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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Asia Energy Logistics Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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)**

**MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF VESSEL — M/V ASIA ENERGY**

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Capitalized terms used in this cover have the same meanings as defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 8 of this circular.

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## DEFINITIONS

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*In this circular, the following expressions shall, unless the context requires otherwise, have the following meanings:*

“2018 CB”	the 3-year 2.5% per annum non-redeemable convertible bonds due 2021 in an aggregate principal amount of HK\$18,000,000 issued by the Company to 6 placees, who are independent third parties to the Company, on 8 November 2018
“2019 CB”	the 3-year 2.5% per annum non-redeemable convertible bonds due 2022 in an aggregate principal amount of HK\$42,500,000 issued by the Company to 6 placees, who are independent third parties to the Company, on 14 November 2019
“2020 CB”	the 3-year non-interest bearing convertible bonds due in July 2023 in the principal amount of HK\$48,000,000, which may be converted into 300,000,000 conversion shares at the initial conversion price of HK\$0.16 (subject to adjustments), issued by the Company to Oriental Solar Group Limited on 13 July 2020
“Asia Energy Inc.” or “Seller”	Asia Energy Inc., incorporated in Liberia with limited liability and is an indirect wholly-owned subsidiary of the Company
“Banking Days”	days on which banks are open in Greece, Luxembourg, USA and Hong Kong
“Board”	the board of Directors
“Buyer”	Shipping World 2000 Co. S.A., incorporated in Liberia with limited liability
“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 under the Listing Rules
“Consideration”	a total cash consideration of US\$3,300,000 (approximately HK\$25,740,000) payable by the Buyer to the Seller under the terms of the MOA
“Deposit”	a deposit of 10% of the Consideration
“Deposit Holder”	means Ince & Co, Hong Kong, which shall hold and release the Deposit in accordance with the MOA
“Directors”	directors of the Company

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## DEFINITIONS

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“Disposal”	the disposal of M/V Asia Energy by the Seller to the Buyer subject to and upon the terms and conditions of the MOA
“dwt”	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including bunker oil, fresh water, crew and provisions
“GCL”	GCL-Poly Energy Holdings Limited, a public company with limited liability incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange (Stock Code: 3800) which indirectly wholly owns the entire issued share capital of GIC
“GIC”	GIC Investment Limited, an indirect wholly-owned subsidiary of GCL, a bondholder of the GIC CB
“GIC CB”	the 5.5% per annum convertible bonds due 2021 in the principal amount of HK\$100,000,000 issued by the Company to GIC on 2 March 2018
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“JV Agreement”	a shareholders’ agreement dated 1 December 2009 (as amended by the first supplemental agreement dated 1 December 2009, the second supplemental agreement dated 1 September 2010 and the third supplemental agreement dated 31 December 2011) entered into between Ocean Jade and Waibert to establish the JV 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
“JV Group”	the JV Company and its subsidiaries
“Latest Practicable Date”	30 November 2020, being the latest practicable date for the purpose of ascertaining certain information in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M/V Asia Energy” or “Vessel”	M/V Asia Energy, a bulk carrier vessel with carrying capacity of approximately 28,000 dwt and beneficially owned by the Seller as at the date of this circular
“MOA”	the memorandum of agreement dated 5 November 2020 entered into between the Seller and the Buyer in relation to the Disposal
“Mr. Pang”	Mr. Pang Yuet is the ultimate beneficial owner of the Oriental Solar Group Limited, which holds approximately 64.90% of the total equity interest of the Company
“Ocean Jade”	Ocean Jade Investments Limited, a company incorporated in the British Virgin Islands with limited liability and was a then indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Waibert”	Waibert Navigation Company Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of GNG Ocean Shipping Company Limited, a company incorporated in the PRC with limited liability and a member of Guangdong Province Navigation Group Co., Ltd.
“%”	per cent



**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)**

*Executive Directors:*

Mr. Pang Yuet  
Ms. Jian Qing  
Mr. Sun Peng

*Registered Office:*

Room 2906, 29/F  
China Resources Building  
26 Harbour Road, Wanchai  
Hong Kong

*Independent Non-Executive Directors:*

Mr. Ng Kwun Wan  
Mr. Wong Cheuk Bun  
Mr. Hon Ming Sang

4 December 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF VESSEL — M/V ASIA ENERGY**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 5 November 2020 in relation to the Disposal of vessel — M/V Asia Energy. The purpose of this circular is to provide the Shareholders with further information on the Disposal and other information as required under the Listing Rules.

On 5 November 2020 (after trading hours), Asia Energy Inc., an indirect wholly-owned subsidiary of the Company, entered into a MOA with the Buyer in relation to the disposal of M/V Asia Energy. Brief particulars of the MOA are as follows:

**THE MEMORANDUM OF AGREEMENT**

**Date** 5 November 2020

**Parties:** (i) Seller: Asia Energy Inc.  
(ii) Buyer: Shipping World 2000 Co. S.A.

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## LETTER FROM THE BOARD

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Pursuant to the MOA, the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to dispose of M/V Asia Energy with carrying capacity of approximately 28,000 dwt at the Consideration of US\$3,300,000 (approximately HK\$25,740,000).

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

### **Consideration and payment terms**

The Consideration for the Disposal is US\$3,300,000 (equivalent to approximately HK\$25,740,000) and shall be payable by the Buyer to the Seller in the following manner:

- (1) The Deposit (equivalent to 10% of the Consideration) shall be lodged in an interest bearing escrow account for the parties with the Deposit Holder within three (3) Banking Days after the date that (i) the MOA and the Deposit Holder's standard escrow agreement have been signed and exchanged by the parties; and (ii) the Deposit Holder had confirmed in writing to the parties that the escrow account has been opened and is ready to receive the funds; and
- (2) The Deposit together with the 90% balance of the Consideration should be released in full free of bank charges to the escrow account for further payment to the Seller's nominated bank account, but not later than three (3) Banking Days after (i) the Vessel is in every respect ready; and (ii) a notice of readiness has been given in exchange of signed protocol of delivery and acceptance signed by both parties' authorized representatives and all other documents the parties have agreed.

If the Buyer fails to pay the Deposit or the balance of the Consideration in accordance with the terms of the MOA, the Seller shall have the right to cancel the MOA, where appropriate, forfeit the Deposit and claim compensation for loss and all expenses incurred together with interest.

The Consideration was arrived at after arm's length negotiation between the Buyer and the Seller with reference to market situations in particular the year of build of the Vessel and also market intelligence provided by a professional shipbroker engaging in facilitating vessel transfer internationally.

### **Delivery of M/V Asia Energy**

The Vessel is to be delivered between 1 January 2021 and 31 January 2021 upon serving of a notice of readiness by the Seller. The Buyer shall have the option of cancelling the MOA should the Seller fails to give the notice of readiness or the parties may agree on a new delivery date in accordance with the MOA.

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## LETTER FROM THE BOARD

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### Conditions precedent

The Disposal shall be subject to (i) approval from the Stock Exchange in accordance with the Listing Rules within 30 days from the date of the MOA; and (ii) the approval from the Shareholders of the Company for the sale of the Vessel. If any of these conditions are not fulfilled, the Deposit shall be returned to the Buyer and the MOA shall become null and void in accordance with the terms of the MOA.

### INFORMATION ON M/V ASIA ENERGY

M/V Asia Energy is a bulk carrier vessel with carrying capacity of approximately 28,000 dwt. It is a bareboat registered under the flag of Hong Kong with underlying registry being Hong Kong and was inspected in Laem Chabang, Thailand, on 19 October 2020.

M/V Asia Energy is the sole principal asset of Asia Energy Inc., which is an indirect wholly-owned subsidiary of the Company.

Set out below is the audited financial information of Asia Energy Inc. for the two years ended 31 December 2018 and 2019:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	16,705	17,749
(Loss) profit before taxation	(12,841)	9,783
(Loss) profit after taxation	<u>(12,841)</u>	<u>9,783</u>

The audited carrying value of M/V Asia Energy as at 31 December 2019 was approximately HK\$31,000,000.

### INFORMATION OF THE GROUP AND THE SELLER

The Group is principally engaged in shipping and logistics and the Seller is a subsidiary principally engaged in ship chartering and ship owning.

### INFORMATION OF THE BUYER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer is a company incorporated in Liberia with limited liability. Blue Fleet Group, a group established in Greece, principally engaged in the business of vessel chartering and other shipping businesses, has provided a guarantee letter in respect of the Buyer's performance of the MOA as part of its usual business. Save as disclosed, the



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## LETTER FROM THE BOARD

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Buyer advised that there is no shareholding relationship or otherwise between the Buyer and Blue Fleet Group. The Company has not engaged the services of Blue Fleet Group for M/V Asia Energy.

The beneficial owner of the Buyer is Mr. Mohamad Ismail, holder of Brazilian Passport, and the beneficial owner of Blue Fleet Group is Mr. Roy Khoury, holder of French Passport.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Buyer and Blue Fleet Group and their respective ultimate beneficial owners are Independent Third Parties.

### REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group currently operates a fleet of three dry bulk carriers/vessels trading worldwide. Of the three vessels, two of which were built in year 2009 and one of which, namely M/V Asia Energy, was built in year 2001. To comply with the new marine legal requirement in relation to the water purifying system of vessels which will take effect in February 2021, the water purifying system of M/V Asia Energy has to be changed. As M/V Asia Energy has been in operation for around 20 years, it will be more cost effective to acquire a new vessel with the relevant water purifying system installed.

Based on the above, the Directors are of the view that the Disposal is on normal commercial terms and ordinary and usual course of business of the Company, and the terms and conditions of the MOA are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the Disposal and no Director was required to be abstained from voting on the board resolutions to approve the Disposal.

### FINANCIAL EFFECT OF THE DISPOSAL

As at 31 December 2019, the audited carrying value of the Group's investment in M/V Asia Energy was approximately HK\$31,000,000. For illustrative purpose, as a result of the Disposal, it is estimated that the Company will realize a loss on disposal of asset of approximately HK\$5,260,000, which will be debited to the profit and loss, being the difference of the proceeds from the Disposal of US\$3,300,000 (approximately HK\$25,740,000) and the audited carrying value of the Vessel as at the date of delivery of the Vessel in accordance with the MOA and is subject to audit that such loss will be reflected in the consolidated profit or loss account of the Group for the financial year in which the Disposal taken place.

### USE OF PROCEEDS

The net proceeds from the Disposal after deducting related expenses are estimated to be approximately US\$3,190,000 (approximately HK\$24,882,000), which is intended to be utilized towards acquiring a new vessel in replacement of M/V Asia Energy and/or funding other potential business developments. As at the Latest Practicable Date, no vessel is identified for acquisition.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% and all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### GENERAL

To the best of the Directors' knowledge, information, belief, and having made all reasonable enquires, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. In accordance with Rule 14.44 of the Listing Rules, the Company has obtained a written approval from Oriental Solar Group Limited, which holds 1,100,000,000 Shares of the Company (representing approximately 64.90% of the issued share capital of the Company as at the date of this circular), in lieu of holding a general meeting to approve the Disposal.

**Completion is subject to fulfillment of the conditions precedent as set out in the section headed "Conditions precedent" above of this circular. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

**1. FINANCIAL INFORMATION OF THE COMPANY**

Details of the financial information of the Group for the three financial years ended 31 December 2019 and for the six months ended 30 June 2020 have been set out in the Company's annual reports for each of the three financial years ended 31 December 2019 and in the Company's interim report for the six months ended 30 June 2020 respectively.

The financial information of the Group for the three financial years ended 31 December 2019 and the six months ended 30 June 2020, together with the relevant notes thereto, are disclosed in the following documents:

- the Annual Report of the Company for the year ended 31 December 2017 published on 9 April 2018  
(available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0409/ltn20180409047.pdf>)
- the Annual Report of the Company for the year ended 31 December 2018 published on 11 April 2019  
(available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0411/ltn20190411523.pdf>)
- the Annual Report of the Company for the year ended 31 December 2019 published on 6 March 2020  
(available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0306/2020030600265.pdf>)
- the Interim Report of the Company for the six months ended 30 June 2020 published on 31 August 2020  
(available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0831/2020083100563.pdf>)

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

**2019 CB**

As at the close of business on 31 October 2020, the Group had outstanding 2019 CB in the principal amount of HK\$0.5 million and interest payable of approximately HK\$5,000.

**2020 CB**

As at the close of business on 31 October 2020, the Group had outstanding 2020 CB in the principal amount of HK\$48 million.

**Lease liabilities**

As at the close of business on 31 October 2020, the Group had outstanding unpaid contractual lease payment amounting to approximately HK\$0.34 million in aggregate in relation to the remaining lease terms of certain lease contracts for premises, which was secured by rental deposit of approximately HK\$1.0 million.

**Material guarantees and contingent liabilities**

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not, as at the close of business on 31 October 2020, have any outstanding loan capital, bank overdrafts, charges or debentures, mortgages, term loans, debt securities or any other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptable credits or any guarantees or other material contingent liabilities.

**3. WORKING CAPITAL SUFFICIENCY OF THE GROUP**

The Directors are of the opinion that, after taking into account the Group's internal resources, the working capital available to the Group is sufficient for the Group's requirements for at least the next 12 months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

There was no material adverse change in the financial or trading position or outlook of the Group subsequent to 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is principally engaged in the shipping and logistics businesses.

As disclosed in the annual report of the Company for the year ended 31 December 2019, following the disposal of the Group's railway business during the second half of 2019, the financial burden of the Group has been substantially eased off. The Group's financial position was further improved subsequent to (i) the issue of 1,100,000,000 new subscription shares at a subscription price of HK\$0.16 per subscription share, which was partially used to fully settle the 2018 CB and GIC CB and substantially settle the 2019 CB; (ii) the issue of convertible bonds under specific mandate in the principal amount of HK\$48,000,000 which may be converted into 300,000,000 conversion shares at the initial conversion price of HK\$0.16 (subject to adjustments), both of which were completed in July 2020; and (iii) the issue of 99,000,000 new placing shares to not less than six placees at a price of HK\$0.25 per placing share under general mandate in September 2020. The Directors will continuously look for opportunities to expand its fleet size by acquiring vessels of similar or other carrying capacity and other suitable investments, which will bring in synergy with and positive contributions to the Group's existing businesses.

**6. EFFECTS OF THE DISPOSALS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP**

Immediately before the completion of the Disposal, the Group operates a fleet of three dry bulk carriers/vessels trading worldwide.

Upon completion of the Disposal, for illustrative purpose, the Group would reduce approximately a quarter of its total revenue, which was contributed by M/V Asia Energy. In addition, the Group's property, plant and equipment would reduce approximately 15%.

As at 31 December 2019, the audited carrying value of the Group's investment in M/V Asia Energy was approximately HK\$31,000,000. For illustrative purpose, as a result of the Disposal, it is estimated that the Company will realize a loss on disposal of asset of approximately HK\$5,260,000, which will be debited to the profit and loss, being the difference of the proceeds from the Disposal of US\$3,300,000 (approximately HK\$25,740,000) and the audited carrying value of the M/V Asia Energy at the date of delivery of the Vessel in accordance with the MOA and is subject to audit that such loss will be reflected in the consolidated profit or loss account of the Group for the financial year in which the Disposal taken place.

Save as disclosed above, the Disposals will not have any material adverse impact on the earnings and assets and liabilities of the Group.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

Issued and fully paid:	HK\$
<u>1,694,975,244</u> Shares	<u>1,908,669,322</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights in respect of capital, dividends and voting.

## 3. DISCLOSURE OF INTERESTS

### Interest of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

### *Long Position in the Shares and underlying Shares*

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Approximate percentage of shareholding (Note)
Mr. Pang	Interest of controlled corporation	1,100,000,000	300,000,000 (Note)	1,400,000,000	70.18%

*Note:* Mr. Pang is deemed to be interested in 1,400,000,000 Shares through his interests in Oriental Solar Group Limited, which is 100% owned by Mr. Pang. Of the 1,400,000,000 Shares, 1,100,000,000 are Share directly held by Oriental Solar Group Limited and 300,000,000 Shares are convertible under the convertible bonds in the principal amount of HK\$48,000,000, which may be converted into 300,000,000 conversion Shares at the initial conversion price of HK\$0.16 per conversion Share (subject to adjustments). Immediately upon the issuance of the 300,000,000 conversion Shares, for illustrative purpose only and subject to the conversion restriction, Oriental Solar Group Limited accounts for approximately 70.18% of the enlarged shareholding of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors were materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) were continuous contracts with a notice period of 12 months or more; or (b) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).



## 6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far is known to the Directors, none of the Directors or their close associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date which is or may be material:

- (i) the placing agreement dated 25 June 2019 entered into between the Company and VC Brokerage Limited in respect of placing of convertible bonds in the aggregate principal amount up to HK\$60,000,000 at the conversion price of HK\$0.30 per conversion share (as adjusted as a result of the share consolidation);
- (ii) the agreement dated 29 August 2019 entered into between Top Fast Holdings Limited, a then indirect wholly-owned subsidiary of the Company and Falcon Power Holdings Limited, an investment holding company and a wholly-owned subsidiary of Golden Concord Holdings Limited in relation to the disposal of the 100% equity interest in China Railway Logistic Holdings Limited, a company incorporated in Hong Kong with limited liability and a then indirect wholly-owned subsidiary of the Company at a consideration of RMB1.00, which was completed on 27 November 2019;
- (iii) the supplemental placing agreement dated 13 September 2019 entered into between the Company and VC Brokerage Limited in respect of the extension of the placing period to 4 October 2019 and the longstop date to 31 October 2019 with regards to the placing agreement dated 25 June 2019 as set out under (i) above;
- (iv) the deed of amendment dated 17 September 2019 entered into between the Company and GIC Investment Limited in respect of the convertible instrument of HK\$100,000,000 convertible bonds due 2021 (“**GIC CB**”) which was completed on 20 November 2019, the amendments have become effective;
- (v) the second supplemental placing agreement dated 4 October 2019 entered into between the Company and VC Brokerage Limited in respect of the further extension of the placing period from 4 October 2019 to 25 October 2019 and the longstop date from 31 October 2019 to 15 November 2019 with regards to the placing agreement dated 25 June 2019 as set out under (iv) above which was completed on 14 November 2019;



- (vi) agreements and the memorandum of mutual understanding of the major and connected transaction of the Company in relation to acquisition of entire equity interest in Ocean Jade and joint venture in relation to the JV Group:
  - (i) the JV Agreement; whereby, *inter alia*, the JV Group shall acquire four vessels (including, but not limited to, two handy-size vessels and two Panamax vessels) provided that the acquisition price for all such four vessels shall be at the prevailing market price in the region of US\$114 million in aggregate;
  - (ii) the sale and purchase agreement dated 18 December 2009 (as amended by the first supplemental agreement dated 24 December 2009 and the second supplemental agreement dated 28 April 2010) entered into between Golden Concord Group Limited (a company incorporated in Hong Kong with limited liability) as vendor and Ocean Path Limited (a then indirect wholly owned subsidiary of the Company) as purchaser (the “**S&P Agreement**”) in relation to the acquisition of the entire equity interests in Ocean Jade by the purchaser at a consideration of HK\$160 million, which shall be satisfied by the purchaser by procuring the Company to issue to the vendor or its nominee(s) 20,000,000 Shares (as adjusted after the share consolidation) (subject to adjustment) as consideration shares, and pursuant to the second supplemental agreement, on the allotment date when the profit guarantee has been met. The profit guarantee refers to the guarantee given by the vendor to the purchaser that the net profit after tax of Ocean Jade as shown in the special audited accounts for the first 12 months after the commencement of operation of the last of the four vessels acquired in accordance with the JV Agreement. In the event the profit guarantee is not met (the “**Shortfall**”), the number of consideration shares that the vendor is entitled under the S&P Agreement shall be reduced pro-rate to the actual Shortfall;
  - (iii) the memorandum of mutual understanding (“**MOU**”) dated 24 August 2010 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 30 June 2011;
  - (iv) the second MOU dated 30 June 2011 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2011;
  - (v) the third MOU dated 4 January 2012 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2012;

- (vi) the fourth MOU dated 27 March 2013 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 30 June 2013;
- (vii) the fifth MOU dated 28 June 2013 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2013;
- (viii) the sixth MOU dated 7 May 2014 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2014 and 31 December 2015 respectively;
- (ix) the seventh MOU dated 13 March 2015 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2015 and 31 December 2016 respectively;
- (x) the eighth MOU dated 18 December 2018 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2019;
- (xi) the ninth MOU dated 4 December 2019 entered into between Ocean Jade, Waibert and the JV Company in relation to the extension of timeline in acquisition of two Panamax vessels, being the third vessel and fourth vessel as agreed in the JV Agreement to 31 December 2020;
- (vii) the appointment of FTI Consulting (BVI) Limited as the liquidator of Ocean Jade pursuant to the British Virgin Islands Insolvency Act, 2003 (as amended) in August 2020;
- (viii) the subscription agreement dated 8 March 2020 for the (i) allot and issue a total of 1,100,000,000 subscription shares at a subscription price of HK\$0.16 per subscription share; and (ii) the issue of convertible bonds under specific mandate in the principal amount of HK\$48,000,000 which may be converted into 300,000,000 conversion shares at the initial conversion price of HK\$0.16 (subject to adjustments), the completion of which was in July 2020;
- (ix) the placing agreement dated 31 August 2020 entered into between the Company and VC Brokerage Limited in respect of placing of new shares under general mandate up to an aggregate of 99,000,000 new shares to not less than six places at a price of HK\$0.25 per placing share; and

- (x) the supplemental placing agreement dated 1 September 2020 entered into between the Company and VC Brokerage Limited in respect of (i) the change of the expiry date of the placing period from 21 September 2020 to 14 September 2020; and (ii) the last day for the fulfilment or waiver of the conditions precedent to the placing agreement (as set out under (ix) above) changed from 28 September 2020 to 21 September 2020.

## **8. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019 (the date to which the latest published audited accounts of the Group were made up).

## **9. MATERIAL LITIGATIONS**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 2906, 29/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) the Memorandum of Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the letter from the Board, the text of which is set out on pages 4 to 8 of this circular;
- (e) the annual reports of the Company for each of the two financial years ended 31 December 2018 and 31 December 2019 respectively and the interim report of the Company for the six months ended 30 June 2020; and
- (f) this circular.

## **11. MISCELLANEOUS**

- (a) The registered office of the Company is Room 2906, 29/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

- (b) The share registrar of the Company is Tricor Secretaries Limited, located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Suen To Wai, who is a member of The Hong Kong Institute of Certified Public Accountants.
- (d) In the event of any inconsistencies, the English text of this circular shall prevail over the Chinese text.