

# TARGET

## Intelligence Report

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**ASIA ENERGY LOGISTICS GROUP LTD:  
THIS MEDIUM'S OPINION IS THAT EXTANT  
AND PROSPECTIVE SHAREHOLDERS SHOULD,  
FOR THE TIME BEING, KEEP THEIR POWDER DRY**

Asia Energy Logistics Group Ltd (亞洲能源物流集團有限公司) (Code: 351, Main Board, The Stock Exchange of Hongkong Ltd) has a history of 31 Financial Years, being a Company, listed on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Company underwent a number of name changes, over the years, such as Asia Energy Logistics Group Ltd in 2009, before agreeing on its present name, but, for the most part, Senior Management, with minor changes, from time to time, stayed, basically, unchanged.

During the past five Financial Years, only in one of those Financial Years – that was in the 2020 Financial Year when Management announced a Net Profit Attributable to Shareholders – Management was forced to announce Net Losses Attributable To Shareholders of the Company, throughout the remainder of the four Financial Years.

Mazars CPA Ltd (中審眾環[香港]會計師事務所有限公司), in its Independent Auditor's Report of Asia Energy Logistics Group Ltd, found at Page 67 of the 2022 Annual Report of the Company, under the heading, '**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**,' went on record, stating:

*'We draw attention to the "Going concern" section in note 4 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred loss of HK\$58,899,000 for the year ended 31 December 2022 and, as at that date, the Group had net current liabilities of approximately HK\$11,996,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The*

*consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.'*

At Note Four to the Notes of the Accounts of Asia Energy Logistics Group Ltd, found at Page 83 of the 2022 Annual Report, under the heading, '**Going concern**,' Senior Management of the Company declared its present belief and future intentions as follows:

*'The Group had net current liabilities of approximately HK\$11,996,000 as at 31 December 2022 and incurred a loss of approximately HK\$58,899,000 from continuing operations for the year ended 31 December 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.'*

*'The Company has preliminary discussions with Oriental Solar Group Limited (東陽集團有限公司) ("**Oriental Solar**") , the substantial shareholder of the Company and the holder of the 2020 Convertible Bonds (as defined in note 23 to the consolidated financial statements), on the intention of the conversion of the 2020 Convertible Bonds into the ordinary shares of the Company before maturity date. The management expects no cash outflows for the repayment of the 2020 Convertible Bonds in next twelve months.'*

*'Based on a cash flow forecast prepared by the management covering a period up to 31 December 2023 and after taking into account the factor as mentioned above, the directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.'*

According to the database of **TOLFIN** (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, as at May 5, 2023, Oriental Solar Group Ltd was a company, domiciled in the **British Virgin Islands (BVI)**, all the Issued and Fully Paid-Up Share Capital of which was beneficially owned by Mr Pang Yuet (彭越), the Chairman, as well as being an Executive Director of Asia Energy Logistics Group Ltd.

**TOLFIN's** database, also, indicates that, as at May 5, 2023, Oriental Solar Group Ltd owned, directly, 56.25 percent of the entire Issued Share Capital of Asia Energy Logistics Group Ltd.

On the same date, Jetport Development Ltd [鉅寶發展有限公司], a company, the entire Issued and Fully Paid-Up Share Capital, being wholly owned by Mr Pang Yuet, was known to have an equity interest of 13.84 percent in the entire Issued and Fully Paid-Up Share Capital of Asia Energy Logistics Group Ltd.

Ergo, Mr Pang Yuet has/had an equity interest of 70.09 percent of the entire Issued and Fully Paid-Up Share Capital of Asia Energy Logistics Group Ltd as at May 5, 2023.

## **THE BUSINESS REVIEW OF ASIA ENERGY LOGISTICS GROUP LTD**

At Page Three of the 2022 Annual Report of Asia Energy Logistics Group Ltd, under the heading, '**BUSINESS REVIEW**,' one was informed of the following:

- Asia Energy Logistics Group Ltd is engaged in two segments, namely, (1) shipping and logistics business, and (2) telecommunications-related business in the PRC.
- With regard to the shipping and logistics business, the Company operates two bulk carriers, trading worldwide.

The total capacity of the two bulk carriers was said to be about 64,000 DWT (Deadweight Tonnage).

Both vessels were said to have been under '*full employment*' throughout the 2022 Financial Year.

The Business Review went on to state:

*'For the year under review, the Group recorded a revenue of approximately HK\$67,567,000 (2021: approximately HK\$46,002,000), representing an increase of approximately 47% as compared to the corresponding period of 2021. The gross profit was approximately HK\$16,251,000 (2021: gross loss of approximately HK\$5,314,000), representing an increase of approximately 406% as compared to the same period of 2021. The increase in revenue and gross profit was due to the renewal of charter contracts at higher charter rates.'*

- With regard to the telecommunications-related business in the PRC, the Company is said to be engaged in '*mainly (the) provision of SMS services and 5G communications network solutions.*'

In respect of this segment, the Business Review stated:

*'... For the year under review, the Group recorded a revenue of approximately HK\$38,966,000 (2021: approximately HK\$18,706,000), representing an increase of approximately 108% as compared to the corresponding period of 2021. The increase in revenue was mainly benefited from the recovery of economy activities in the PRC and the new contribution from 5G communication network solution.*

*'The gross profit was approximately HK\$2,557,000 (2021: approximately HK\$1,715,000), representing an increase of approximately 49% as compared to the corresponding period of 2021. The increase in gross profit was mainly due*

*to the growth in revenue and the higher gross profit margin contributed by 5G communication network solution.'*

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