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 CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Placing Agent

VC BROKERAGE LIMITED
滙盈證券有限公司

On 25 June 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company proposes to offer for subscription, and the Placing Agent has agreed to procure not less than six Placees to subscribe for, the Convertible Bonds on a best effort basis on the terms and subject to the conditions set out in the Placing Agreement.

As at the date of this announcement, the Company had 2,479,876,223 Shares in issue. Based on the initial Conversion Price, a total of 1,000,000,000 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full, which represent approximately 40.3% of the existing total number of Shares in issue and approximately 28.7% of the total number of Shares in issue as increased by the allotment and issue of the Conversion Shares.

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the General Meeting.

The maximum gross proceeds from the Placing will be HK$60,000,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK$57,700,000, which will be used for the Group's general working capital.

Closing of the Placing is subject to the fulfilment of the conditions precedent provided for in the section headed "Conditions Precedent" below. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are summarized as follows:

Date: 25 June 2019 (after trading hours)

Parties:

(i) the Company, as issuer; and

(ii) VC Brokerage Limited, as Placing Agent.

(each a "**Party**", and collectively, the "**Parties**")

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing of Convertible Bonds

Pursuant to the Placing Agreement, the Company proposes to offer for subscription, and the Placing Agent has agreed to procure not less than six Placees to subscribe for, the Convertible Bonds on a best effort basis on the terms and subject to the conditions set out in the Placing Agreement.

Placees

The Convertible Bonds will be placed to not less than six Placees. The Placee(s) shall be any investor(s) being either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement, who and whose ultimate beneficial owners are Independent Third Parties.

Placing Commission

Upon Closing, the Placing Agent will receive a placing commission, in Hong Kong dollars, of 3.0% of the amount equal to the principal amount of the Convertible Bonds which the Placing Agent has successfully procured subscribers to subscribe for the Convertible Bonds. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Placing Period

The one-month period commencing on the Business Day immediately, after the granting of the Specific Mandate, or such longer period of time as the Parties may otherwise agree in writing, unless terminated earlier pursuant to the terms of the Placing Agreement.

Conditions Precedent

Closing of the Placing is conditional upon:

(a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange and the approval not having been subsequently revoked or cancelled;

(b) if required, the Company having obtained the necessary consent, approval, authorization, permission, or confirmation for the consummation of the transactions contemplated under the Placing Agreement from any third party to which the Company or its subsidiaries have entered into any agreement or arrangement;

(c) the Specific Mandate having been granted to the Board; and

(d) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date.

The conditions precedent (a), (b) and (c) above cannot be waived by any Party. The Placing Agent may at any time unilaterally waive the condition precedent (d) above. The Company shall use all its reasonable endeavours to procure the satisfaction of the abovementioned conditions precedent, but if the conditions precedent shall not have been so satisfied (or, where applicable, waived) on or before the Long Stop Date or any of the force majeure event set out in the section headed "Force Majeure" below shall have occurred, all obligations of the Placing Agent and of the Company thereunder shall cease and determine and none of the Parties shall have any claim against the other in relation thereto save for any antecedent breach of any obligations under the Placing Agreement and without prejudice to the accrued rights and liabilities of the Parties.

Closing

Subject to the fulfilment of the abovementioned conditions precedent, Closing shall take place on the Closing Date.

Force Majeure

If at any time between the date of the Placing Agreement and at 12:00 noon on the Closing Date, there occurs:

(a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or

(b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Convertible Bonds to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

(c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Convertible Bonds to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

(d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or

(e) any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing,

then the Placing Agent may upon giving notice to the Company terminate the Placing Agreement with immediate effect. If the Placing Agreement shall be terminated pursuant to the abovementioned grounds in this section, the obligations of the Placing Agent shall cease and the Company shall not be liable to pay any commission under the Placing Agreement, and other provisions of the Placing Agreement (other than the force majeure provisions and certain other provisions of the Placing Agreement and all other provisions necessary for the interpretation or enforcement of such provisions and without prejudice to the accrued rights and liabilities of the Parties) shall forthwith cease and determine and no Party shall, save as mentioned above, have any claim against the other Party for compensation, costs, damages or otherwise.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below is a summary of the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	Up to HK$60,000,000
Maturity date:	In respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date (both dates inclusive), and if it is not a Business Day, then on the Business Day which immediately follows (the "**Maturity Date**")
Interest:	2.5% per annum which the Convertible Bonds bear on their outstanding principal amount payable on a semi-annual basis in arrears from the Issue Date (the "**Interest Payment Date**")
Conversion Price:	The initial price at which each Conversion Share shall be issued upon conversion shall be HK$0.06 subject to the adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds. The initial Conversion Price represents: (i) a premium of approximately 5.3% to the closing price of HK$0.057 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 3.5% to the average closing price of HK$0.058 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK$0.0577 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations among the Parties with reference to, among others, the prevailing market price of the Shares and the financial performance of the Group.

Adjustments of Conversion Price: The Conversion Price is subject to adjustments in accordance with the terms and conditions of the Convertible Bonds if any of the following specific events in relation to the Company occurs:

(i) consolidation or subdivision of the Shares;

(ii) capitalization of profits or reserves;

(iii) capital distribution;

(iv) offer to the Shareholders new Shares for conversion by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares, at a price per new Share which is less than 90% of the market price at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons);

(v) issue wholly for cash of any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total effective consideration per new Share initially receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders or other persons);

(vi) modification of the rights of conversion or exchange attached to any such securities as mentioned in sub-paragraph (v) above so that the total effective consideration per new Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or conversion; or

(vii) issue wholly for cash of any Shares at a price per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

Conversion Shares: Based on the initial Conversion Price, a maximum number of 1,000,000,000 Conversion Shares shall be allotted and issued upon exercise of the Conversion Rights (as defined below) in full, which represent:

(i) approximately 40.3% of the existing total number of Shares in issue; and

(ii) approximately 28.7% of the total number of Shares in issue as increased by the issue of the Conversion Shares upon exercise of the Conversion Rights (as defined below) in full.

The Conversion Shares will be allotted and issued under the Specific Mandate.

Conversion period: The period commencing on, and including, the date of expiry of the period of twelve months after the Issue Date and ending on the third Business Day prior to the Maturity Date (both days inclusive) (the "**Conversion Period**").

Conversion rights: The holder of each Convertible Bond shall have the right (the "**Conversion Right**") to convert such Convertible Bond into Conversion Shares, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the CB Instrument) during the Conversion Period provided that the Company has not received any transfer documents in respect of such Convertible Bonds.

Conversion restrictions and cash settlement:

(a) No Bondholder shall exercise any Conversion Right in the event that the issuance of the Conversion Shares pursuant to the exercise of any Conversion Right by the Bondholder will result in: (i) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the Bondholder and/or parties acting in concert with such Bondholder; (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the Shares in issue held by the public; (iii) the Conversion Shares being issued to a connected person of the Company or such conversion will otherwise be treated as a connected transaction of the Company under the Listing Rules; or (iv) the Bondholder exercising the Conversion Right, by itself or together with its associates, holding 20% or more of the increased total number of Shares in issue upon conversion of the Convertible Bonds being converted by such Bondholder.

(b) However, if (i) as a result of an adjustment of the Conversion Price, additional Conversion Shares are issuable upon a Bondholder's exercise of its Conversion Right in relation to any Convertible Bonds and following which the total number of Conversion Shares issuable upon such exercise would otherwise exceed the maximum number of Shares under the Specific Mandate; or (ii) the total number of Conversion Shares issuable upon such exercise would otherwise exceed the maximum number of Conversion Shares that may be issued to a Bondholder without triggering any regulatory requirement for the Bondholder or any of its affiliates to make a general offer for the Shares under Rule 26.1 of the Takeovers Code, the Company shall in respect of the excess Conversion Shares (the "**Excess Shares**") pay such Bondholder an amount of cash settlement being an amount arrived at by multiplying (i) the number of Excess Shares; by (ii) the current market price (being, in respect of a Share at a particular date, the average of the closing prices for the five consecutive dealing days on the Stock Exchange ending on the dealing day immediately preceding such date, provided that if at any time during the said five dealing day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then) on the date on which the Company receives a conversion notice from the Bondholder in respect of the proposed exercise of the Conversion Right.

No early redemption by the Company or Bondholders: Save and except in accordance with the section headed "Events of default" below, neither the Company nor any Bondholder shall have the right to redeem (in the case of the Company) or request for redemption (in the case of the Bondholders), as the case may be, in whole or in part of the Convertible Bonds then outstanding prior to the Maturity Date.

Redemption on maturity: Unless previously converted and cancelled as provided in the CB Instrument, each Convertible Bond will be redeemed upon its maturity at 100% of the principal amount outstanding together with the accrued and unpaid interest on the Maturity Date.

Undertaking relating to the Vessel: Under the terms of the CB Instrument, the Company covenants and undertakes to the Bondholders that, whilst any Conversion Right remains exercisable, the Company will upon receipt of a written notice from the Bondholders holding not less than 50% of the outstanding principal amount of the Convertible Bonds within a period of not more than one month after the receipt of such written notice (or such other longer period of time as requested by the Company where necessary) procure its subsidiary which is the registered owner of the Vessel to execute all necessary documents to mortgage (in case any mortgage has been pre-existing by such juncture, then further mortgage) the Vessel free from any encumbrance or third party rights of any kind (save as any such encumbrances or third party rights existing as at the date of the CB Instrument) to a person or persons designated by the Bondholders (and in case of any difference in view amongst the Bondholders in the appointment of the person or persons in favour of whom the Vessel is or shall be mortgaged, the decision of the Bondholder or a group of Bondholders in aggregate holding not less than 50% of the outstanding principal amount of the Convertible Bonds shall prevail).

Ranking: The Conversion Shares allotted and issued on conversion will be fully paid and will rank pari passu in all respects with, and within the same class as, the Shares in issue on the date (the "**Registration Date**") on which the Conversion Shares are allotted to the person or persons, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the Registration Date in respect of the Convertible Bonds converted into such Conversion Shares.

Voting rights: Being the holders of the Convertible Bonds will not entitle the Bondholders to receive notices of general meetings of the Company or to attend or vote at the general meetings of the Company.

Transferability: The Convertible Bonds are transferable by a transfer in such form as may be approved by the Directors and endorsed on the certificate and all transfers shall be in integral multiples of HK$500,000. No transfer of the Convertible Bond(s) is permissible if (i) the Convertible Bonds are transferred to the Prohibited Transferee(s) or (ii) such transfer will result in the transferee, by itself or together with its associates, holding 20% or more of the aggregate number of the issued Shares upon full conversion of the Convertible Bonds being transferred and the Directors shall, at their own opinion and discretion, be entitled to refuse registration of such transfer(s) to the effect that any such transfer(s) of the Convertible Bond(s) shall be null and void and of no effect under all circumstances.

Application for listing: Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Events of default: (A) Under the terms of the CB Instrument, if any of the following events occurs and is continuing, any Bondholder shall, give a notice in writing (the "**Default Redemption Notice**") to the Company that the Convertible Bonds are, and they shall accordingly thereby forthwith become, immediately due and payable if:

(a) the Company fails to pay the principal or premium (if any) of or any interest on any of the Convertible Bonds when due and such failure continues for a period of twenty days; or

(b) the Company fails to perform or comply with any of its other obligations under the Convertible Bonds or the CB Instrument or otherwise breaches any provision or term of the CB Instrument and which default or breach is not remedied within twenty days after notice requiring the same to be remedied is served by the Bondholder at the request of any Bondholder or group of Bondholders holding not less than 75% of the outstanding principal amounts of the Convertible Bonds on the Company; or

(c) (i) any other present or future indebtedness of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) for or in respect of moneys borrowed or raised is declared or becomes due and payable prior to its stated maturity by reason of an event of default (however called or described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that any single amount or the aggregate amount of the indebtedness becoming due and payable under (i) above, and/or any single amount or aggregate amount of the indebtedness not paid when due, or as the case may be, within any applicable grace period under (ii) above and/or any single amount or the aggregate amount not paid when due under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised under (iii) above, equals or exceeds HK$5,000,000 and HK$10,000,000 respectively; or

(d) a distress, attachment, execution or other legal process (the "**Actions**") is levied, enforced or sued out on or against the whole or any part of the property, assets or revenues of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) which, in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Major Subsidiary (excluding the Railway Business Subsidiaries) and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider to be reasonably appropriate) unless, but only so long as, the Bondholders are satisfied that the Actions are being contested in good faith, diligently and with a reasonable prospect of success. For the avoidance of doubt, the reference to the opinion or decision of the Bondholders in this sub-paragraph refers to the opinion or decision of the Bondholders duly resolved at the meeting of the Bondholders convened in the manner set out in the CB Instrument; or

(e) the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts; makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due); or

(f) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries), or the directors of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) request any person to appoint an administrator (or equivalent person), or the Company ceases or threatens to cease to carry on all or a material part of its business or operations (excluding the Railway Business); except in any case, however, for the purpose of or in connection with a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms previously approved by a special resolution of the Bondholders, or (ii) in the case of a Major Subsidiary (excluding the Railway Business Subsidiaries), whereby the undertaking and assets of the Major Subsidiary (excluding the Railway Business Subsidiaries) are transferred or distributed to or otherwise vested in the Company or another one or more of its subsidiaries, or by way of a voluntary winding up or dissolution where there are surplus assets in such Major Subsidiary (excluding the Railway Business Subsidiaries) and such surplus assets which are attributable to the Company and/or any other subsidiaries are distributed to the Company and/or such other subsidiaries; or

(g) an administrative or other receiver or any manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) or the directors of the Company or any Major Subsidiary (excluding the Railway Business Subsidiaries) request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, unless it is in the opinion of the Bondholders (which shall be duly resolved at the meeting of the Bondholders convened in the manner set out in the CB Instrument) that, in the case only of such action having been commenced by a creditor of the Company or any Major Subsidiary (excluding the Railway Business), as the case may be, it is discharged within twenty days of the commencement of such proceedings or the appointment as aforesaid.

(B) If a Default Redemption Notice is given to the Company pursuant to the above paragraph (A) in this section, the Company shall redeem such number of outstanding Convertible Bonds held by the Bondholders at an amount equal to the aggregate of:

(i) 115% of the aggregate principal amount of the outstanding Convertible Bonds held by such Bondholder(s); and

(ii) any accrued but unpaid interest on the Convertible Bonds,

within five Business Days after the date of the Default Redemption Notice. The Bondholder(s) shall return the relevant Convertible Bond certificate to the Company as soon as practicable after such redemption and in any event shall be no later than five Business Days of such redemption.

The terms of the Convertible Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the maximum principal amount of the Convertible Bonds is placed under the Placing of the Convertible Bonds, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there will not be any other change in the total number of Shares in issue since the date of this announcement):

	(i) As at the date of this announcement		(ii) Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price	
	No. of Shares	*approx.*	*No. of Shares*	*approx.*
Mr. Wong Kin Ting *(Note)*	455,297,032	18.4%	455,297,032	13.1%
Placees	—	—	1,000,000,000	28.7%
Other public Shareholders	2,024,579,191	81.6%	2,024,579,191	58.2%
Total	**2,479,876,223**	**100.0%**	**3,479,876,223**	**100.0%**

Note: As at the date of this announcement, Mr. Wong Kin Ting was deemed to be interested in 455,297,032 Shares through his interests in the following corporations which are 100% owned by him: (i) 29,500,000 Shares held by Delight Assets Management Limited; and (ii) 425,797,032 Shares held by King Castle Enterprises Limited.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the (i) railway construction and operations; and (ii) shipping and logistics businesses.

As disclosed in the announcement made by the Company on 11 June 2019, the Company has entered into a non-legal binding memorandum of understanding regarding restructuring of equity interest in Railway Business Subsidiaries which may involve a very substantial disposal, upon disposal the indirect majority shareholding stake in the Railway Business Subsidiaries, if materialized, the Directors considers that the Group will be released from the financial obligations under the capital requirement of the railway construction and operations on one hand; and able to focus on the further development of the shipping and logistics business of the Group as well as exploring other business opportunities on the other hand.

In view of the above, the Directors have considered various ways of raising funds to develop the businesses of the Group and consider that raising funds by Placing of Convertible Bonds is justifiable considering the recent market conditions, which represents an opportunity for the Company to raise additional funds as general working capital for business development and to broaden shareholder base of the Company. As the Conversion Period commences on, and including, the date of expiry of the period of twelve months after the Issue Date, the Placing will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The maximum gross proceeds from the Placing will be HK$60,000,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK$57,700,000 which will be used for the Group's general working capital as to (i) approximately HK$11,000,000 for loan repayments; (ii) approximately HK$39,200,000 for the daily operations and logistics business development; and (iii) approximately HK$7,500,000 for legal and professional fee.

The Directors are of the view that (i) the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent; and (ii) the net proceeds of the Placing will improve the liquidity of the Group. Accordingly, they consider that the Placing (including the terms and conditions of the Convertible Bonds) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of the initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
4 September 2018	Placing of Convertible bonds under general mandate	Approximately HK$17.3 million	As to (i) approximately HK$9.0 million for staff salary and welfare; (ii) as to approximately HK$1.5 million for travelling and associated expenses; (iii) as to approximately HK$2.8 million for operation of the Railway Business Subsidiaries; (iv) as to approximately HK$1.2 million for rental, utilities and management fee; and (v) as to approximately HK$1.3 million for administrative expenses of the Group	As to (i) approximately HK$9.0 million for staff salary and welfare; (ii) as to approximately HK$1.5 million for travelling and associated expenses; (iii) as to approximately HK$2.8 million for operation of the Railway Business Subsidiaries; (iv) as to approximately HK$1.2 million for rental, utilities and management fee; and (v) as to approximately HK$1.3 million for administrative expenses of the Group. All proceeds, as at the date of this announcement. have been used up.

Save for disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the General Meeting. The General Meeting will be convened for the Shareholders to consider and, if thought fit, to approve the Placing Agreement and the transactions contemplated thereunder respectively, including the grant of the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder; (ii) a notice of the General Meeting; and (iii) further information required to be disclosed under the Listing Rules, is expected to be dispatched to the Shareholders in due course.

In addition, under Rule 13.64 of the Listing Rules, the Stock Exchange reserves the right to require an issuer either to change the trading method or proceed with a consolidation or splitting of its securities where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00. As at the date of this announcement, the closing price of the Shares was HK$0.057. Accordingly, the Company is considering putting forward, among other feasible options, a proposal of share consolidation, the details of which are yet to be finalised and determined as at the date of this announcement. The Company will issue related announcement(s) once the Company has determined on the proposal for the purpose of complying with Rule 13.64 of the Listing Rules.

Closing of the Placing is subject to the fulfilment of the conditions precedent provided for in the section headed "Conditions Precedent" above. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used herein shall have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Bondholder(s)"	the person(s) who for the time being is the holder of the Convertible Bond(s) with the benefit of and subject to the provisions of the CB Instrument

"Business Day"	any day (excluding Saturdays, Sundays, public holidays and days 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 generally are open for general banking business in Hong Kong
"CB Instrument"	the instrument constituting the Convertible Bonds in the agreed form as set out in the Placing Agreement
"Closing"	the completion of the Placing
"Closing Date"	the fifth Business Day following the date on which the last conditions precedent set out in the Placing Agreement are fulfilled or, if applicable, waived (or such later date as the Parties may agree)
"Company"	Asia Energy Logistics Group Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Conversion Price"	HK$0.06 per Conversion Share (subject to adjustments)
"Conversion Share(s)"	the Shares to be issued by the Company upon exercise by the Bondholder(s) of the Conversion Rights
"Convertible Bond(s)"	up to HK$60,000,000 3-year 2.5% unsecured non-redeemable convertible bonds to be issued by the Company in denomination of HK$500,000 each with the benefit of and subject to the provisions of the CB Instrument
"Director(s)"	the director(s) of the Company
"Event(s) of Default"	any one of the events set out in the paragraph headed "Events of default" in this announcement
"General Meeting"	the general meeting of the Company to be convened to consider and, if thought fit, to approve the Placing Agreement and the transactions contemplated thereunder, respectively, including the grant of the Specific Mandate
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	person(s) who (a) shall be independent of and not connected with the Group, its connected person(s) and their respective associate(s); (b) shall be independent of and not be parties acting in concert with any persons, other Placee(s) or Shareholders to the effect that any Placing to such Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code; and (c) shall be regarded as public (within the meaning as defined under Rule 8.24 of the Listing Rules)
"Interest Period"	the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date, and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date
"Issue Date"	the issue date of the Convertible Bonds
"Listing Committee"	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2019 (or such later date as may be agreed by the Parties in writing)
"Major Subsidiary"	has the meaning ascribed thereto in the Listing Rules
"Placee(s)"	any investor being either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement, who and whose ultimate beneficial owners are Independent Third Parties, procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agent's obligations thereunder
"Placing"	the proposed placing of the Convertible Bonds on the terms and subject to the conditions set out in the Placing Agreement

"Placing Agent"	VC Brokerage Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to carry on and conduct regulated activities type 1 (dealing in securities) and type 4 (advising on securities) under and pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Placing Agreement"	the placing agreement dated 25 June 2019 entered into between the Company and the Placing Agent in respect of the Placing
"Prohibited Transferee(s)"	any person who is (i) not independent of the Group or its connected person(s), or (ii) a party acting in concert with any person(s) or Shareholder(s) to the effect that any transfer of the Convertible Bond(s) to such transferee(s) and/or the exercise by such transferee(s) of any Conversion Right attaching to the Convertible Bond(s) subject to such transfer will trigger the mandatory offer obligation under Rule 26.1 of the Takeovers Code
"Railway Business"	the railway construction and operations business conducted by the relevant subsidiaries of the Company from time to time
"Railway Business Subsidiaries"	such subsidiaries of the Company which carry on or will carry on the Railway Business
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of Shares(s)
"Specific Mandate"	the specific mandate to be sought from the Shareholders at the General Meeting to authorize the Directors to allot, issue and deal in the Conversion Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vessel"	M.V. Clipper Panorama registered in the name of Lotus Gold Shipping Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 25 June 2019

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