. The decrease in revenue was due to overall weak domestic consumption in China and the customers’ stricter cost control, with 5G communication network solution being the most affected.

The gross loss was approximately HK\$52,000 (six months ended 30 June 2023: gross profit of approximately HK\$6,054,000), representing a decrease of approximately 101% as compared to the corresponding period of 2023. The decrease in gross profit was mainly due to the decrease in revenue as aforesaid.

Discontinued Operation

On 23 May 2024, the Group and a purchaser, independent third party, entered into the memorandum of agreement pursuant to which the Group conditionally agreed to sell and the purchaser conditionally agreed to purchase the Vessel at the consideration of US\$9,500,000 (equivalent to HK\$74,100,000). Accordingly, the result of the Vessel was accounted for as discontinued operation for the six months ended 30 June 2024.

As at the date of this announcement, the disposal is yet to be completed and is expected to be completed by August 2024.

PROSPECTS

Shipping and Logistics

Following the completion of the disposal of the Vessel, the Group will operate one dry bulk carrier. For the remaining vessel, the Group entered into a new charterparty with the charterer at new charter rate which is significantly lower than the previous rate. In this regard, the Group has taken various measures in minimizing the operating costs, the management of the Company expects that the shipping and logistics business will still generate positive contributions in the upcoming year.

2024 is a challenging year for shipping industry. The main risks include the potential for weaker-than-expected global economic growth and geopolitical developments causing adverse dislocations. Red Sea crisis and the war in Ukraine have been the important drivers for dry bulk chartering business. Along with any other disruption that may affect trade flows, the war could continue to be a major driver into 2024. 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

With the end of the COVID-19 pandemic, China's economy has gradually recovering, however, it has been adversely affected by factors such as declining exports, sluggish investment, and delayed recovery in domestic consumption, as well as the continued intensification of the real estate crisis, which have led to a decline in business confidence among Chinese enterprises and a low consumer confidence, resulting in a continued slowdown in China's economic recovery. Facing the coexistence of business opportunities, risks and challenges, and increasing uncertainties and unpredictable factors, it is expected that the overall business environment in China will remain severe in 2024, posing more obstacles to the Group's telecommunications business. The Company will be careful in promoting its business development and actively explore new customer bases.

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 from the continuing operations of the Group was approximately HK\$22,869,000 (six months ended 30 June 2023: approximately HK\$53,723,000), representing a decrease of approximately 57% as compared to the corresponding period of 2023. The decrease in revenue was resulted from (i) the loss of charter-hire income of shipping and logistics business during the drydock period and (ii) the weak consumption market of telecommunications related business in China.

The Group recorded a loss from the continuing operations for the period under review of approximately HK\$35,898,000 (six months ended 30 June 2023: approximately HK\$12,059,000) representing an increase of approximately 198% as compared to the corresponding period of 2023. The increase in loss for the period was mainly attributable to (i) the decrease in revenue as aforementioned; (ii) a loss on disposal of financial assets at fair value through profit or loss; 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 loss per Share from continuing operations was HK1.77 cents (30 June 2023: HK0.64 cents) whilst the basic and diluted earnings per Share from discontinued operation was HK0.69 cents (30 June 2023: HK0.65 cents).

Financial Resources, Liquidity and Gearing Ratio

As at 30 June 2024, the Group had:

1. Cash and bank balances of approximately HK\$15,182,000 (31 December 2023: approximately HK\$14,517,000);
2. Other borrowings from a regulated securities broker of approximately HK\$Nil (31 December 2023: approximately HK\$1,932,000);
3. Total equity attributable to owners of the Company of approximately HK\$170,141,000 (31 December 2023: approximately HK\$191,879,000);
4. Net current assets of approximately HK\$95,628,000 (31 December 2023: approximately HK\$50,480,000);

5. Current ratio (being current assets over current liabilities) of approximately 419% (31 December 2023: approximately 332%); and
6. Gearing ratio (being total debt divided by total equity) of approximately 20% (31 December 2023: approximately 14%).

Share Capital

As at 30 June 2024, the total number of Shares in issue was 1,994,975,244.

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

As at 30 June 2024, the Group's held the following significant investment:

Financial assets at fair value through profit or loss

As at 30 June 2024, financial assets at fair value through profit or loss included a portfolio of investment in listed shares with fair value of approximately HK\$24,504,000, which amounts to approximately 12% 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.

Disposal of the Vessel

On 23 May 2024, the Group and a purchaser, independent third party entered into the memorandum of agreement pursuant to which the Group conditionally agreed to sell and the purchaser conditionally agreed to purchase the Vessel at the consideration of US\$9,500,000 (equivalent to HK\$74,100,000). Further details of the transaction are disclosed in the Company's circular dated on 14 June 2024.

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 2024, the Group had no pledges on its assets, whilst as at 31 December 2023, the financial assets at fair value through profit or loss of HK\$35,418,000 was pledged as collateral for a margin facilities of HK\$1,932,000 granted by a regulated securities broker.

As at 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: Nil).

Capital Commitments

As at 30 June 2024, the Group had no capital commitment (31 December 2023: 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 2024, the Group had 17 (31 December 2023: 40) 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\$14,530,000 (30 June 2023: approximately HK\$14,950,000). 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 Share Option Scheme on 20 August 2018. As at 30 June 2024, there were no outstanding options granted under the 2018 Share Option Scheme entitling the holders thereof to subscribe for Shares.

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 code provisions as set out in the CG Code. Throughout the six months ended 30 June 2024, 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 2024 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 2024 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 2024 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 (as refreshed on 27 May 2019 and 27 May 2022)
Audit Committee	The audit committee of the Company
Board	The Board of Directors of the Company
CG Code	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
Chairman	The 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 2024
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 C3 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
US\$	United States dollar(s), the lawful currency of the United States of America

Vessel

Vessel named “Clipper Panorama”, a bulk carrier vessel with Hong Kong flag

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

Hong Kong, 16 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yuet (Chairman) and Mr. Sun Peng; the non-executive director of the Company is Ms. Liu Siyuan; and the independent non-executive directors of the Company are Mr. Ng Kwun Wan, Mr. Wong Cheuk Bun and Mr. Hon Ming Sang.