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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)**

**PLACING OF NEW SHARES  
WITH UNLISTED WARRANTS ATTACHED  
UNDER GENERAL MANDATE**

**Placing Agent**



**VC BROKERAGE LIMITED**  
**滙盈證券有限公司**

The Board announced that on 28 August 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent to procure not less than six Placee(s) who are Independent Third Parties to subscribe up to 1,285,000,000 Placing Shares at a price of HK\$0.072 per Placing Share on a best effort basis on the terms and subject to the conditions of the Placing Agreement. In addition, the Company will issue unlisted Warrants, on the basis of one Warrant for each Placing Share issued, at the Warrant Placing Price of HK\$0.01 per unit of Warrant, to the Placees. Holders of the Warrants may exercise the subscription rights attached to the Warrants, in whole or in part, at any time during the Subscription Period to subscribe for the Warrant Shares at the Subscription Price of HK\$0.095 per Warrant Share (subject to adjustments). Each Warrant carries the right to subscribe for one Warrant Share.

The maximum number of 1,285,000,000 Placing Shares represents (i) approximately 10.0% of the existing issued share capital of the Company of 12,857,027,100 Shares as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company of 14,142,027,100 Shares as enlarged by the allotment and issue of the Placing Shares, excluding the Warrant Shares. The total number of Placing Shares and the Warrant Shares (if the subscription rights attached to the Warrants are exercised in full) represents (i) approximately 20.0% of the existing issued share capital of the Company and (ii) approximately 16.7% of the issued share capital as enlarged by the allotment and issue of the Placing Shares and the Warrant Shares.

It is expected that the maximum net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing and excluding any exercise of the subscription rights attached to the Warrants) will amount to approximately HK\$102.6 million and, together with the net proceeds from the full exercise of the subscription rights attached to the Warrants, will amount to approximately HK\$224.7 million. The Company intends to apply the aggregate net proceeds from the Placing to (i) acquire a vessel to operate ocean-going transportation in order to expand its geographical coverage in the shipping and logistics business; and (ii) increase the general working capital of the Group for future development of the Group as and when investment opportunities arise.

Completion of the Placing is subject to the satisfaction of certain conditions as described below, including but not limited to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and the Warrant Shares. If any of these conditions are not fulfilled, the Placing will not proceed.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attached to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

#### **GENERAL MANDATE**

Upon Completion of the Placing and exercise of the subscription rights attached to the Warrants in full, a maximum of 2,570,000,000 new Shares in aggregate will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with up to 2,571,405,420 Shares, representing 20% of the issued share capital of the Company as at the annual general meeting of the Company held on 31 May 2013 approving the General Mandate. As at the date of this announcement, no part of the General Mandate have been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

**The Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

The Directors announced that on 28 August 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, details of which are described below.

#### **PLACING OF 1,285,000,000 NEW SHARES WITH UNLISTED WARRANTS ATTACHED**

##### **The Placing Agreement**

**Date:** 28 August 2013

**Parties**

(i) Issuer:	The Company
(ii) Placing Agent:	VC Brokerage Limited

## **Details of the Placing Shares**

**Placing Shares:** up to 1,285,000,000 new Shares to be allotted and issued by the Company, representing (i) approximately 10.0% of the existing issued share capital of the Company of 12,857,027,100 Shares; and (ii) approximately 9.1% of the issued share capital of the Company of 14,142,027,100 Shares as enlarged by the allotment and issue of the Placing Shares, excluding the Warrant Shares. The Placing Agent has conditionally agreed to place a maximum of 1,285,000,000 Placing Shares on a best effort basis.

**Share Placing Price:** The price of HK\$0.072 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a discount of approximately 12.2% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.8% to the average closing price of approximately HK\$0.0876 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to and including the Last Trading Day.

**Placees:** The Placing Shares are expected to be placed by the Placing Agent to not less than six institutional and/or professional investors who should be Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will in aggregate receive a placing commission of 2.0% of the amount raised from the Placing, representing an amount equal to the aggregate Share Placing Price of the Placing Shares and the Warrant Placing Price of the Warrants successfully taken up by Placees and fully paid.

## **Details of the Warrants**

**Warrants:** up to 1,285,000,000 unlisted transferable warrants to be issued, on the basis of one Warrant for each Placing Share issued, at the Warrant Placing Price of HK\$0.01 per Warrant. Holders of the Warrants may exercise the subscription rights attached to the Warrants, in whole or in part, at any time during the Subscription Period to subscribe for the Warrant Shares at the Subscription Price of HK\$0.095 per Warrant Share (subject to adjustment). Each Warrant carries the right to subscribe for one Warrant Share.

The Warrants will be issued to the holders of the Warrants upon Completion in registered form and constituted by the Warrant Instrument. The Warrants will rank pari passu in all respects among themselves.

**Warrant Shares:** Assuming the exercise of the subscription rights attached to the Warrants in full, up to 1,285,000,000 Warrant Shares will be issued, representing (i) approximately 10.0% of the existing issued share capital of the Company of 12,857,027,100 Shares, (ii) approximately 9.1% of the issued share capital of the Company of 14,142,027,100 Shares after the allotment and issue of the Placing Shares, and (iii) approximately 8.3% of the issued share capital of the Company of 15,427,027,100 Shares as enlarged by the issue of the Placing Shares and the Warrant Shares (if the subscription rights attached to the Warrants are exercised in full), assuming there are no further changes in the issued share capital of the Company prior to such exercise.

The total number of Placing Shares and the Warrant Shares (if the subscription rights attached to the Warrants are exercised in full) represents (i) approximately 20.0% of the existing issued share capital of the Company and (ii) approximately 16.7% of the issued share capital as enlarged by the allotment and issue of the Placing Shares and the Warrant Shares.

**Subscription Price:** The price of HK\$0.095 per Warrant was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a premium of approximately 15.9% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 8.4% to the average closing price of approximately HK\$0.0876 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to and including the Last Trading Day.

The aggregate of the Warrant Placing Price per Warrant and the Subscription Price per Warrant Share (being an aggregate of HK\$0.105) represents: (i) a premium of approximately 28.0% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 19.9% to the average closing price of approximately HK\$0.0876 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to and including the Last Trading Day.

The Subscription Price is subject to normal adjustments in the event of, among other things, share consolidation or subdivision of the Company.

Both the Subscription Price and the aggregate of it with the Warrant Placing Price of the Warrant were determined after arm's length negotiations between the Company and the Placing Agent, and are in the interests of the Company and the Shareholders as a whole.

**Subscription Period:** Two years commencing from the date of issue of the Warrants

**Transferability:** The Warrants are transferable in integral multiples of 1,000,000 Warrants to any person other than a connected person of the Company or any subsidiary. In the event of a transfer to a connected person of the Company or any subsidiary, prior approval from the Company and the Stock Exchange should be obtained.

**Rights for the holders of the Warrants:** The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

**Other details:**

**Conditions Precedent:** The Placing is conditional upon the fulfillment of the following conditions by not later than three months after the date of the Placing Agreement (or such later date as may be agreed between the Placing Agent and the Company in writing):

- (i) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares and the Warrant Shares;
- (ii) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relation to the Placing, the issue of the Placing Shares, the Warrants and the Warrant Shares;
- (iii) the obtaining of all consents from any relevant persons which are necessary or desirable in connection with the Placing and the issue of the Placing Shares, the Warrants and the Warrant Shares (and, where such consents are given subject to conditions, such conditions are on terms as may be reasonably acceptable to the Placing Agent and the Company);
- (iv) there shall not have occurred any breach of, or any event rendering untrue or inaccurate, any of the representations, warranties or undertakings of the Company which would have or have had a material adverse effect on the financial position of the Group (taken as a whole) or the Company and which is material in the context of the Placing; and
- (v) the Placing Agreement not having been terminated in accordance with its terms.

Termination:

The Placing is subject to termination, at any time prior to the date of Completion, by reason of the following:

- (i) in the sole and absolute opinion of the Placing Agent there shall have been since the date of the Placing Agreement the introduction of any new law, rule or regulation or any change in existing law (including common law), rules or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic, market, trading conditions or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (iii) any material adverse change in the financial position of the Group as a whole;
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;
- (v) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension of or material restriction in trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (vi) there is any suspension of the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive business days, excluding any suspension in connection with the clearance of this announcement or other announcements or circulars in connection with the Placing; or



(vii) there is any material breach of or any event rendering untrue or incorrect in any material respect, any of the representations and warranties set out in the Placing Agreement which will have a material or adverse effect on the Group's business, finance or trading position.

Completion:	Completion of the Placing is expected to take place on the fifth Business Day after the fulfillment of all of the conditions precedent of the Placing, or such other date as may be agreed by the Company and the Placing Agent.
Ranking of the Placing Shares and the Warrant Shares:	The Placing Shares and the Warrant Shares (as the case may be), when issued and fully paid up, will rank pari passu in all respects with the Shares in issue at the time of allotment and issue of the Placing Shares and the Warrant Shares (as the case may be).
Application for listing:	Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares and the Warrant Shares which fall to be allotted and issued upon exercise of the subscription rights attached to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **GENERAL MANDATE**

Upon Completion of the Placing and exercise of the subscription rights attaching to the Warrants in full, a maximum of 2,570,000,000 new Shares in aggregate will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with up to 2,571,405,420 Shares, representing 20% of the issued capital of the Company as at the annual general meeting of the Company held on 31 May 2013 approving the General Mandate. As at the date of this announcement, no part of the General Mandate have been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

## **REASONS FOR THE PLACING AND THE USE OF PROCEEDS**

It is expected that the maximum net proceeds from the Placing (after deducting the Placing commission payable to the Placing Agent and other expenses incurred in the Placing and excluding any exercise of the subscription rights attached to the Warrants) will amount to approximately HK\$102.6 million and, together with the net proceeds from the full exercise of the subscription rights attached to the Warrants, will amount to approximately HK\$224.7 million. The net price to be raised per Placing Share and per Warrant from the Placing will be approximately HK\$0.071 per Placing Share and HK\$0.093 per Warrant respectively. The Company intends to apply the aggregate net proceeds from the Placing to (i) acquire a vessel to operate ocean-going transportation in order to expand its geographical coverage in the shipping and logistics business; and (ii) increase the general working capital of the Group for future development as and when business opportunities arise. The Company is obtaining quotations from independent agents for a vessel with capacity in the range of about 30,000 deadweight tonnage.

The Group is principally engaged in the (i) railway construction and operations and (ii) shipping and logistics business. The Group diversified its business into the dry bulk shipping industry by acquiring the entire interest in Ocean Jade in May 2010. Ocean Jade holds 50% interest in the JV Company with Waibert Navigation Company Limited, a wholly-owned subsidiary of the Guangdong Province Navigation Holdings Company Limited, one of the key provincial government owned enterprises. The JV Company is principally engaged in the investment in ship management, dry bulk carrier chartering and operation. The JV Company owns and operates two Handy-size Vessels which mainly transport cargos within the People's Republic of China. Although there is no clear sign the shipping market is starting to bounce back, the volatile shipping market has shown signs of bottoming out. Hence, in addition to its existing shipping business conducted by the JV Company, the Company is exploring the possibilities of expanding the scope of its shipping business operations.

On the other hand, as disclosed in the announcement in relation to the interim results of the Company for the six months ended 30 June 2013, the construction and operation of a 121.7 kilometre single-track railway had been severely delayed due to unforeseen circumstances encountered during the construction stage for infrastructure of this scale and as a result, additional resources were required to cover the additional costs caused by the delay in construction. Based on the latest construction progress report, it was very likely that completion of the construction would be further delayed beyond the end of 2013. The Company will closely monitor and review the overall railway construction progress and will take appropriate actions including reorganization.

The Directors consider the Placing offers good opportunities to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. The Directors consider that the terms of Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Shares and the Warrant Shares together do not exceed 20% of the issued share capital of the Company. As at the date of this announcement, save for the 259,500,000 share options granted under the share option schemes of the Company, there are no other securities issued which confer any other subscription rights in the Shares.



## EFFECT ON SHAREHOLDING OF THE PLACING

As at the date of this announcement, the issued share capital of the Company comprised 12,857,027,100 Shares. The shareholding structure of the Company before and after the Placing, and the exercise of the subscription rights attached to the Warrants in full (assuming no other change to the issued share capital of the Company) are as follows:

	As at the date of this announcement		Immediately after completion of the Placing		Immediately after completion of the Placing and assuming the subscription rights attached to the Warrants are exercised in full	
	<i>No. of Shares</i>	<i>Approximate percentage (%)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%)</i>
King Castle Enterprise Limited (Note 1)	4,257,970,325	33.12	4,257,970,325	30.11	4,257,970,325	27.60
Delight Assets Management Limited (Note 1)	295,000,000	2.29	295,000,000	2.09	295,000,000	1.91
Mr. Liang Jun (Note 2)	2,000,000	0.02	2,000,000	0.01	2,000,000	0.01
Mr. Zhu Gongshan (Note 3)	1,137,450,000	8.85	1,137,450,000	8.04	1,137,450,000	7.37
Places	—	—	1,285,000,000	9.09	1,285,000,000	8.33
Holders of the Warrants	—	—	—	—	1,285,000,000	8.33
Public Shareholders	<u>7,164,606,775</u>	<u>55.72</u>	<u>7,164,606,775</u>	<u>50.66</u>	<u>7,164,606,775</u>	<u>46.45</u>
<b>Total</b>	<u>12,857,027,100</u>	<u>100.00</u>	<u>14,142,027,100</u>	<u>100.00</u>	<u>15,427,027,100</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, King Castle Enterprises Limited and Delight Assets Management Limited are wholly owned by Mr. Wong Kin Ting.
- Mr. Liang Jun is the executive Director of the Company.
- Mr. Zhu Gongshan (“Mr Zhu”) is a director of certain subsidiaries of the Company. Mr. Zhu’s interest in 1,137,450,000 Shares comprised (i) 137,450,000 Shares directly held by Profit Act Limited, which is indirectly controlled by Mr. Zhu; and (ii) 1,000,000,000 Shares indirectly held by Asia Pacific Energy Fund, which is beneficially owned by Mr. Zhu.

## FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the date of this announcement.

## GENERAL

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares and the Warrant Shares which fall to be allotted and issued upon exercise of the subscription rights attached to the Warrants.

**The Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business in Hong Kong and the stock exchanges operated by the Stock Exchange are open for trading
“Company”	Asia Energy Logistics Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with up to 2,571,405,420 Shares, representing 20% of the issued share capital of the Company as at the annual general meeting of the Company held on 31 May 2013
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“JV Company”	Ocean Pro Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being held as to 50% by Ocean Jade and as to 50% by Waibert Navigation Company Limited, which is principally engaged in the investment in ship management, dry bulk carrier chartering and operation
“Last Trading Day”	28 August 2013, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Ocean Jade”	Ocean Jade Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Placee(s)”	any person or entity whom the Placing Agent has procured to subscribe for the Placing Shares (with Warrants attached)
“Placing”	the placing of the Placing Shares (with Warrants attached) to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a licensed corporation to carry out types 1 and 4 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 28 August 2013 between the Company and the Placing Agent in respect of the Placing
“Placing Shares”	up to 1,285,000,000 new Shares, to be allotted and issued to Placees procured by the Placing Agent pursuant to the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Placing Price”	the placing price of HK\$0.072 per Placing Share
“Shareholder(s)”	holder(s) of the Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Period”	a period of two years commencing from the date of the issue of the Warrants
“Subscription Price”	the Subscription price of HK\$0.095 per Warrant Share at which holders of the Warrants may subscribe for the Warrant Shares
“Warrant Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Warrants upon Completion
“Warrant Placing Price”	the placing price of HK\$0.01 per Warrant
“Warrant Share(s)”	up to 1,285,000,000 new Share(s) to be allotted and issued on exercise of the subscription rights attached to the Warrants by warrant holders
“Warrants”	up to 1,285,000,000 new warrants which confer rights on the holders thereof to subscribe up to HK\$122,075,000 in aggregate for ordinary shares in the capital of the Company, equivalent to the aggregate Subscription price for a total of up to 1,285,000,000 Warrant Shares on the basis of an initial subscription price of HK\$0.095 per Warrant Share (subject to adjustments) during the Subscription Period and subject to the terms and conditions set out in the Warrant Instrument

“%”

per cent.

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

Hong Kong, 28 August 2013

*As at the date of this announcement, the executive directors of the Company are Mr. Liang Jun, Mr. Fung Ka Keung, David and Ms. Yu Sau Lai; the non-executive directors of the Company are Mr. Yu Baodong (Chairman), Mr. Tse On Kin and Ms. Sun Wei; and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Zhang Xi and Prof. Sit Fung Shuen, Victor*